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March 2007 Volume 24, Issue 3

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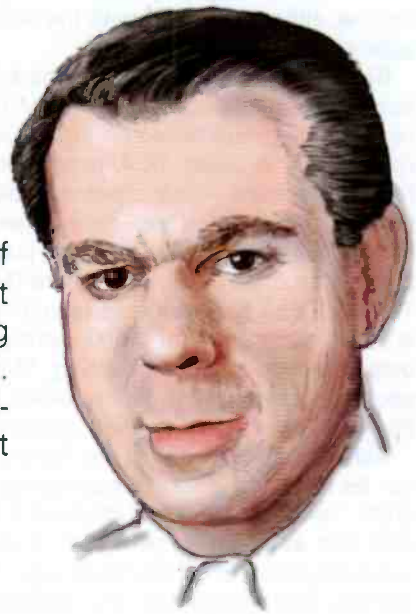
Irwin Gotlieb is the Global CEO of GroupM, the full service investment management company overseeing some $60 billion annually in ad spend. Inside, he provides a deep understanding of where media is and where it should be going.



Cover Art (top to bottom): Irwin Gotlieb, Group M CEO; **Paul Alexander**, Campbell's Soup VP/Global Advertising; **Martin Cass** EVP Communications Planning, Carat USA; **Jon Mandel**, NielsenConnect CEO

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Five try to make it a ratings horse race

Arbitron's Portable People Meter (PPM) finally won Media Rating Council (MRC) accreditation in Houston, where the long-running test will soon become the local radio ratings currency. It already is in Philadelphia, although not yet with the MRC stamp of approval, and New York is next.

But does The Media Audit/Ipsos still have the potential to derail the Arbitron PPM trial with its competing system based on Smart Cell Phones? At RAB2007 in Dallas, TMA/Ipsos announced that five radio groups—Clear Channel, Cox, Cumulus, Entercom and Radio One—have agreed to put up millions in cash (no one is divulging just how many millions) for a test in Houston, where TMA is based. TMA EVP **Phil Beswick** says recruiting will begin in late May or June for 2,500 participants. Once data collection is up and running, TMA/Ipsos expects to have the first data released by October 2007 and run the test through January 2008.

Although Beswick claims the TMA/Ipsos system can be in all of the top 10 markets by the end of 2008, "which would put us ahead of Arbitron." We note that ad agencies have been complaining for years about how long it has taken to get PPM up and running. They wanted electronic audience measurement for radio the day before yesterday. ■

Political windfall for TV even this year

It will be merely a warm-up for the record-shattering political spending expected in 2008, but Bear Stearns analyst **Victor Miller** predicts that local TV stations will book around $700 million in political advertising this year. That spending will be focused on states with early primaries or caucuses as the 2008 presidential contest pushes advertising back into 2007. The caucus/primary schedule will be more front-loaded that ever next year, so about a year from now we will know the winners of both the Democratic and Republican presidential nominations—and then the long campaign to the November general election begins.

Miller notes that there are 23 presidential candidates so far in a race which, for the first time in ages, has neither an incumbent President nor sitting Vice President in the running. Thus, a wide-open field in both parties.

Even with an unusual amount of "off-cycle" political spending this year, it won't come close to replacing the more than $1.65 billion that TV stations collected from the campaigns in 2006. The Bear Stearns analyst is predicting that total spot sales (national and local combined) for local TV stations will be down 5% in 2007. ■

NAB reports from Washington

The 110th Congress is seated, and as everybody knows, control of the gavel - and more importantly, the agenda - has changed hands. There are not all that many issues on the docket yet that overtly affect broadcasters. The two biggest from last year, the DTV transition deadline and the new maximum indecency fine, were both enacted into law.

However, the FCC is considering a court remand of its 6/2/03 media ownership rulemaking, and the Commission's eventual decision on local and national ownership caps and other issues could make things very interesting on Capitol Hill.

We talked to NAB Executive Vice President of Media Relations **Dennis Wharton** about the year ahead in Washington, both in terms of what NAB thinks may happen and what it intends to do about it.

***SM**: The new Democratic majorities in both houses have promised tighter scrutiny and oversight of communications issues. How might this play out and what will be NAB's goals in this process?*

Wharton: The good news for broadcasters is that our issues are non-partisan, and Congress understands that. NAB's effectiveness stems from the fact that broadcast programming reaches every Congressional district in America. We serve every community, and our stations provide the critical local news and information that none of our competitors offer. Moreover, we've got a great balance of both Democrats and Republicans in the NAB Government Relations shop, and their job will be to continue to educate members of Congress on the unique role that local broadcasters play across America.

***SM**: Given this new environment, what changes to FCC media ownership rules would NAB like to see, and which have the best chance of being accomplished?*

Wharton: First, it should be noted that broadcasters are not seeking wholesale deregulation of ownership rules. However, we do think that modest reform is warranted, given that some of these rules are more than 30 years old. They were enacted when cable was in its infancy, when there was no satellite TV or satellite radio, and when the Internet simply did not exist. It only makes sense to reform outdated rules and allow local broadcasters to compete in a media universe that is increasingly dominated by the likes of Comcast, Time Warner and Google.

***SM**: Conversely, does NAB believe there's any chance that anti-consolidation legislators will be able to reregulate in any areas?*

Wharton: It's difficult to crystal-ball events that might happen on Capitol Hill or at the FCC. However, it would be hard to justify saddling local broadcasters with more regulatory restrictions when we compete against pay media providers of such huge scale. Given that the cable industry is dominated by two mega monopolies that control Park Place, Boardwalk and all the railroads, it is almost laughable for our critics focus on whether two TV stations in Lexington, Kentucky can combine to better serve their viewers.

***SM**: What are the chances of reimposition of the Fairness Doctrine?*

Wharton: I would be surprised to see Congress consider bringing back the Fairness Doctrine. This was thrown out 20 years ago and there is zero evidence that television viewers or radio listeners have been harmed by its elimination. In fact, just the opposite has occurred. Since its repeal there has been an explosion of viewpoints coming from every corner of the political arena. Government doesn't tell newspaper reporters how to do their job. Nor should government have a role in telling broadcasters how to report the news. ■

BILL **KEHLBECK**

Everything is for sale, you just have to find financing

When Clear Channel announced the sale of almost 450 radio stations in Q4 of last year, we were experiencing the tip of the iceberg of just how many stations in all size markets are currently geared for a sale. If you're an industry veteran and want to jump on that life-long dream, we are seeing that timing to buy a radio station couldn't be better. The stations *are* available. Just one key component needs to be addressed...financing.

Financing appears to be getting harder and harder, especially with smaller to medium market stations that are valued at a lower price. Furthermore, Wells Fargo announcing recently that it was pulling away from deals in the couple of million and under range, that it traditionally helped finance, doesn't help. These smaller stations make up a sizable portion of stations on the block.

Small Markets: Potential buyers really need to attempt to find their own financing for stations valued under $5 million. Course of action: you need to come up with your own equity, approach friends that can become investors or finally, persuade local bankers the worth of the investment. The most difficult area of financing most likely applies to an AM or class A FM station in a small market with a value of $500,000-$1.5 million. Traditionally, at this level, an owner may be willing to finance his/her facility for you. For example, on a $500,000 station, the buyer proposes putting down $50,000 and the owner takes a 7-year note at one point over prime interest for $450,000. Some owners will even give you the first year of payment at interest free. Take that amount and amortize it years 2-7 and the end result is a full year without the burden of interest/principle payments. The seller obviously uses the station as collateral.

Medium Markets: There are many heritage stations available, most likely right in your own backyard. Let's say, they are mid-size deals of $5-10 million dollar range. The problem here is that most of the equity dealers, that understand the value of radio and where we think it's headed, are already backing someone else. Searching becomes time consuming. Networking with industry contacts turns into 12-14 hour days. (But you're used to that or you wouldn't be reading this). A shorter route that helps streamline the process is to contact a reputable, established broker. A good broker does more than just *find you stations, in markets you like, that are for sale*. Brokers have become important and necessary part in your "hunt" for financing. There are many sources such as venture capital financing that can help. They expect, however, the most return (20-30%) on their investment. They bet you will increase the value of the station over a 3-5 year period and then you will buy them out, refinance or sell.

A good broker should have relationships with several equity sources that can help you move quickly. But word to the wise, equity players have the know-how to contractually take a big chunk out of the buyer if revenues do not grow as planned which can result in a default in payment. Bottom-line, they can end up owning even more of the facility as time goes on. To avoid this, your broker can help with a business plan that is realistic and at the same time, provides comfort to your lenders that you have the experience and capability to be successful.

Large Markets: The big companies are now willing to sell off smaller-midsize markets so they can, in part, raise cash and at the end of the day, be more efficient while concentrating on their "waterfront" properties. *This selling trend will continue.* Simply put, *even more stations will become available.* The type of equity needed to do these deals is the easiest to get. This is a category of broadcasters who have done their homework and in the cases of the larger broadcast companies, have their own means of financing.

To some however, expansion in markets they're already in, due to ownership quotas isn't an option. A few major companies are already at their limit and need to spin off even more stations. That's where a few smaller companies (already represented in medium-large markets) are looked at as players in additional station acquisition. Only the top brokers, based on industry contacts, play the crucial role of the facilitator and go-between. They are responsible for putting the parties together and keeping the water cooler talk at the station to a minimum. This is designed to keep everything during the buying/selling process on course... without losing morale or key personal during the transaction.

The first station is always the most difficult to obtain: In the next few years we will see many new owners at the helm who possess the drive and determination to take advantage of timing in our industry in acquiring stations. Women and minorities will also be better represented in ownership. We should see smaller groups grow into larger ones. And traditional financial institutions and private equity companies will start leaning this way, especially now that what Wall Street was touting about satellite radio taking over is fading. (Holiday sales/subscriptions were not as expected).

While financing may be *temporarily* more difficult to obtain than in the past, the other side of that coin is there are more stations available for you to acquire then ever before. It's your call and within your reach. ■

Bill Kehlbeck is VP of The Mahlman Co. (www.mahlmanboston.com), a 27-year brokerage business with offices in NYC, Boston and Sarasota.


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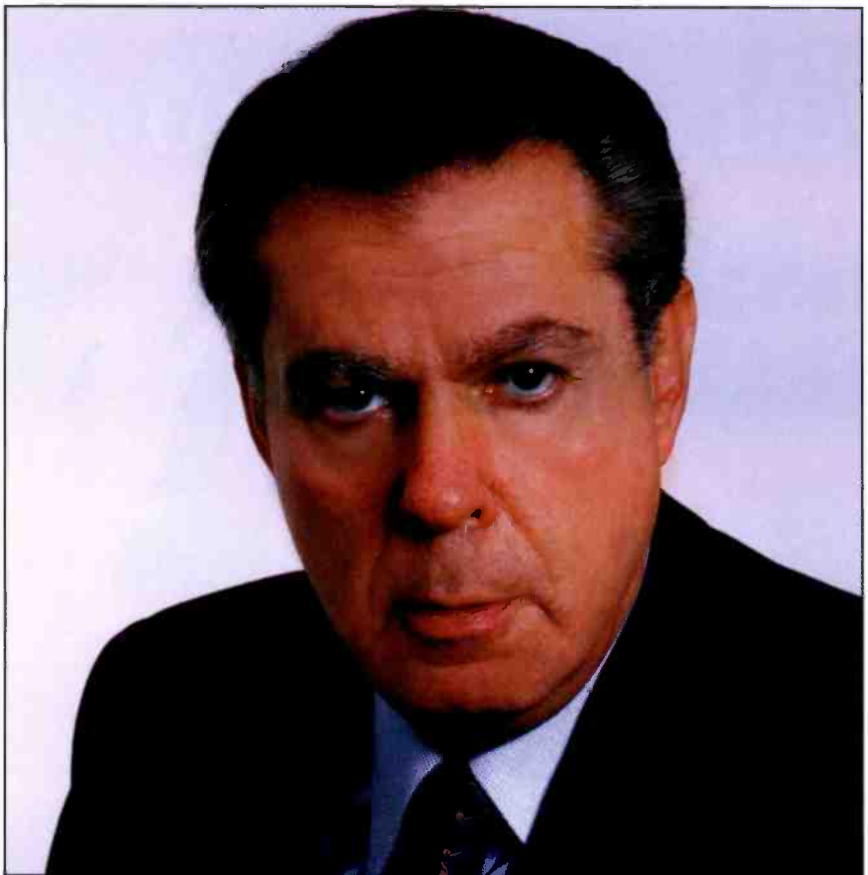


One on One

Irwin Gotlieb on moving the media business forward

By Carl Marcucci

Irwin Gotlieb is the Global CEO of GroupM, the full service media investment management company overseeing some $60 billion of ad spend via WPP's media assets MediaCom Worldwide, Mediaedge:cia Global, MindShare Worldwide and MAXUS.

Irwin joined WPP in 1999 as Chairman/CEO of MindShare Worldwide. He later launched MindShare N.A. by consolidating the media resources of JWT and Ogilvy. In 2003, he moved into his current GroupM role. Prior to WPP he was CEO of MediaVest Worldwide, a company he founded in 1993 from the former TeleVest and MediaVest units along with the media resources of DMB&B.

On the personal side, Irwin could probably be a UN ambassador, as he speaks fluent Japanese—gleaned from living there from 2-15 years old. He also speaks Russian and was born in China. He's pretty "tech-y," having written computer code for proprietary buying programs at earlier agencies.

As many know, Irwin prefers to stay out of the limelight that being the world's most powerful media agency boss tends to create. However, he does speak out on issues he's passionate about when the time is right, especially at industry events. He is known as an extremely savvy and strategic negotiator who cuts through the clutter of presentations fairly quickly.

Here, he provides deep insight on the media business—where it's going, threats that exist and changes needed to keep it viable.

Q. What's your mission statement on running GroupM?

To enable and power the individual agencies; to consolidate what is sensible to consolidate; to identify and deploy best practices; and to do all these things for the benefit of our clients as well as our employees.

Q. How is GroupM used for negotiating clout for MEC, Mindshare, MediaCom and Maxus?

We have different solutions to that. In different countries and often by media, there is no one-size-fits-all answer. There are two considerations that enter into the solution in every case. First, what are the client conflict sensitivities and second, what can we do as it relates to market leadership on the trading side? It's finding a balance between those two.

So in a more specific US context it might be that there are some very high level discussions that take place at the GroupM level. There is some consolidation of leverage but there are significant details that remain at the agencies. The staffs are largely within the agencies, even though there is GroupM consolidated capability as well.

Q. What are you most concerned about as of late for the business?

I think clients perceive us more and more as commoditized to some degree because over the last 10, 15 years we have been able to eliminate all the weak players in the field. Today anybody who has survived into 2007 has greater than threshold capability. That doesn't mean that some of us aren't better than others and certainly there are situations when one agency has a better fit with a specific client than another. The competitive context that we all operate in today is quite challenging. At the same time we are encountering new competitors who are not bound by many of the traditional restraints that we are. For example there are competitors arising in the new technologies and digital space that don't have the same conflict constraints. We are seeing the boundaries on media brokerage coming down and one of the challenges that we have going forward is how do we negotiate a path for our businesses? How do we over time transform our client relationships into something that is both good for our clients and does not put us in the kind of competitive disadvantage that we'd be facing if we remained passive?

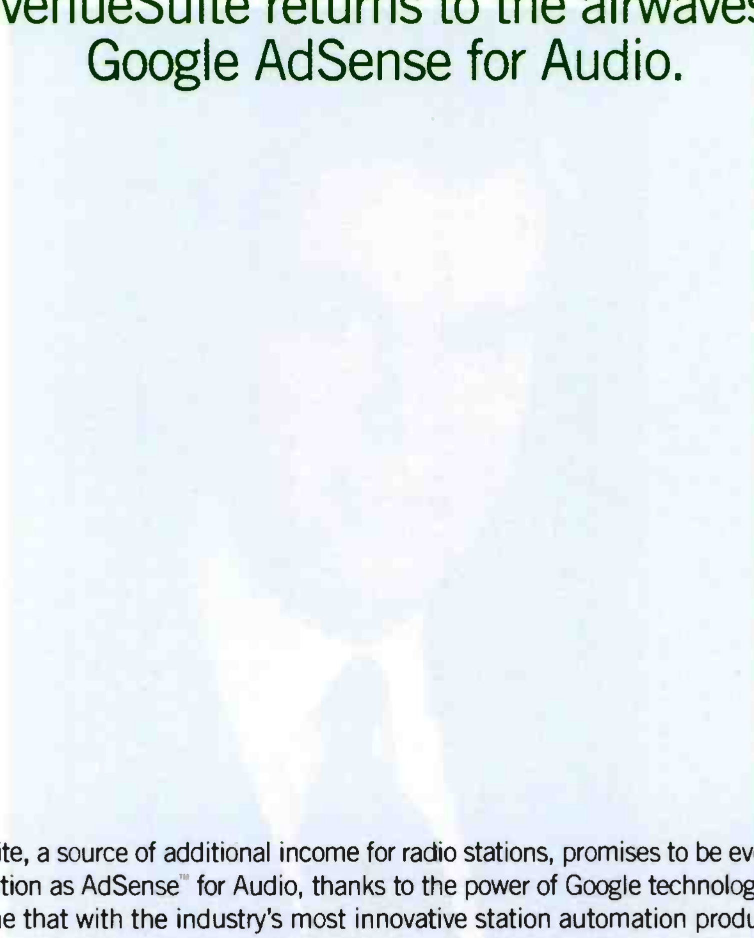
Q. We've seen a bit of rebundling of media and creative agencies lately, back to the old model. Why is this not good, in the scheme of things today, for clients?

There are some very deep considerations here. Implementation has been consolidated almost forever. Almost nobody is arguing that implementation should sit at the media agency or some specialist operation. Now if strategy doesn't sit alongside implementation it's very possible for strategy to identify implementation objectives that aren't implementable, or restrict the flexibility of the implementation team to the point where they can't accomplish their negotiation objectives. When you have to get a specific medium at a specific time you have very, very little option but to pay whatever the price is that is asked for it. You want what you want when you want it; you're going to pay for it. That's what typically happens when strategy and implementation get separated, because the person writing the strategy doesn't have insight into the implementation issues and vice versa.

Now, in fact, I would argue that it is much more important to connect communications and media strategy with implementation than it is to keep it firmly connected with creative, because as someone who lived in a full service agency for years I've got to tell you it was never that connected. We'd get brought in at the tail end anyway.

There is one last item that is critical to this. Multi-brand ▸▸

The cash-machine formerly known as RevenueSuite returns to the airwaves as Google AdSense for Audio.



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clients typically employ multiple creative agencies to service their needs. Their brand portfolios are too broad to try and get all the creative out of a single agency. Or they feel that they need the breadth of creative resources that multiple agencies offer. They often move creative assignments around across their roster just to get a fresh perspective. Media, for implementation purposes, has always been consolidated. Any procurement person will tell you that you've got to consolidate your spending. If you have creative assignments distributed and media assignments consolidated, you start to run into conflict and alignment issues. Large, multi-brand clients often overlap each other and many of them are acquisitive and create new areas of overlap. If one were to even attempt to put the toothpaste back in the tube, you almost can't.

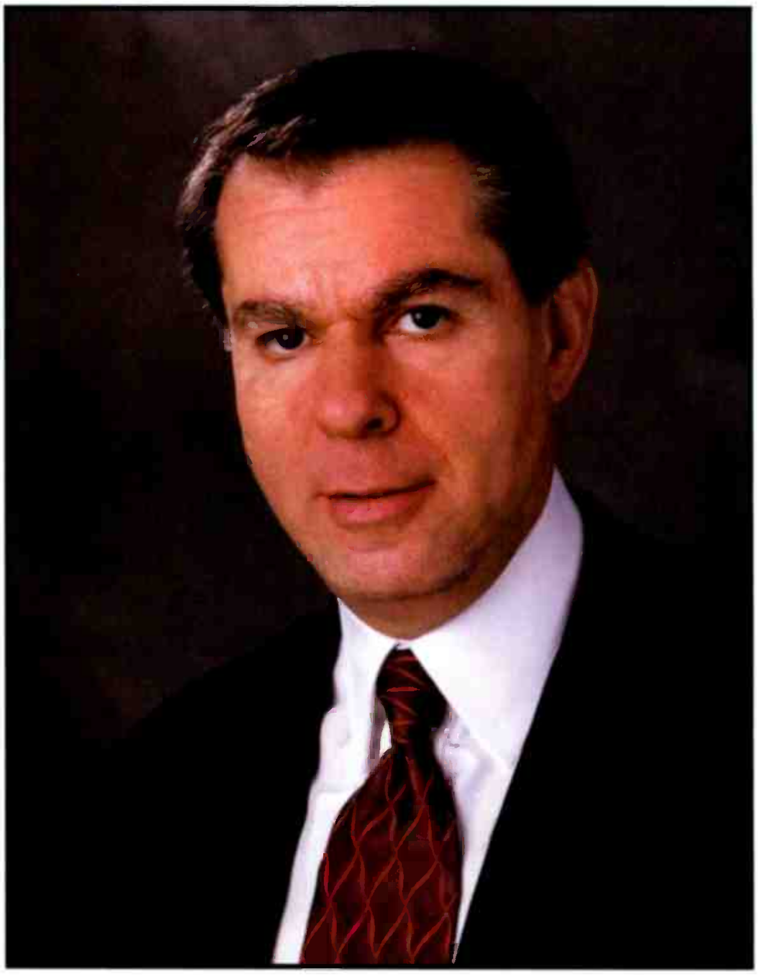
I've said this many times—a lot of people point to me as the guy who did some of the early unbundling in the United States. In fact I wasn't the guy who did the unbundling—my clients demanded that we unbundled, because our reporting lines created some conflict for them.

Q. What are the top things you'd like to see changed in the media and advertising industries?
I think in no specific order, we have as an industry allowed things to go too far with respect to how we work, what we retain and what our clients retain. Specifically it's become customary in the United States for a client when they terminate a relationship with their agency to take their cost per thousands structures with them to the next agency. At the same time they are asking agencies to give guarantees on savings generated. Those two become almost incongruous because when an agency puts itself at risk to achieve a level of savings and finally achieves it, they have no rights if the client five minutes later terminates them, takes the cost per thousand and they're gone. It is bad business and bad business practices aren't healthy. Nor are they in the best interest of either media agencies or the clients that they represent. If we allow some of the trends that have been present in our business to damage our business, our client's interests are not being served. It will impact the quality of talent we can attract to the business. It will impact on our ability to retain talent in our business and we've put ourselves into something of a spiral that's heading in the wrong direction. I think it's time as an industry that we took a very good careful look at it and made some very intelligent decisions in conjunction with our clients.

I'm glad you said it, because it kind of needed to be said.
It does need to be said. I did a keynote at one of the AAAAs and one of the points I made was a few years ago in negotiation a client said to me, "Of course you'll take it, you're all whores."

And I said to him, "You know what, you're wrong." I said, "Whores don't give away free samples. They are a lot smarter than we are." Every time we pitch a piece of business we give away free work. I mean just look at Carat. I don't know how much money they spent on Wal-Mart.

I'm sure a lot.
A lot and then they won it. Then they probably spent a ton of money to start the transition process. Then they were told, "Oh, sorry you've got to pitch it again." Where do you pitch for a contract where there is no minimum term? And then the business is taken away from them. I mean how do they get paid for that?



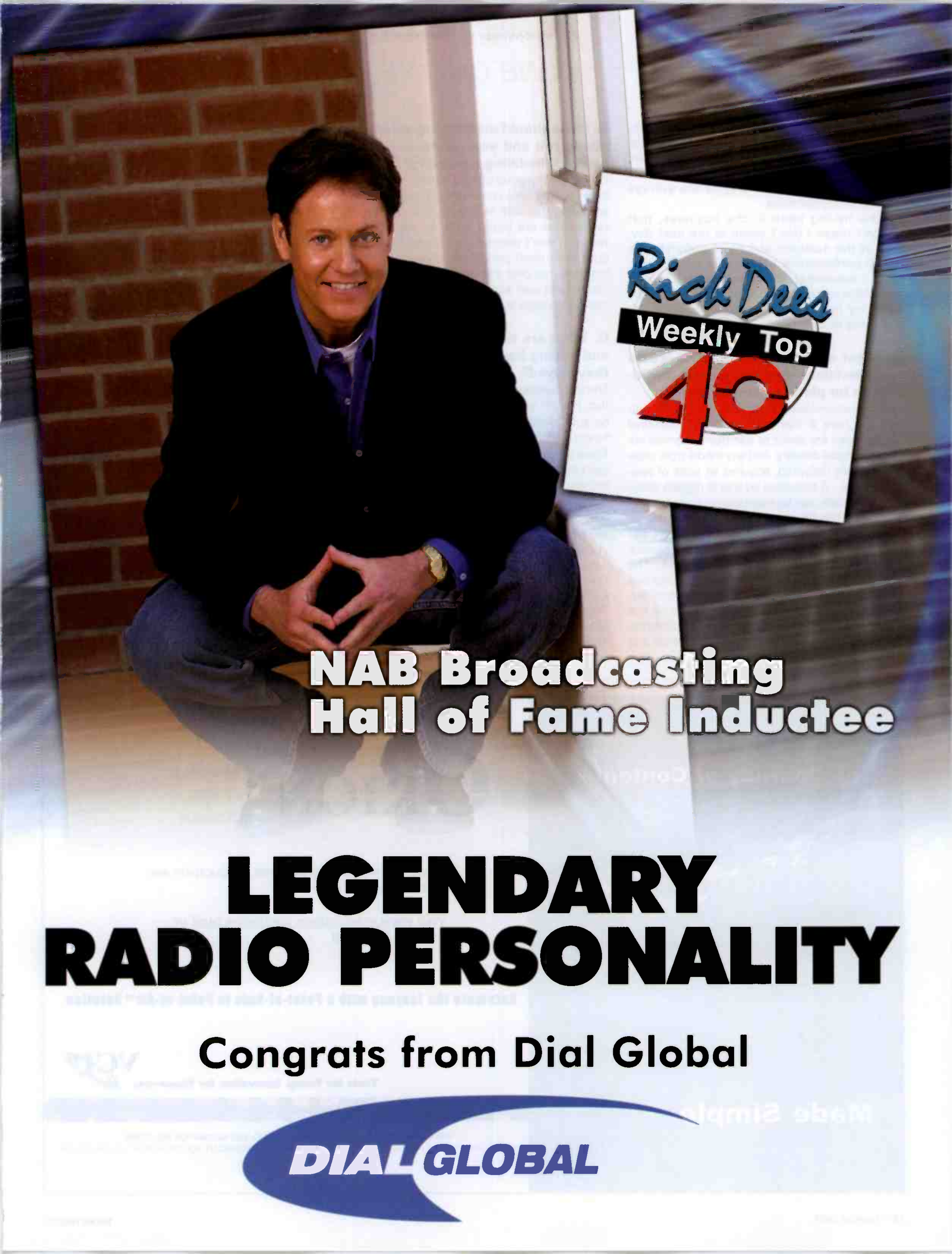
Q. What will media agencies look like five years from now?
I think they will have to be massively different businesses from what they are today. All media will be digitally delivered and in that context there is a real question as to what degree media agencies will be in a pure service business—whether they will be involved in acting as principal, as some of the competitors that are shaping up in this space are; whether they will be brokering and all of those questions. But the media agencies will have to insist that they play on a level playing field and there will be both risk and benefit implications to that.

Q. How has the art of planning and buying changed to meet all of the new forms of media out there, especially digital?
Well, planning used to be about television—reach and frequency and a little bit of print. Today it starts with ROI analytics and goes to proprietary insights. Both of those, then, inform your communications strategy which yields an allocation to paid media. That media has to be developed into a strategy across a far broader number of options that existed even a few years ago and has to be integrated with non-paid media in a synergistic manner. You have to have tremendous tactical capabilities to bridge the needs of strategy and execution. You have to have tremendous negotiating leverage to achieve objectives that provide true benefits to your client. And you have to have world-class stewardship.

Q. What are the top conflicts planning has with buying? How are they resolved?
I think that perhaps in the US, the traditional conflicts have come from the fact that from time to time planning has gotten into a level of specificity that crosses over into tactics. I think that those conflicts are getting resolved quite elegantly because the playing field for strategy is getting very, very broad. It's moving towards communication strategy, it's moving to true strategy. Ten years ago, 15 years ago, media planning wasn't that strategic. It was a bit strategic and it was very tactical. Today there is tremendous opportunity to develop true strategic approaches and if tactics are connected very, very tightly with implementation then the conflicts between strategy and implementation go away.

Q. Do you still dabble in writing software code?
Not so much for buying software, but for home automation, audio/video. We still play with various optimization, yield management and allocation models. I can't say I spend a lot of time writing code anymore but, and to be frank, the last piece of code I wrote was actually for home automation.

Q. When you're watching television what goes through your mind beyond just following the storyline?
Most of the time to be truthful I actually just watch it and enjoy it. I'm quite fortunate I wasn't bestowed with highbrow tastes. I rarely have to look at something and sit back and say, "Okay ▸▸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you liked it but how is the population going to react to it?" or "You hated it but will everybody else like it?" My tastes are pretty mainstream and most of the time I consume media very much the same way as the average media consumer does.

Now having been in the business, that doesn't mean I don't come in the next day, look at the numbers and try to correlate the actual performance of a media vehicle with what I remember about the content. I may get a little more analytic about it after the fact, but I try like hell not to do that while I'm watching or reading.

Q. What can traditional media—radio and television—do to get greater consideration for planning and buying?

That's an enormously broad question but the bottom line here is that even the most traditional media types are about to transform themselves through digital delivery. And any media type, once it is digitally delivered, acquires all sorts of new capabilities. A television ad that is digitally delivered potentially can be addressable; it can be telescoping; it can be response-capable; it can even be transaction-capable. All of those things add enormously to the firepower of media in general and to the specific media vehicles as well. The most important thing that any media owner can do to enhance the effectiveness, the consideration towards, and positively influence the spend level against their medium is to hasten the day that it becomes digitally delivered and enhanced through that.

Q. What should media companies know about you and your professional style before scheduling a meeting?

I have a really good bullshit sensor. There are a lot of people who come through our doors who are walking in with near-venture capital presentations that are based more on vapor than on reality. I don't generally react well to that stuff but I think most people who have taken meetings with me over the years have found that we listen quite well and we work really hard to not make meetings so they are painful.

Q. What are the top conflicts planning and buying has with creative? How are they solved?

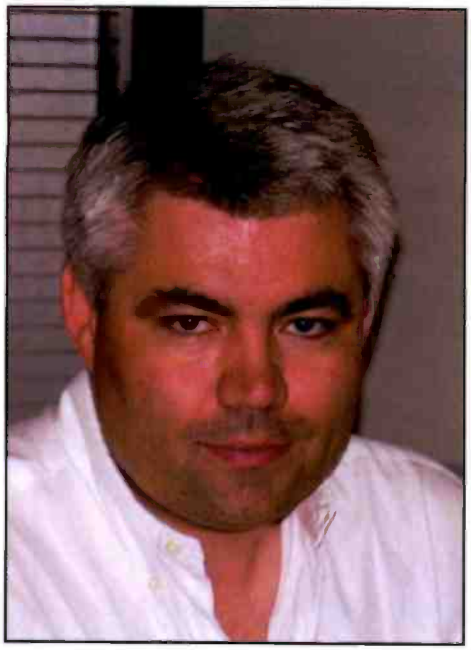
Through collaboration. People talk about the conflict, I've not seen it. If it's whether media should be subordinated to creative, that's a whole different matter. Media should not be subordinated. There is nothing between creative and media that can't be solved through healthy collaboration. In my own personal experience there have been lots of examples where we have collaborated extraordinarily well with our creative partners and the result has been very positive to our clients.

There are some healthy tensions that exist between creative and media and within media there are some healthy tensions that exist, frankly, between planning and implementation. There should be a little bit of push/pull in the case of planning and implementation between price sensitivity and strategic specificity. There is nothing wrong with a little tension between creative specificity and strategic and tactical media issues. With a little bit of collaboration across all the disciplines you sort that stuff out.

Q. Are you going to the AAAAs this year? Are you on any panels?

Yes, I'm going this year as a civilian. I get to see people that I run into once a year at these events and I really think it's important that our industry finds these venues to gather at. Many years ago I was on the phone with a hotel in Vegas trying to book sufficient rooms for my group. We were going out for NATPE. Some of our guys wanted to get there a couple of days early and we were having scheduling issues. The hotel was sold out for the couple of days prior to NATPE, and I remember saying to the salesperson at the hotel, "How can you be sold out before NATPE? You get busy when NATPE comes in." And the person started laughing at me and said, "You know, NATPE is a tiny convention." In those days it was at its peak, like 14,000 people. And she said, "You know it's a tiny convention." I said, "What do you mean it's tiny? What can be bigger?" And she said, "Well Friday, Saturday and Sunday we have the Concrete Convention—that's 45,000."

Right, and I said to myself if the concrete convention can draw 45,000 people (I can't imagine what concrete workers possibly have to talk about but I'm sure they do), an industry like ours that is so dependent on personal relationships, on a full understanding of what each of us does and what each of us brings to the table, really needs these things. So I always make a point of attending. ■



Martin Cass is taking planning to the next level

Martin Cass is Head of Communications Planning for Carat Americas and Head of the Procter & Gamble Account Worldwide for Carat. He ran the communications department in London (the birthplace of communications planning) for five years with clients such as Diageo and AMEX. Now he's based in NYC. While he isn't able to speak on P&G directly, he gave us a wealth of knowledge about how planning is evolving with new media and the latest tools in understanding and predicting the Holy Grail of consumer-driven communications planning.

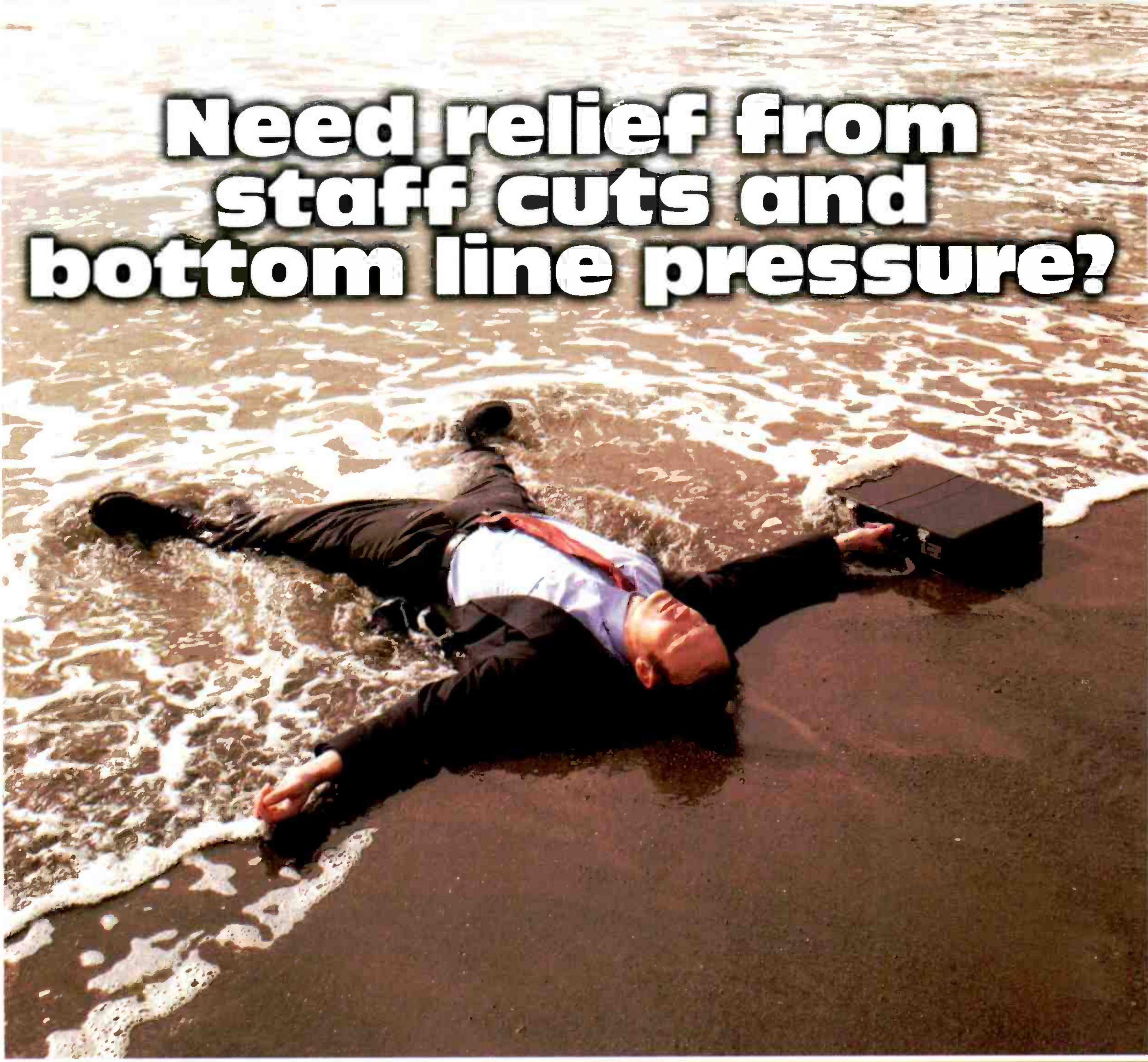
What are clients most concerned about as of late?

Integration. Everything is measured in silos. All the vested interests at play have no interest whatsoever in joining the constituent parts together. So because of the way the business has grown up you have massive vested interests at play that are very interested in their own channel or medium and no one else is. Quite rightly, because that is where their money is. They are interested in generating as much money for their space as possible. That's true around the world, it's not something that is unusual to this market. We're beginning to realize that a TV-dominated market is out of kilter with reality, as consumers do so many other things as well. Here's a figure for you—looking at 28 countries around the world, in 2005 **Jeffrey Cole** in his book Surveying The Digital Future, found 37% of ad spend was on TV and only 5% was online. Yet, across all age groups other than 55+, more leisure time was spent online than watching TV.

What else should we do and how does it compare? Market mix modeling is one way of doing it but you're looking backwards and this world is changing so fast now that three years' multivariant data is great but it doesn't necessarily give you much of a science of some of the things that are coming up. If you want first-mover advantage in things that are coming up you need to understand consumers and what they are doing, not necessarily what worked in the past because it is increasingly becoming less reliable.

How do agencies and clients truly embrace integration in a way that is accountable?

That, to me, is going to be the big challenge—certainly in this market where so much money is at risk. Because it's so easy to do what you did last year. If you have tenure on a brand for say four or five years, if you want you could probably get away with doing what you did last year for the next two or three years. But the reality is if you're a CEO or a Finance Director or Marketing Director who's got a slightly longer term of view then you should be very, very interested about integration. You should really be fascinated about how channels are coming together. To me it's critical for clients, especially senior clients, to take a very great interest in this area because what they have for the last however many years based their business on is beginning to decay and decay quite quickly. And if you want to look to the long term you need to start really trying and testing and understanding what works and what doesn't work. Also, how to build a different paradigm to the way you're going to market because as sure as eggs are eggs, if you're not ready and you ▸▸



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continue to be that guy that continues to do what he did last year (which has worked for the last 20 years) my only guarantee is in five years time you're probably going to be a company that is not doing quite so well.

What tools are you working with to help clients in this area?

We have a project called ICE; which is Integrated Communications Evaluation. It starts on the basis of understanding how consumers see brands and it does that with a pretty simple psychological construct called a network of association. It is the things that people see about brands. It stops us from being marketers and saying well we think this is what people think, therefore let's go with it, to very much more-consumer centric. How do people talk about my business and my brand? Now do they say it rocks, it's cool? If cool is something that drives my business, I want to make my brand more cool. It really gives you a complete view of the brand. What's the cool quotient—did it go up or down? Then you can see what makes up the cool quotient.

The launch of, for example, this Apple Mobile Phone. What does that do? Does that make the cool quotient go up? So you start to understand what are the drivers behind the things, the attributes that you want your brand to have to truly understand them. Then you can model through some clever bits of modeling how those drivers will affect the things you want in the future. Apple Stores might be a good example. Apple Stores disproportionately make people go to them. It truly represents what the brand stands for. Should it be an experience and how much of an experience should it be? It starts to guide exactly how your investment should be made. Stores that didn't have it versus stores that did. You know, those stores that didn't have it you start to see driving down some of the cool quotients. It starts to look at the things holistically and starts to use all touch points, all places that consumers come into contact with the brand. At the end of the day that's what communications planning is. It's understanding how a brand and consumers interact with each other in all the touch points they come up with.

What are the latest ROI and planning tools at your disposal?

Forward-thinking market mix modeling is definitely the way to go—MMA which is an Aegis Company. The challenge is going to be not can you measure ROI, but can you measure it quick enough to make any decisions? Can you make those choices and those decisions much more real time rather than six months after the event?

With a lot of market mix modeling you tend to get a lot of data, plunge it into a market mix model, do a lot of regression analysis and then write a huge report at the end of it. What you really want is a dashboard that's powered with regular real time data. So as the data arrives you don't have to wait six months for it. You take that week if you want it, plug it in and that adds another week to the data that you've already got and recalibrate. You can recalibrate things in real time and that means that you can start to scenario plan with the very latest information that you've got. You can do something with it quite quick because if something is not working you can see it quickly. There are projects like MMA's Avista on the market right now that are real time analytics that allow you to do just that.

The MRC has approved Arbitron's PPM system for radio in Houston, which implies they that they are going to approve it for all markets. Does that change anything for you?

It depends on what that data says. I mean that's always been the issue for example with TV and the cable boxes. Today you can find out what people had on in their rooms. It's just a fear that that will tell you something that people don't want to hear. I think the interesting thing about radio becoming more sophisticated and giving you a greater degree of transparency about what's actually happening rather than a diary survey can only be a good thing for them. They should be applauded, I think that's great. It's a good thing. Arbitron is involved with Project Apollo and if they can start tying all those things together then that could really get interesting because Project Apollo will make a very large difference to packaged goods anyway.

What are the top conflicts in your opinion planning has with buying and how are they often resolved?

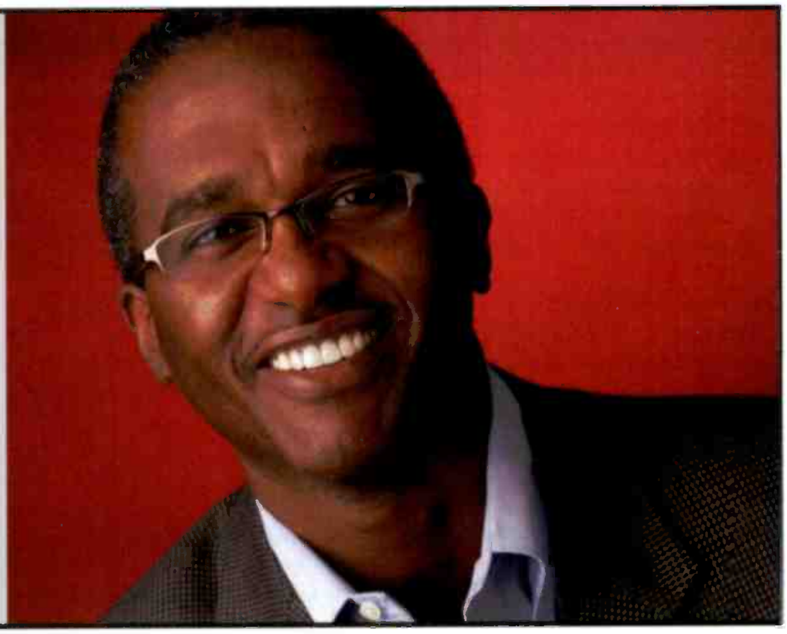
Well I think the world of segmentation and the ability to truly segment brands' users in a way that allows you to really understand why different consumers do what they do. Not surprisingly a group of BMW drivers may well be about power and status and so forth, but then maybe another group actually is about safety and how could you talk to them differently? Would they behave very differently? Most of the tools that we have to buy are so blunt that you can't do anything with them. The buyer has the misfortune of having to buy 18-35 year old men when really what you want are men motivated by status and power. How do you do that? Because where a marketplace is so desperate for help we end up measuring what we can measure, not trying to measure what we want to achieve. Therefore you can have the most sophisticated plan but when the rubber hits the road and it comes to market well I'm sorry but I can only buy you 18-35 year old men so that's what you get. You have to buy all of them. I think planning is moving increasingly away from just a numbers game to a much more sophisticated place that's about true understanding. How do we catch up within the execution of what you do and the activation of what you do?

Any out of the box ideas you've come up with?

There are some things I would describe as pretty stunty that people get very excited about. Let me give you an example. Honeywell, a major defense manufacturer, spent a lot of money doing direct marketing to Capitol Hill—senators and all those kind of people. They've gotten very little response to get Honeywell salespeople in front them. So what we did was create through Carat Brand Experience the Honeywell experience in Washington, D.C. They created an environment in a big space in Washington and then invited Senators and committee members along there to come and play and come and see what Honeywell actually does so you can go and say test drive an airplane, touch, feel, see—experience is absolutely unbelievable. They've had everyone that counts on Capitol Hill through the Honeywell experience who have spent from 30-40 minutes seeing things, touching them and giving the sales team an opportunity to sit down and talk to these people in an environment that's not a hard sell. It's been significantly more effective at driving the people they wanted to have a conversation with them than any direct mail piece ever did. It's just taking the same money and doing it completely, utterly different. ■

Brand emotion, product integration and agency collaboration

Paul Alexander is Vice President, Global Advertising for the Campbell Soup Company and is responsible for all advertising, media and commercial production. He started with Campbell's in February of 2001. Prior to that, he spent 15 years in Brand Management and Advertising Development with Procter and Gamble in Cincinnati and London. Paul serves on the Ad Council board and is a member of the ANA. He received both his undergraduate and MBA degrees from Harvard. Here, Paul talks about reaching the consumer, using new and traditional media combinations for brand objectives, agency collaboration and a bit about the importance of strategy communication.



Tell us about your product integration strategy, as with NBC's "American Dreams" a couple of years ago.

Well that was one where we really weren't looking at doing more than traditional product placement. We're really trying to become more organically integrated into the story arc. What was great about that was **Jonathan Prince**'s desire and enthusiasm about really writing Campbell's into the story arc. That was one of the things that made it unique—it didn't feel forced, it just felt more natural. That, combined with the arrangement with Scholastic where the promotion "What is your American Dream?" got students to write in and submit their American Dreams. I think it was just a very nice tie-in that was very authentic. I think the piece that most manufacturers or marketers struggle with in these types of opportunities is does it come across as really being authentic versus being forced? Considering the work that Jon and others have done with education with Campbell's over the years, I think that integration was really almost seamless in tying in with something that's important for Campbell's but was also a way to make our brand that much more contemporary.

Do you find product integration deals seem to be driven more from inside Campbell's?

I've been here five years, and five years ago I would have said it would be from others coming to Campbell's but I think now with the marketing teams and the managers understanding the value of this as another touch point, the ideas can come from anywhere. What's great about being here at this point is that you've got continuity so everybody understands the strategy and the objective—the marketing team, the agencies, the partners who bring us ideas. So really the ideas can come from anyplace and the creativity comes from the linkages.

The continuity, I think, creates a greater degree and better linkages than we've ever seen.

Do you find integration seems to be more of a focus than just standard spot and network commercials?

No, I think it's a constant analysis of what's most effective. So our traditional network, cable, spot, TV, radio, print, those are still incredibly effective for us. But we know that there are a lot more touch points and ways to interact with our consumer. It really is the genius of the "and"—it's how do you do both effectively versus saying I've got to choose from one to do the other?

What is the future of advertising with digital convergence?

I think there's going to be sort of a combination of new school and old school. What I mean by that is old school marketing used to be that you had an existing campaign but you always had something in test. I think with convergence and new media like mobile technology for example, the ability to measure that is still in the very early stages. I think for a lot of brands, Campbell's included, we're going to need to pick the places where we test very carefully. However, we've got to be open to the fact that being able to measure it is going to take time and effort. So I think as long as we go in with our eyes wide open, in this convergence world you're going to have to take some smart risks but know that you're ability to measure it is going to take time. It is not going to be instant.

Can you sum up the top marketing and advertising objectives that you pass down to your employees?

My top marketing objectives are really to make sure that our strategies are clear, they're succinct and they are differentiated. And continue to push that our advertising ideas are really distinctive, that they are mind- and heart-opening and that they are meaningful to the target. From an objective standpoint we're really pushing, pushing, pushing to make sure that first and foremost our strategies are clear and that they are differentiated. When you ▸▸

do that and then from a creative standpoint you really focus on the advertising idea, then you can extend to all of these other marketing vehicles and convergence. All of those things are so much easier when you've got the strategy and the idea right.

What media mixes have you seen the best success with?
I think because of Campbell's rich equity—both functionally as well as emotionally—I think television has obviously worked incredibly well for us. We've invested more in print over the last few years and that seems to be paying off. Radio, specifically weather-triggered radio, has been a very smart investment for us. All of the traditional pieces of media have worked very hard for us. I think what you're seeing now is that online and new media are becoming increasingly invaluable and as we learn more about its effectiveness, we're investing more money behind it.

Many of your brands do include radio in the media mix but some don't. Is the lack of the visual element a concern?
Not so much a lack of the visual, but can you create theater of the mind effectively with radio—that's the objective. I think for brands like condensed soup where music is such a key element, radio works remarkably well. When you've got weather-triggered radio, which is very strategic, that works incredibly well. For many of our brands where humor is an important element of the execution, radio works very well. So I think they're not so much worried about the lack of visual but they're concerned about, "Can I create theater of the mind either with music or with humor, or with other executional elements so where radio works best we can make it work for us."

Some marketers say that for radio it's not so much the medium, but just a lack of good creative. Do you see that, or is there plenty of creative to go around for radio?
I think there is plenty of creative to go around. What happens is we don't make it a priority from a client standpoint. I think print is the same way. How many times have you been in a situation where after you get the television execution, then it's "Oh yeah, and where's the print ad?" and "I think we need to do radio." But when we come at it from, "I want to see all of the executions of the creatives—devote the proper time to it," you get great work. I think we create some of the problems ourselves on the client side because we don't ask for it concurrent with the other elements.

Are you concerned about the fractionalization and the fragmentation of time spent or are you just happy to have more choices?
In the food business where people are consuming our products every day and our household penetration is above 90%, I look at the fractionalization as incremental opportunities for us to reach our consumer. I don't worry about it so much because I think we will test our way to finding out what are the best vehicles. If our strategy is right then our chances are good.

Last year you spoke to the ANA Agency Relations Forum crowd about the importance of training and collaboration with agencies. Can you sum a bit of that up for us here?
I believe they are and I believe the foundation of that is long-term relationships. I was reading someplace that the average client/agency relationship now is about three years. We've been with BBDO for 55 years and we've been with Y&R for ten. I think when you have those types of relationships where the agency feels confident that they can bring you big ideas, different ideas and they won't get cut off at the knees or they're not at risk of losing the business, to me that's when you have an opportunity for breakthrough. So they are bringing us better ideas and they are putting the pressure on us as their client to really take advantage of those and put our money where our mouths are.

Do you think marketers and advertisers that seem to put their agency account in review every year or so can sometimes be harmful to a long term creative flow of ideas?
I think it can be but every situation is unique. Putting agencies or businesses up for review can create competition and big ideas, new ideas. We just awarded the Godiva business to a small agency, Sugartown, this past year. It was very fertile ground for new ideas, but I think over the long term as **Doug Conant** [Campbell President/CEO] says, the definition of extraordinary is "sustainably good." If you want to be sustainably good, I think long-term relationships really are the foundation.

What do you wish research companies, planning and buying agencies could provide that they're not right now and why?
The piece that qualitative research always helps me with, if quantitative sometimes is more difficult, is being able to measure the emotion that's evoked. So what you're trying to do with your advertising is number one understand whether or not the strategy is being communicated. But if you've got an emotional component to your strategy, we often look at it as am I showing that emotion? So if I want happiness am I showing happiness? What we don't have a real handle on is am I able to measure the emotion that's evoked? Sometimes positive emotions evoke positive emotions. Sometimes negative emotions evoke positive emotions and I think from a research standpoint we can get even better at trying to measure the emotion evoked. That's really what you're trying to understand, to the degree that emotions are and will continue to be important in differentiating. The research is still more of a blunt tool.

What would you like to see radio and television provide more of to accomplish your marketing goals?
Certainly accountability. The ability to measure the return on investment—that's important. I think finding a solution to the whole upfront purchasing cycle that still feels tremendously inefficient is another area that is important. But I can say for Campbell's, traditional media—radio and TV—they're working very hard for us. We're trying not to fix what isn't broken, but at the same time take advantage of new opportunities. For us, the traditional is really working and we want to just make it that much better by focusing on what's important in food communication—strategy, ideas and appetite appeal.

What about the upfront would you like to see improved?
I think like most marketers, the transparency of the process. More of the emphasis on the real discussions versus the glitz, the glamour and the parties. I think just getting down to the brass tacks of what are the objectives and what we are trying to accomplish. I think greater focus on that would serve everyone. Inevitably we're going to get there. It's happening slowly and I think the marketers are going to continue to demand that as accountability becomes more and more important.

The traditional media is still working so the upfront will still be important, but I think to the point of convergence, as new technology comes into play it's going to put pressure on the upfront and it's going to create more of a market for the client. It's going to be less about the show and the publicity. ■

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CARL **MARCUCCI**

Mancow: Handling the content of AM with the style, pacing and humor of FM

Since leaving Emmis' Q101 in Chicago last July, **Erich "Mancow" Muller** has entered a bit of a renaissance with his national morning show, "Mancow's Morning Madhouse." Because the "common sense" political side that Erich has cultivated, he's now able to play well on AM stations as well as FMs. The audience is eating it up, too.

He's also been on Fox News more than ever lately—including his "Planet Mancow" special—the first of which featured his friend **William Shatner**. Is more in store?

As you'll see, Mancow's aiming for the top—the most listened to radio host in the nation. He's building the $1.5 million dollar "Content King Studios" from which to do it from, along with a ton of production work. His new Chicago affiliate is also imminent—he's got two offers right now on the table and is into his sixth overall.

Tell us about your brand of Talk radio.

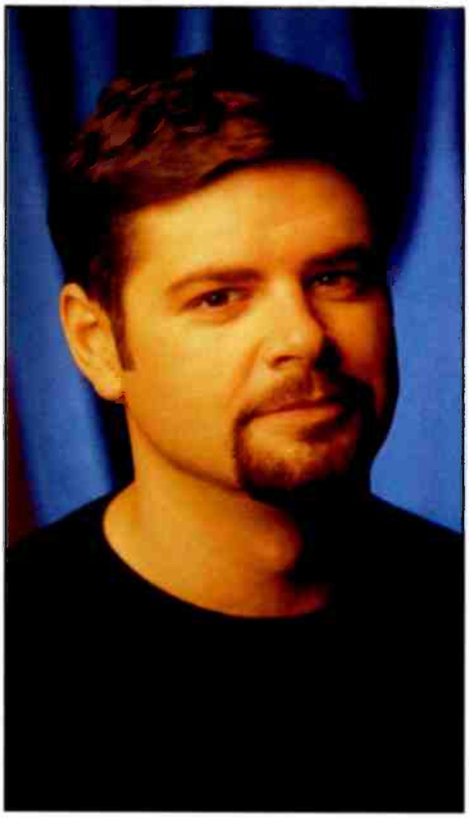
It is the fastest-paced radio show that has ever happened, period. While other people do one topic and beat it to death, we do a hundred topics. It is a variety show of sorts in that it has music, entertainment, politics, lifestyle—but always with core values. There are some politics in there, some common sense and some truths revealed on a daily basis. Telling the truth moves mountains, and I plan on moving a mountain or two.

Anything to say about Q101 in hindsight? Tell us more about your new common sense political side.

Well I would say they restricted me to a humorless morning show. What I went through is a situation where some $25,000 a year guy who had never been in the big leagues was put in charge of managing a great deal of people. They encouraged me to do sex, drugs and Rock & Roll. Then anytime there was a complaint they "had no knowledge of it." I was between a rock and a hard place. (Editor's note: Since the interview, Q-101's ratings have tanked and PD **Mike Stern** has been fired.)

Then they went through a period where they ordered me: "You can have no opinion on anything" and then I would get yelled at. It would be like, "You just played the U2 song Vertigo—but what about the people that don't like that song? You offended them." So forget Iraq, abortion, or any of the big issues, I couldn't have any opinion on anything and it's an impossible environment to try to be creative and try to interact with people. Then I got in trouble for never having an opinion. It was insane and what we found is they basically didn't want my brand of Libertarian politics.

I believe what's going on right now, and I think it's going to be played out in the courts, is if they wanted to win and make money they would have kept my show on. What's going on, and you see it every quarter, they do something really lame brained and crazy. They are crashing the company. I don't think it's a secret to anybody. I feel sorry for the people like me that believed in the company. I feel sorry



for the people that bought stock in the company. They are crashing the company to buy it back cheap. They want to take it private and shareholders be damned, in my opinion.

It was just as I started to do a show that I wanted, the ratings soared. What it proves, contrary to what the media keeps giving us, is people really are hungry for some common sense and expect it. They are sick of being pandered to. Radio stations wonder why nobody's listening. Because they're giving the same B.S. and phoniness. People are really hungry for something that is not just the same old stupidity—a group of people sitting around laughing at nothing, which is what morning radio has become. If these guys don't wake up—and I'm talking about the radio industry—we're going to lose this thing.

Tell us about your latest streak on FOX News Channel. Are we going to see more of these Planet Mancow Specials?

We're going to be doing a lot more is my feeling. It was originally a demo for a pilot—neither of which were supposed to be on TV. **Bill Shine** [Fox News SVP/Programming], a brilliant guy, saw it and went, "I like it. I'm going to run it." It did gangbusters and they ran it four times. I think everyone was surprised. I was just on O'Reilly and it did gangbusters. I expect that I'll do more with him. **Sean Hannity** is a dear friend and of course I'm on the Fox & Friends Show every single day.

What I would like to try to do with the show is there is a huge amount of people between New York and LA that nobody talks for. They don't feel like they have a voice and I really want to try to get that common sense mid-America, middle of the road viewpoint and sometimes outrage across. I think there is an audience for it and it's really what I want to be part of.

I think we're going to do a whole lot more and I'm very excited about the future, but my goal right now is not to become a TV star but to have the number one morning show in America.

What advice do you have for President Bush and Congress?

Well they bashed Reagan and now everyone looks back at **Ronald Reagan** as one of the best presidents ever. He's looked back upon very fondly. Where Bush made a mistake was he forgot his core. He forgot his core values. You can't respect a guy like that. People think he's a Republican; he's not a Republican. I'm a Goldwater guy; I'm a Reagan guy. You know gay marriage, none of the government's business. Abortion, none of the government's business. Spanking, none of the government's business. This government has made it their business to be in every aspect of our life. I don't want a babysitter. I want a government to protect me and stay out of my life as much as possible. Under Bush we have more government with a TSA and everything else than ever before. "1984"—it took a few years but it's here. So he's a Rockefeller Republican and I don't think of this guy as a Republican so my advice would be get back to basics.

I'll tell you, I'm not going to vote for her, but Hillary is going to be a gift from God for Talk Radio. ■

TALK • RADIO • NETWORK • FM

We interrupt this program...
Your newsroom has exploded! What new stuff would you put in there?

Imagine blowing up your radio newsroom tomorrow morning. How often have you heard someone say, "If only we could blow up this place..."? Of course, you would arrange a carefully controlled implosion where nobody would be harmed and nothing would catch on fire. It would just be gone...and you would be tasked with building a new, state-of-the-art newsroom in its place. What would you put in there? What if money were no object?

A blank slate... and a blank check

Instead of asking radio people what they HAVE in their newsroom, I asked what they'd WANT if they had an open checkbook to build from scratch their futuristic, freewheeling audio broadcast hub of tomorrow.

In the evolution of radio newsrooms from the sixties to the Double-O's (my new nickname for this decade...better than "The Zeros" or "The O-Zone"), things are far removed from the prehistoric days of rattling teletypes, reel-to-reel tape decks with splicing blocks, and ordering phone drops from the telephone company to broadcast live. Even cart machines these days mostly appear only in newsroom photo archives.

I asked a number of high-profile news, programming and engineering executives across the USA this unique question about 'blowing up' their stations. The scenario provided was based on a cluster of stations all in one building.

The panel of experts:

- Bonneville's WTOP Washington (News) cluster—News Director **Jim Farley**, Newsroom Technical Manager **Brian Oglier**, VP Engineering **Dave Garner** and Webmaster **Steve Dolge.** Their cluster also includes WFED (Federal News Radio, News/Talk), WTWP (Washington Post Radio, News/Talk) and George 104 (Adult Hits).
- Clear Channel's KFI Los Angeles (News) – Ass't. News Director **Michael Clarke.**
- Buckley's WOR New York (News/Talk)—VP/ Technical Operations **Tom Ray III**.

Wire feeds: If you guys could have any news source in the world, which would you choose for your newsroom?

FARLEY: We already have the three services NewsPower, Express and Elections, from the Associated Press plus Reuters, Metro Source wire feed from Metro Networks, A Bloomberg terminal, our own NOAA satellite weather feed from the National Weather Service and CBS Infolink newswire from the CBS Radio Network, but if money were no object I'd add Nexis/Lexis.

CLARKE: AP, City News Service and Reuters, but it all starts with AP. You can really get by well with just that service because they cover the world and my backyard, but I'd expand City News to include more country coverage, and Reuters for a different look at the world.

Newswriting software: Which writing tool would you choose for your producers, reporters and writers? Remember, money is no object.

OLIGER: If we started from scratch, I would seriously consider an all-in-one product like NewsBoss or Burli. Both incorporate wires, scripts, audio editing, podcasting, field producing faxes and incoming RSS feeds into one product. ENPS from AP is a great product and we love it, but it is modular in that it requires the client to provide their own digital system and audio editor.

RAY: Yeah, NewsBoss seems to be the most flexible and complete package out there. I'd integrate it with the on-air digital playback system so audio cuts would be available to all studios. This would be networked to two laser printers.

CLARKE: I'd use AVSTAR, now called Avid iNews, back when it was called Basys I enjoyed how well the database worked. As a Clear Channel station, though, I'll continue to use Newsbuilder (now called RCSnews because I have to quickly share text and audio with other Clear Channel stations. This way to do this easily is in Newsbuilder (RCSnews), which we also use to push stories to our Web site.

Audio editing: As far as sound editing, what program would you select for your newspeople?

CLARKE: I'd pick Adobe Audition. It's what we know and it works well.

RAY: I agree. Adobe Audition is a very powerful package which, for not a considerable amount of money, provides very powerful tools.

OLIGER: It's hard to imagine anything better than Adobe Audition. With the advanced features available in version 2.0 like audio scrubbing, Audition has the tools to satisfy both our most technically-savvy reporters and our less technically-inclined folks.

On location: With which remote gear would you arm your beat reporters?

OLIGER: They'd all get compact flash recorders like Roland's Edirol R-09, laptop computers with mobile broadband, Blackberry pagers, Sennheiser headsets and shotgun mics, plus the new portable Comrex Access wireless codec to feed audio over phone lines, wireless networks, etc.

CLARKE: We'd give them Marantz PMD 660s professional hand-held recorders. We were on Minidisc for years but have recently begun transitioning to the Marantz solid state units. Since money is no object I would also entertain a Nagra or equivalent high-end field recorder.

RAY: I'd start with a Marantz flash card recorder, three 2GB compact flash cards and a box of spare batteries for each reporter and at least two Electrovoice 635A "Buchanan Hammer" microphones. Remember those? Made in Buchanan, Michigan, those EVs were indestructible. Their ads said their mics were shot at, run over, dropped from buildings, submerged, even used as a hammer (thus the name)...yet kept working! So, ya gotta have a couple of those.

Don't forget to get mic flags and table mic stands, XLR cables (I'd include a half dozen two-footers, 5 twenty-footers and 2 fifty-footers), XLR tools, ground lifters, inline attenuators and transformers, and, of course, a good pair of headphones.

I'm showing my age here, but I'd also add an inductive telephone coupler and a handset phone line coupler like a Circuitwerkes MicTel. JK Audio makes an Innkeeper PBX to get into digital PBX lines and Celltap to send audio over cellphones. I'd also add some good ol'fashioned alligator clips. The reporter's laptop would be equipped with a flash card reader and Adobe Audition, plus a Sprint or Verizon Internet card to email audio back to the station.

Valuable web links: What instant online links to fact-checking, documentation, references or services would you want your newspeople to have?

FARLEY: Lexis/Nexus would be a great tool for investigative, not general assignment, reporters. But, we have the luxury of one guy who only does investigative reports. As Deep Throat said, "Follow the money", and that's precisely one of the things Lexis/Nexis ⏩

helps you do.
CLARKE: We find Lexis/Nexus very powerful for finding articles and public documents. Then there's Autotrack XP, another great service for finding people and information.
DOLDGE: Wikipedia is a must-have for reporters. It's almost always timely, accurate and has more info on more things than most people realize. Our beat reporters also have their own favorite bookmarks for sites they check regularly.

Reporters should also exploit RSS technology like Google Alerts which sends updated info as soon as it is published. Some of Google's best features are hidden, for example, there's a Google US Government search engine? I sent this info to the entire staff at our Federal News Radio station as soon as I found that one.
FARLEY: Every newsroom should check the Drudge report every morning. Matt Drudge just finds THE most interesting stories from all over the Net!

EDITOR'S NOTE:

Speaking of Drudge, many don't know that Matt's father, Bob Drudge has been running the ultimate reference site for many years, even before his son began his own rise to fame. Called RefDesk, there are literally hundreds of links right on Bob's home page valuable to news radio writers.

And, while Bob Drudge's site is for general researchers, there's a new portal for radio journalists called WriteBetterNews from RCS, my previous employer and the makers of RCSnews software, formerly called Newsbuilder. WriteBetterNews links to major news radio station sites and 50 major newspapers, local gas prices, writing tools, news consultant tips, military terms, confusing words, news writing forum, lots more.

Newsroom layout: Can any of you offer some tips on the technical infrastructure of newsroom building you've learned which you'd like to share? Remember, money is no object. What type of newsroom would you create?
RAY: If we included an on-air position I'd add a digital console as part of the house system, we use Axia consoles here at WOR as an extension of the station's routing system. In a news-gathering position there would need to be a small analog console or something which could be easily integrated into the digital system. Digital editing capabilities and Internet access at each workstation would be a must.
CLARKE: I would have workstations for at least 15, but we have many other "casual" users on the network, in addition our current sports station would also be on the system, and even today they have approximately 10 work stations.
GARNER: We'd build 10-12 "edit stations", each about 40 inches high...tall enough to provide privacy while sitting, but short enough to view the entire newsroom unobstructed when standing. Include basic tools all reporters need: computer, phone, mixer, mic, audio switcher to access all house audio, and a compact flash recorder. Two adjacent workstations would handle spots, two more for our Web writers.

Since money is no object in this scenario, we'd also add an "Editor's Console" with adequate workspace for seven more people: the main editor, two assistant editors and four writers, all with clear line-of-sight to each other. Then, each work position at the Editor's Console would be a fully-functional edit station with dual-monitor PCs to keep newsroom software on the first monitor while doing other work on the second.

Ideally we'd build two twin main air studios so anchors could alternate shifts in each studio. This would allow anchors to get settled and prep for their show well ahead of time instead of racing into the studio at the last minute. This configuration also allows for a 'hot backup' for emergency and maintenance purposes.
OLIGER: The newsroom would be very globally-integrated and multimedia-friendly with a couple dozen overhead TV monitors, Web monitors displaying our main Web pages and local traffic. Multi-zone clocks so your writers always know Baghad time and the time zone wherever the President is, and a news ticker crawling the top stories we are working on.

This infrastructure would be easily expandable with an open ceiling and open wire trays for efficient and flexible cable runs. We'd use either the Vistamax system from Harris as our technical backbone, or possibly the Axia system, a subsidiary of Telos.

As far as hardware, the ATM from 25/7 Systems lets you time-shift audio for broadcast like no other device I've ever seen. An integral component of our new setup, it would let anchors time-shift network updates, press conferences and other live events. I wouldn't consider building a new newsroom without 6-8 TiVo units constantly recording all local and national broadcasts. Also, the iMedia-Logger from OMT is already critical to our process of recording any audio moving through the plant at any time. It's indispensible for repurposing audio, verifying what ran, what a guest said, retrieving missed net feeds and even providing advertiser airchecks.

Ideally, we'd locate bathrooms within quick walking distance from the studios with men's and women's showers and a "sleep room" where 1-2 staffers could spend the night. It happens more than you would think!

News production room: If you have one, would it double as an announce booth? What would be in there?
CLARKE: Well, we currently have two news production rooms which are essentially workstations with audio mixers in a small office. Separately, we have a news booth which is more like a full production studio with a nice mixing board, workstation and televisions. We have a second anchor position in the main air mix studio with a workstation and mixer.
GARNER/OLIGER: We would have 2 "news production" rooms for small one-on-one interviews or for voice work that can't ▸▸

or shouldn't be done in the open newsroom. There would also be a larger conference-style studio for larger interviews. This room would double as both a traditional conference room and a "green room" for guests.

Radio news on your web site: Let's say the newsroom received a breaking local story, for example, a local high school is evacuated and you wanted to post this info on each station's web site (besides airing the story of course), what Web systems would you have in place for this process?

CLARKE: We're working on this right now, we currently use Newsbuilder (now RCSnews) to push stories to our Website but we're changing that process. As far as the other stations in our cluster, we don't get involved in updating their websites.

RAY: That depends on the website and updating method. The primary WOR website is a simple WYSIWYG (What You See Is What You Get) interface, however for school closings, we use a custom-written Microsoft Access database which feeds a separate website so we don't bog down the main site. Thinking further, though, you could also include audio, in this example it could be a clip of the school superintendent or local police official providing more detail.

Staff size: How many people would you have in your news department and what specific specialties might they be assigned?

CLARKE: Well, I think I could easily keep 30 people busy. I would love to assign a special correspondent to each of our talk shows. In addition, a two or three person investigative department would be out of this world.

Qualifications: When evaluating people as newsroom reporters, what abilities are most important to you?

FARLEY: Web skills and story-telling skills are basic. We have everyone from network news and wire service veterans to really bright 20-somethings who began as interns here.

CLARKE: We consider how they will sound on the station. They have to fit our established image. It's nice if they have experience doing both short and tight news reports and lengthy Q&As with talk show hosts, but we can teach them one or the other, as long as we think they are teachable.

Good news / bad news

The good news is there's no bad news...except your newsroom didn't really explode, and you probably can't say "money is no object" as we did in our interviews! But save this article as a handy hit list when you're ready to blow up your own newsroom. ■

Tom Zarecki spent 14 years at RCS Sound Software and Media Monitors as PR Director, Marketing Director and Client Coach. Previously he consulted stations in 35 states, including the legendary news departments at WXYT/Detroit, KOY-AM/Phoenix, KLBJ-AM/Austin, KVOO/Tulsa, WPTF/Raleigh, WOC/Quad Cities and others. Zarecki created and hosted a series of Radio Newswriting Workshops nationwide. Tom is a featured contributor in Valerie Geller's "Powerful Radio Workbook" for release April, 2007.

JON MANDEL

Why NielsenConnect?

The Nielsen Company is different things to different people. People who work in the television business think of Nielsen as the ratings company. Brand marketers think of Nielsen as the company that measures how their sales are doing versus the competition. For a new product to succeed it is likely you would use information from Claritas or BASES. For help on how to price a product there is AC Nielsen Analytic Consulting. If you need insights in the shopper/consumer you would think of Spectra or Homescan. Everyone who sells a product at retail thinks of TDLinx. Online media buyers and sellers think of NetRatings and BuzzMetrics. If you are selling pharma products you would rely on PERQ/HCI. Every media planner/buyer is familiar with SRDS. In partnership with Arbitron, Nielsen measures the lifestyle habits of consumers through Scarborough. And the content industry knows how it is doing through the many services of Nielsen Entertainment. And Nielsen Outdoor is ahead of the industry in electronic GPS measurement of placements.

There are far too many facets of Nielsen to list in this short article, but suffice it to say that if it has to do with marketing a product or service either in this country or anywhere in the world that the pre-eminent information and data resource with the highest standards for quality in the research industry is The Nielsen Company.

The amount of data that is resident within The Nielsen Company is, frankly, hard to grasp in its depth and breadth. In fact, I said at a management meeting in January that if I had known all of the stuff that Nielsen has available I wouldn't have made up half of the stuff I did when I was on the agency side. I am not embarrassed to say that here publicly. The amount of data and information in this place is incredibly vast.

What is more important is that in traveling around the company doing the meet and greet I realized that of the thousands upon thousands of people that it takes to provide the industry with these seemingly simple numbers every day, there is a very high percentage of people that are not only very smart and very good at what they do but incredibly creative. I must admit, creative was not a word I would have thought of when I was on the other side thinking of Nielsen. Aside from my chagrin at being so wrong, I find it amazing that even the guys with the tool belts who deal with attaching set boxes to televisions are brimming with ideas on how to get evermore useful data from the thousands of people they physically see every week in our sample in order to help our clients.

While many in the industry have fairly criticized the old VNU for being disjointed, I learned in many years in the advertising and marketing industry that all sides of the industry are a bit disjointed.

Quite simply, media and the selling of the products are completely intertwined and we all need to work more closely together to optimize our individual results. The data and information needed to make smart business decisions must be connected and utilized to its fullest. It is not just about "my show won its time period" it is about "the schedule I bought on channel 5 sold x cases of my product".

Thus the goal of NielsenConnect is to provide all sides of the marketing equation the information they need to increase both their top and bottom lines.

NielsenConnect makes it easier for media sellers to increase their yields, advertisers to more effectively target their media, and media programmers to pick the right shows to receive the highest revenue from not only advertisers but also viewers in the paid content space.

With the surprising creativity in problem solving of the people of The Nielsen Company and the power of the vast data and information inside, NielsenConnect can provide information solutions for our clients' differing business needs. And combined with advertisers', media companies', and/or ad agencies' creativity we can craft an information solution that is specific to your individual needs.

When we came up with the NielsenConnect name it was pretty simple...marketers need to connect with their consumers, content providers need to connect with their viewers/readers/listeners/users, and media companies need to connect with their advertisers. And Nielsen needs to connect all of the data and information to make everyone else's job easier and more fruitful.

In the businesses that we are all in, it is really all one big business. It is not six degrees of separation. It is no degrees of separation.

In short, when trying to figure out how to move your business forward you need information. And when it comes to the information needed to market and sell, if you can think it up we can probably find the information in a user friendly format that is highly actionable in helping you make more money.

Importantly, Nielsen and NielsenConnect can provide this information not only in the classic looking backwards of all research but also in the more important predictive looking into the future that is so necessary for our clients' business success.

And we do it at levels of research standards of quality that are the highest of anyone in the research business. ■

After 32 years in on the agency side, Jon Mandel, former Group M chief of strategic solutions and MediaCom Chairman, joined The Nielsen Company last November as CEO of NielsenConnect, a newly formed business unit. He can be reached at Jon.Mandel@Nielsen.com.

SmartMedia Roundtable: The broadcast financing market in 2007

For the second year, we take a look at the current state of the financing market for buyers and owners of radio and television stations. To take the temperature of the lending market, SmartMedia assembled a panel of experienced broadcast lenders: **Steve Healey** of CapitalSource Finance LLC, **John Brooks** of Wells Fargo Foothill and **Robert Malone** of GE Commercial Finance, Global Media & Communications. They were questioned by RBR/TVBR Executive Editor **Jack Messmer** and **Bishop Cheen** of Wachovia Capital Markets, LLC.

Messmer: Since this is our Second Annual Financial Roundtable, what if anything has changed in the past year as far as broadcast lending is concerned?

Malone: I would say generally the conditions remain very favorable for broadcast financing. It's really driven by the same factors that we talked about a year ago and that is the abundance of capital that's in the market with traditional lending sources that are active and continue to be active as well as some of the newer entrants, the alternative lenders such as hedge funds, have really continued to keep the environment very favorable for borrowers.

Healey: I would agree with that. I think traditional banks, the commercial finance companies like CapitalSource and other entrants that come in, like hedge funds. I can't say that hedge funds are stealing a ton of market share, but they are certainly another option out there.

Brooks: I just would have to echo what Robert and Steve said.

Cheen: It's interesting that you mentioned the hedge funds, because if I had to point to the big picture from 30,000 feet up that's probably the biggest change in the last year. I think hedge funds are having an impact, not just in bringing sources to capital, although I agree from the senior lender standpoint there is probably not much change in the market share. But certainly on the buy side, the way that capital formation is achieved and how it is traded and placed, I think that hedge funds continue to have an impact on that. It's been positive so far. There are two sides to every sword. I think if the hedge funds were to suddenly disappear it would have a negative impact. Let me just ask our experts here, given the cycles you guys have all been through, where are we now in the over/under leveraged scale of the willingness to provide capital?

Brooks: In terms of where we are in the leverage scale, maybe we're near an all time high. Maybe we're not as high in absolute terms as we were in the late '80s, but if I look at some of the deals and some of the larger syndicated deals that are coming down the pipeline, some of the leverage multiples are just what I would call breathtaking.

Cheen: John, it sounds like you're trying to find a way to sleep at night knowing that you have all this capital to place and you want to stay competitive. Robert, do you feel the same way?

Malone: I do. I would say that we are certainly on the high end of the leverage cycle and largely due to the favorable borrowing conditions that we just previously all agreed to.

Cheen: And Steve, it has always been my impression that CapitalSource is one which would stretch a little bit for a good deal, a good set of managers. Do you feel like you're out there in the end zone all alone at times?

Healey: Well Bishop, I would say we are a shop that will stretch. We will participate in certainly first lien and second lien structures. We will hold second lien paper where you know Robert may or may not and John may or may not, and that's fine, they have great businesses, it's just a decision as to how you want to put your capital to work. We will look at the second lien slice, as I said, in addition to the first lien in many cases. But look, we have to live with the calls we make and we access the fundamentals of a transaction on the loan-to-value, on the management

Robert Malone of GE Commercial Finance, Global Media & Communications team, the investor base. I know in the occasions where we do stretch, we believe we're still making a rational decision and pricing that incremental risk appropriately.

Cheen: I guess what it means in this market is that at some point it may be difficult to look around and tell whether you are stretching or the market is stretched too.
Healey: Yeah, right. Time will tell.

John Brooks of Wells Fargo Foothill

Messmer: If leverage is up, you guys are stretching and we all know that interest rates have been creeping up, is anyone seeing an increase in loans that are out of compliance with their covenants?
Malone: We have not seen any material increase. I think borrowers generally have taken into account the increase in interest rates that we saw last year and, as of yet, we have not seen any negative impact.
Brooks: I think maybe one thing that is probably different about the preponderance of covenant defaults or out of compliance situations today versus say the late '80s is that even though there was high leverage in the late '80s and high leverage today, the high leverage deals today are underwritten under much more conservative growth scenarios then they were in the '80s. So I don't think the loans that are being done today are relying on the kind of growth that they had to rely on in the '80s to stay in compliance.
Healey: I would say that we're not seeing stress in our portfolio at this point. I agree with John's point that the radio model, at least from the revenue and cash flow growth perspectives, has changed. We've seen lower growth rates over the last several years now, so I think those lower growth rates have become internalized in most of the transactions that we see or in the projections that we run and analyze at our various institutions. We're using that new model, if you will, to evaluate those transactions.

Cheen: Let me build on that. We haven't seen this yet, but I have to wonder is what's coming down the pike just from LBOs that we know of and the probability of some leverage capital formation coming from some of the spin-offs that are happening. Is there anything the market has already priced in, from a competitive mix, of what is coming, or do you think there is going to be some noticeable stretching that will have to be done to accommodate some of this LBO-driven activity that I think we'll see certainly in '07?
Brooks: I think given some of the mega LBOs that we all know about—the Univisions and the Clear Channels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Steve Healey of CapitalSource Finance LLC

and all the spin-offs that will come from those—that when investors are paying those kind of multiples for companies that, well maybe not Univision, but when investors are paying pretty high multiples for companies that still have moderate growth prospects, I think it's going to have to put more pressure on leverage to sort of get the returns for the investors.

Cheen: So is the lending market going to be able to keep up with the demand in the next 12 months?
Malone: I think it certainly will. I think you will continue to see the market accept these transactions. And to the extent that the large mega LBOs absorb the liquidity that's out there today, I think you will see additional liquidity come into the market. As for your question about the competitiveness, I think it's already priced into most transactions that we're seeing today.
Healey: I'd echo what's been said. There is an enormous amount of private equity capital out there looking for a home. Broadcasting has absorbed a lot of that investment over the last 20 years and I think that trend will continue. What I think might be different for some is the return expectations on that private equity capital in these businesses because of the lower growth. I think there is a natural amount of leverage that we should be putting on these businesses and that's what we do. We make those calls and look at the covenants. Like fixed charges—can a company's cash flow cover its interest and fixed charges by some margin? Can the company, over and above that, create some free cash flow to pay down hits debt? I think there are just natural limits on the amount of debt. On the mega transactions, like the ones John mentioned, occasionally you will see aberrations and I don't think you'll see the lending community gravitate toward that particular model.

Cheen: You've just touched on something that's a pet peeve. In the past we have seen the market trying to leverage returns on equity, and to me that is the bottom line. Returns on equity to sponsors who fund deals. But nothing is returned like the low entry point. We're not thinking low entry point. The last LBO that I have seen of size with a low entry point was three years ago and that was the Warner Music LBO, which turned out to be for the sponsors a homerun. Now we're seeing a high entry point and trying to goose the returns with as much leverage as possible. My question is, do you think all these things are going to work out from the sponsor's position?
Healey: I think if you have a business that is growing revenue and it's growing its cash flow, however modest, you know it will be de-levering over time and if the sponsor then goes to sell that business in three years, five years, seven years I think the sponsor will make some money. So I think it's hard for us to sit here and sort of pontificate on something like that. I think it comes back to the underlying business. Is the underlying business healthy and growing? If it is, I think you'll make money on your investment. It's hard to say what that margin of gain will be.

Cheen: When we all started, the required return on equity started with 30%. I mean, that was sacrosanct. And you know, a lot of these deals being done now are considerably below that. So from that standpoint, I think the market, the equity market, has adjusted its expectations. On the other hand, the high entry point makes the margin a lot tougher on the backend. It seems to me there are still some high expectations out there. Am I being too critical?
Brooks: I think there probably are some high expectations on the backend. And just to answer your earlier question, whenever you put capital at risk some of these deals are going to go well and some of them aren't. I think for almost every deal I've seen over the past 20 years, for every deal that's announced and done there is always going to be a chorus of people who are saying, "boy look at these idiots, they overpaid for these properties"—and some of them work and some of them don't. In the case of some of the deals that are done these days—yeah, you're right, I mean there is a certain amount of financial engineering that's going to get these investor returns, but then there are some unknowns and some of them may be, in the case of, say Clear Channel, is the digital spectrum going to be worth something in the future? I don't know. Maybe that's where you goose a return.

The SmartMedia Second Annual Financial Roundtable continues next month as our panelists discuss values for the major market properties coming on the market from Clear Channel and Univision, along with financing for much smaller deals.

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