

RADIO'S PREMIER MANAGEMENT & MARKETING MAGAZINE

RADIO INK®

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Operations Manager
KKCW/FM - Clear Channel
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B. ERIC RHOADS
FROM OUR CHAIRMAN

How Local Talent Is Staying Connected

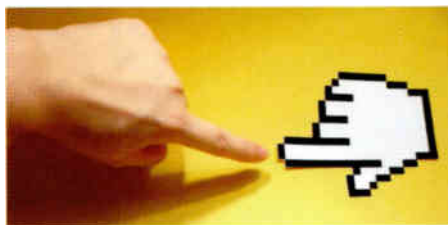
When Brad “Martini in the Morning” Chambers lost his job at KLAC-AM in Los Angeles, his options were limited. Brad had brand equity with the KLAC listeners after a few years on the air, but that brand equity did not easily transfer to other audiences. Brad could move out of the market and uproot his family, he could switch to a different format and start building a new audience from scratch — or he could find a way to cash in on his brand equity with his former loyal listeners.

His solution was to take his brand online.

You may be thinking that Brad’s online radio station is a toy to occupy his unemployment, but that’s not true. He broadcasts his program at the same time every morning, just as he has for years. And like his show on KLAC-AM, he has guest artists show up in the studio to record promos, and he even does live contesting on the air.

Brad has not quite replaced his income from KLAC, but thanks to a few good national accounts and listener donations, he claims he is getting close. Now online for four years, he has not only reestablished himself with his local audience, but he now has world-wide listeners who can watch him do his broadcast. Brad reports about 600,000 monthly listening hours, with five to seven hours of daily TSL per listener. And his “littl” online radio station has 22 employees.

If you’re thinking this could only work with an established personality from a major market like Los Angeles, think again. Lafayette, IN, on-air host Dan McKay lost his job after almost two decades when his station could no longer afford him. Dan immediately decided to capitalize on his local brand and launched a live radio station online called 479XX.com (479 is the local ZIP code). A local television station news team provides local morning news and weather — and promotes his online station on television — and USA Radio Network provides national news. His sponsors are the same people who supported his radio show in town. Though Dan just started a few months ago, he has already replaced the majority of his income and believes



his momentum will move him to exceed the salary he made before losing his job.

One of the tragedies of cost-cutting in radio is that established local personalities have been replaced by lower-cost alternatives. Many radio companies have opted to save the large salaries in hopes that automation, satellite, or less established air people can replace those whose brands have been built over decades. Though these companies are betting that the brand of the local station is stronger than the brand of the talent, most were not betting that local legends would go online and build their own radio stations. Are these local talent-driven stations negatively impacting the stations that cut them loose?

None of these guys is claiming to have audience levels or revenues equal to their local stations, yet this option provides alternatives for established local talent with entrepreneurial skills. If they can build an audience and replace lost income without uprooting their families, it’s a wonderful alternative. It’s also an opportunity for radio stations forced to cut talent loose. Why not partner with these displaced local legends, set them up with their own station feeds and your branding, promote it on the air, and keep that link to your heritage? It’s an idea worth considering. **INK**

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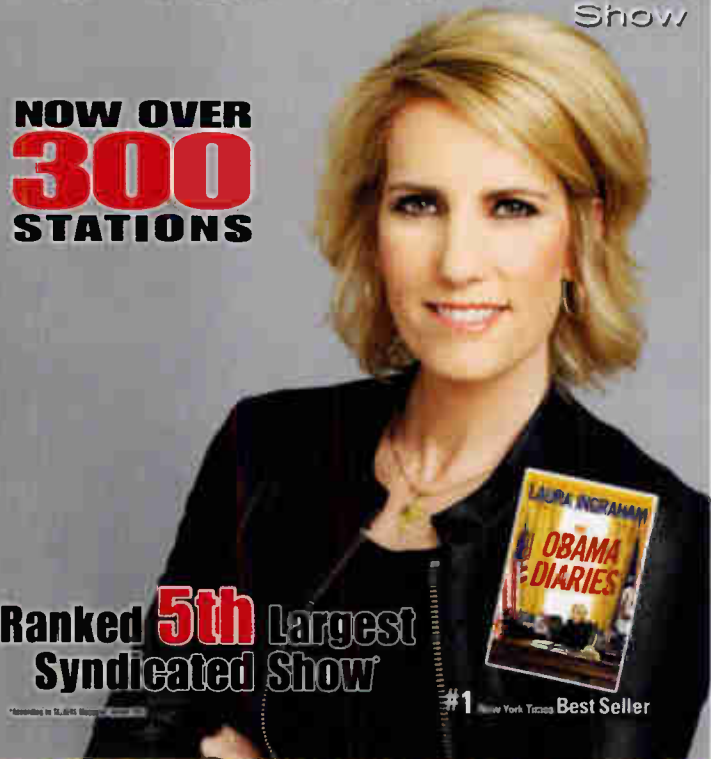


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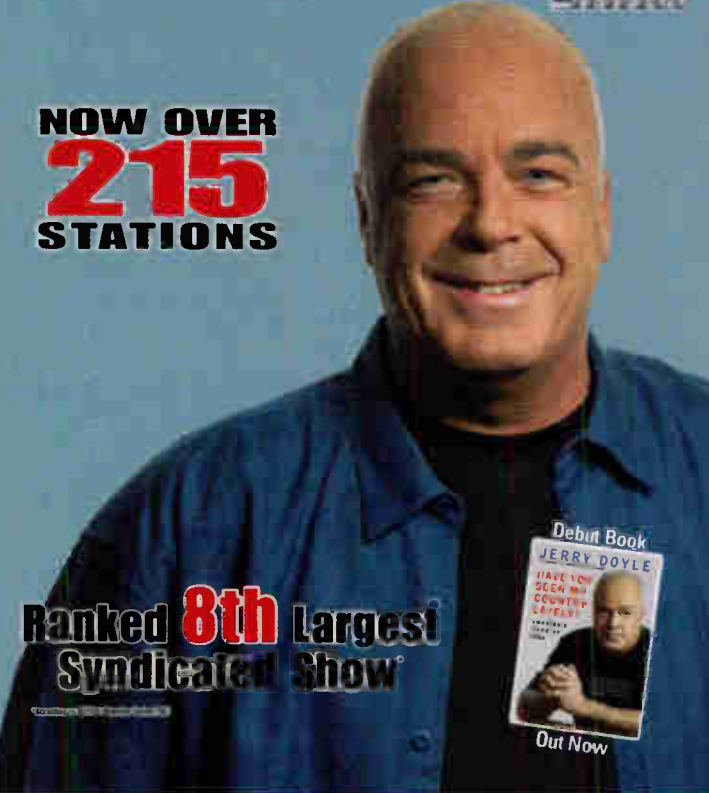


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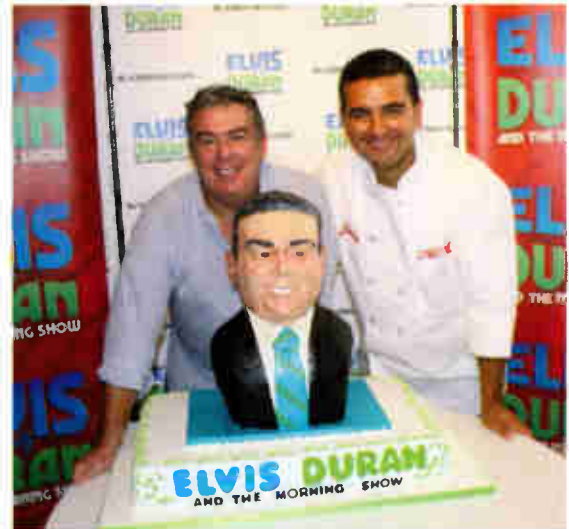


Representatives from Commonwealth Broadcasting attend BMI's annual company meeting in Nashville: President/CEO Steve Newberry, Vicky Newberry, BMI songwriter Hugh Mitchell, recording artist Emily West, Chief Revenue Officer Derron Steenbergen, recording artist Ashley Ray, COO Dale Thornhill, Amy Thornhill, and BMI's Mason Hunter.

TLC's "Cake Boss" Buddy Valastro surprises Premiere Radio Networks' Elvis Duran with a birthday cake.



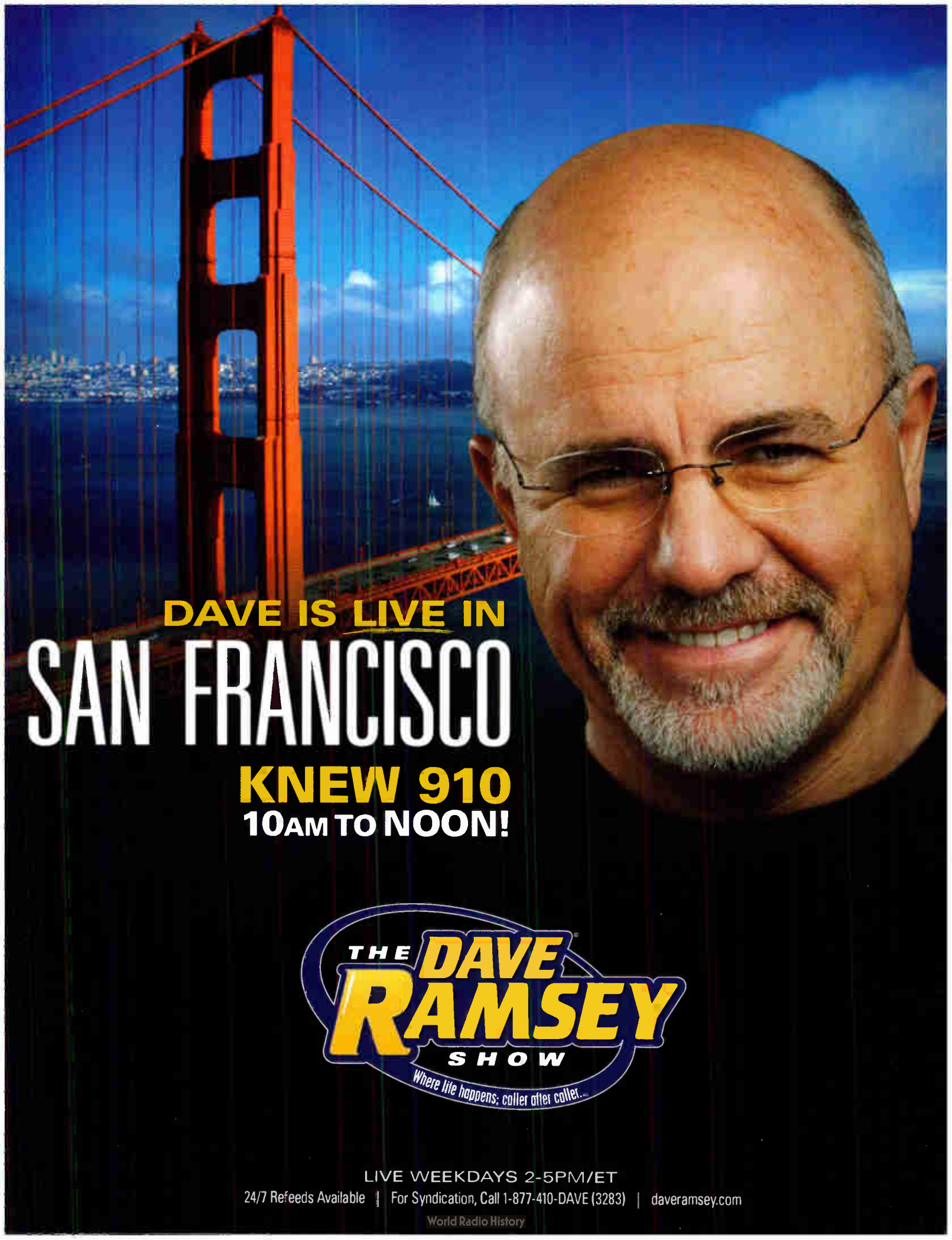
At a Rascal Flatts show in Atlanta are Lyric Street Records' Theresa Ford, band member Jay DeMarcus, WIVK/Knoxville host Jack Ryan, band member Joe Don Rooney, WIVK PD Mike Hammond, and band member Gary LeVox.



Townsquare Media of Lafayette, LA, teams up with Fairfield Inn & Suites by Marriott for a Load the Bus school supply drive to benefit Faith House shelters: KTDY Promotions Director Shelley "Lynne" Kilburn and Fairfield Inn & Suites' Jenny Korner with Faith House volunteers.



Beasley Broadcast Group WPOW/Miami co-music director Big Rog with Rihanna



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ROY WILLIAMS
THE WIZARD OF ADS

Radio 101

FEMALE: "Thank you for a magical Christmas. I didn't know it could still be like this."

MALE: You'll hear those words again and again from your family and friends. And as you smile and say, "Thank you for coming," you'll remember with fondness the magical elves of Knupper's. Our elves come every year on the first of November, bringing extraordinary pre-lit trees, hard-to-find greenery, stems of spectacular plants, and authentic, Old World Christmas decorations you won't see anywhere else in Chicagoland. This year, the Knupper's' elves are bringing noble fir wreaths and trees all the way from the Pacific Northwest. None of your guests will ever have seen a tree like these. The glorious smell, the rich color, the natural balance and grace of these trees is beyond compare. You'll know instantly why they're called noble. And the elves bring them only to Knupper's. Plan on making at least two trips to Knupper's this year. Our elves tell us you're going to be so dazzled by your first trip, you'll have to come back just to be sure you really saw what you saw. Elves, magic, and holiday happiness. It's all real at Knupper's.

"Radio is theater of the mind, a motion picture that shines on the movie screen of the listener's imagination. And you, my little ad writer, will be the maker of those movies." The speaker was Bob Lepine. The year was 1980. I was the newbie and he was the old pro. I'll bet the brightest and best still use that theater-of-the-mind metaphor today. Some things never change.

I didn't write that Knupper's ad in 1980. I wrote it just a week ago for Christmas 2010. It's a simple ad. Nothing special, just a simple stacking of shapes, colors, and names of things familiar. The only thing that makes it a "good" ad is the balance between information and benefit. To the left of the equals sign — on the information side of the equation — we read: pre-lit trees, hard-to-find greenery, Old World Christmas decorations, noble fir wreaths and trees.

On the right side of the equals sign — the benefit side of the equation — we read, "Thank you for a magical Christmas. I didn't know it could still be like this," glorious smell, rich color, natural balance, elves, magic, and holiday happiness. Then we tie it all together, "It's all real at Knupper's."

The "It's all real" line is important because it links elves and magic and holiday happiness to the sensual elements of natural smell and color that emanate from noble fir, old-world wreaths, and trees. "It's all real." But the subconscious mind of the listener will hear a deeper message in "It's all real" because words have multiple meanings, "Not plastic, not phony, not hollow and stressful and empty like last year's Christmas."



Your listener's secret dream of a Norman Rockwell Christmas is made attainable by the lines describing the glorious smell, the rich color, the natural balance and grace of noble fir. "It's all real."

Here's a fruitier, but equally effective ad. Notice the plain statement of benefits:

(FOOT 1 has a deeper voice than FOOT 2.)

ANNOUNCER: When your feet are tired, your whole body is tired.

FOOT 1: What a day!

FOOT 2: You got that right.

ANNOUNCER: Shoe Fly helps you feel better, walk better, look better, live better.

FOOT 1: Sounds good to me.

FOOT 2: Uh-huh.

ANNOUNCER: We've got good-lookin' shoes in your size, no matter how wide or narrow your feet.

FOOT 2: Who you callin' wide?

ANNOUNCER: We're Shoe Fly Shoes, a shoe store for people who want to feel better, have more energy, and wear good-lookin' shoes.

FOOT 2: I said, "Who you callin' wide?"

FOOT 1: He said we were good-lookin'.

FOOT 2: OK, then.

ANNOUNCER: Our digital foot analysis uses 3,744 sensors to display your foot size, arch type, and pressure points.

FOOT 2: That's right, I am a technological marvel.

ANNOUNCER: Digital foot analysis is fun and it's free.

FOOT 1: Say on, brother. Free is a good word.

FOOT 2: Say it again. Say "free."

ANNOUNCER: Free.

FOOT 2: Right on.

ANNOUNCER: Don't punish your feet with department store shoes.

FOOT 1/FOOT 2 in UNISON: Please, not those!

ANNOUNCER: When your feet feel better, your legs and your back feel better, too. Shoe Fly Shoes. In Harrisburg on Route 22 and Colonial, or on Jonestown Road.

FOOT 2: Come on. I'll take you there right now.

Radio is like every other sport: Master the basics, and you can play in the big leagues with the big boys and bring home the big money. Keep your eye on the ball, swing level, follow through = shapes, colors, names of familiar things.

Now go help your clients sell some stuff. You personally have more power to stimulate the economy than the combined efforts of a thousand "average" people.

What makes them average? They don't take seriously the power of words or have access to a radio station. But you do. **INK**

Roy H. Williams is president of Wizard of Ads, Inc.
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How To Build Better Budgets

Advice From Two Experts

Even before the patio furniture is replaced with pumpkins, most station managers are in receipt of the company's 2011 budget parameters. I've always found the budget process a fascinating intersect of that right-left brain combination, discussed in this column last month, because it incorporates both creative and organizational skills. Managers collaborate with their department heads on a vision for the stations and together plot a roadmap for achieving it — and voila, the budget!

No matter what your station's target destination is for 2011, here are some tips from Greater Media Radio Division Controller Brant Boyington and Bonneville Radio EVP Drew Horowitz on how to budget your way there.

What advice would you offer a new manager on building a workable budget?

Brant Boyington: A budget is one of the most important tools for building a solid financial foundation. Here are strategies I recommend to new managers in building a budget.

- Write down the financial goals for the next year as well as the ones you want to accomplish for the long term. Visualizing and budgeting for goals are the first steps to making them happen. Don't get hung up on creating an exact list set in stone. A budget is meant to be an overview or roadmap not an exact accounting.

- Create a spreadsheet showing your revenue forecast for each month of the year and the related expenses by month. Divide expenses into two categories: fixed (those that stay the same every month) and variable (those that may change). Base your revenue forecast on historical revenue patterns from both the station and the market. Base the amounts for each expense category on contractual commitments and/or what is currently being spent and committed.

The beauty of creating a budget is that you can tailor it to your goals. Once you've figured out how much to set aside for your fixed expenses, divide what is left among the variable expenses, where there is more room to maneuver.

Solid budgets are created from quality information, the collection of data, and the analysis of market trends.

Drew Horowitz: Identify expectations of senior management on both the revenue and cash flow. Review the expense model so it is managed in sync with the revenue and cash flow goals.

Know the competitive landscape, and make sure ratings expectations are achievable and can deliver the required share to attain the financial goals.

Do a departmental line-item review by month to evaluate how and on what the money is spent. Meet with each department head and review all major line-item expenditures and give each expense a necessity rating.

Communicate to each department head that it's their budget, to build and to own.

You are the budget coach. You guide, discuss, and negotiate the budget with staff, but never tell them this is "their number." Remember, if they don't build the budget, they don't own it.

How do you determine if a budget is realistic or pie-in-the-sky?

DH: Use your personal experience and trust your instincts. Look at historical data to see how accurate budgets have been historically. Know your people. As you build relationships with your staff, you learn their styles: overly aggressive, sandbagger, desire to please, etc. Your knowledge of the market and the staff is the ultimate tool in determining an achievable but aggressive budget.

Building a budget is a balance of art and science. Do your homework, ask a lot of questions during the process, and trust your gut. It will never let you down.

BB: How I determine if a budget is realistic is as much listening as



Brant Boyington
Radio Division Controller
Greater Media



Drew Horowitz
Executive Vice President
Bonneville Radio

KNOW YOUR PEOPLE. AS YOU BUILD RELATIONSHIPS WITH YOUR STAFF, YOU LEARN THEIR STYLES: OVERLY AGGRESSIVE, SANDBAGGER, DESIRE TO PLEASE, ETC. YOUR KNOWLEDGE OF THE MARKET AND THE STAFF IS THE ULTIMATE TOOL IN DETERMINING AN ACHIEVABLE BUT AGGRESSIVE BUDGET. — Drew Horowitz

analysis. One person's realistic can easily be another person's pie-in-the-sky. I start with basic analysis of station goals and market historical trends and spreads against the budget. Then I take my analysis, mostly mathematical and statistical findings, and talk with the budget preparer (manager) to discuss variances and why. If the statistical variances are high and there is no solid reasoning behind them from the manager, then it truly is pie-in-the-sky and has to be adjusted to create a more realistic budget or roadmap to success. **INK**

Deborah Parenti is VP/GM of Radio Ink. E-mail: deborah@radioink.com



Romancing The Phone

The reason why mobile phones don't include radios has little to do with technology.

Radio's recent infatuation with the mobile phone — and its near-continual rejection — has occupied an increasing amount of discussion lately, most of it non-technical. While there are some tech challenges to putting radios into mobile broadband devices, this is not what's stopping the courtship from blooming.

The real reason is that the mobile phone's parents — the wireless telcos — don't much like radio, and think it's a bad influence on their little device. So they keep telling radio to stay away, and the more that radio tries to get close, the stronger the telcos' rebuffs become. Most recently, radio has tried to get some of Mr. and Mrs. Telco's friends to convince them to let their device hook up with radio, even to the point of getting the law involved to force the issue. As you might imagine, this has only served to strengthen the Telco's resolve to keep radio off their lawn and away from their young device.

Like a lot of relationships, it's not that radio and the device couldn't make beautiful music together. In fact, they get together all the time in Europe. But in similar fashion to how we feel about a lot of other permissive European practices, the stricter American telcos just can't abide it.

Radio Need Not Apply

Metaphors aside, the reasons wireless telcos don't want radios in their devices are simple: The carriers derive no revenue from the device when its owner is using the radio. In fact, radio usage may actually prevent the user from undertaking some revenue-generating activity, since the user can only listen to one thing at a time, and while listening to the radio they can't be making calls or streaming media content from the Web.

There are also the arguments that radio use draws down the battery on the device, as well as adding to its cost, and that consumer demand for a radio on the phone has not been adequately demonstrated, but these are largely smokescreens for telco's business-based opposition. Cost and battery drain for adding FM receivers are minimal, and consumer research results in this area are mixed. Witness the MP3 player market, in which devices of similar form factors to mobile phones (or smaller) often include FM radios with little negative impact on

EVEN THOUGH THE TELCOS DON'T ACTUALLY MAKE THE PHONES, THEY DO CALL THE SHOTS ON WHAT'S INSIDE BECAUSE THEY SUBSIDIZE THEM.

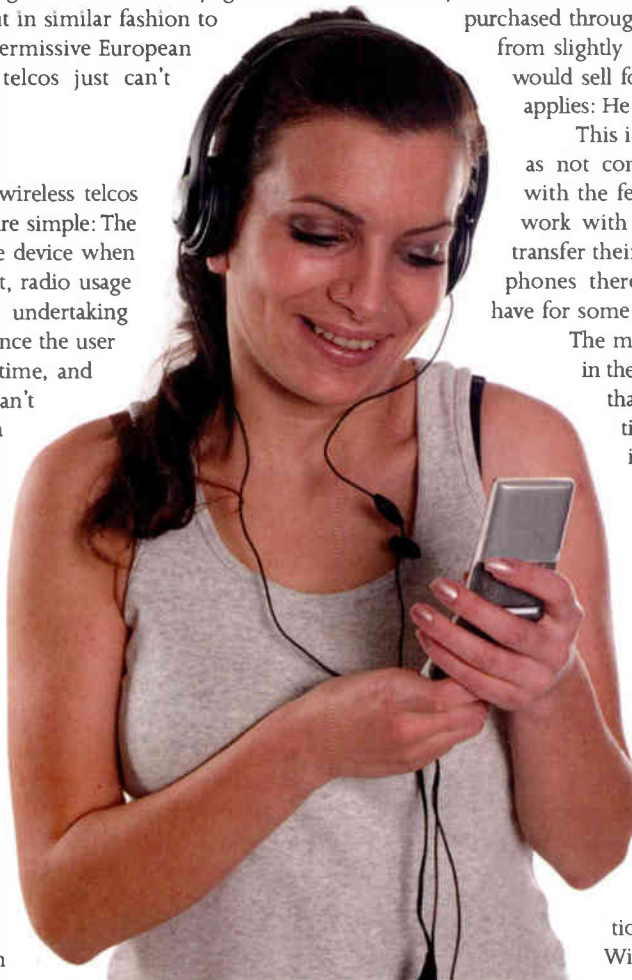
price, battery life, or popularity among consumers.

In case you're wondering, even though the telcos don't actually make the phones, they do call the shots on what's inside because they subsidize them. Almost all mobile phones in the U.S. are purchased through the wireless carrier, at costs ranging from slightly to substantially lower than the device would sell for at retail. As always, the golden rule applies: He who has the gold makes the rules.

This is not the case in Europe, where often as not consumers buy their phones at retail, with the features they want, knowing they will work with any telco once they sign up for or transfer their existing wireless service. Many Euro phones therefore include FM radios today, and have for some time.

The more diverse wireless service ecosystem in the U.S., along with a regulatory structure that attempts to provide greater competition and consumer choice, in fact ironically limits the devices from which consumers actually can choose to those the wireless carriers decide to offer. So U.S. carriers can basically write their own ticket on handset design and included features.

Interestingly, some U.S. wireless phones actually have FM receiver chips on board, but they are not activated. Among these is the popular iPhone, which from the 3GS model forward has used a single chip for WiFi and Bluetooth that happens to also include an FM receiver — but the latter is not hooked up in Apple's implementation. (This chip replaced the separate WiFi and Bluetooth chips that had been



SOME U.S. WIRELESS PHONES ACTUALLY HAVE FM RECEIVER CHIPS ON BOARD, BUT THEY ARE NOT ACTIVATED.

used in earlier models, thereby reducing materials cost and battery drain; so even with the unused FM tuner thrown in, the new chip was still a better deal for Apple.)

Carrots And Sticks

Broadcasters — most notably, Emmis Communications Chairman/CEO Jeff Smulyan — and the NAB have for some time been trying to convince U.S. wireless telcos to allow FM receivers in their phones, without much success. So recently, NAB has used its other ongoing battle with record companies over performance royalties to cut a deal where both the broadcast and music industries propose legislation that would settle their royalty differences if a few other items were included in the bill — one of which is a mandate for FM receivers in all new mobile phones.

While such horse trading is not uncommon in DC circles, the proposal has been greeted with vociferous rejection (primarily from CEA and CTIA, the consumer electronics and wireless industry trade associations, respectively), and even ridicule: One Wired columnist proposed that the newspaper industry might now pursue a mandate that every iPad be bundled with a parakeet, to prop up the demand for newspapers to line cages with. More substantive comments cite the cost, battery life, and consumer demand issues noted above, plus the natural predilection of trade associations to oppose any mandates on their constituencies, particularly those dealing with product design.

A mandate notwithstanding, though, there are good reasons for telcos to include FM radios (and for that matter, new ATSC mobile DTV receivers, as well), which would benefit the

carriers' interests. First, putting broadcast receivers in broadband devices would lessen the burden on the networks that streaming media usage has placed, thereby improving performance to all the carriers' users. Second, it could solve the real problem that the carriers have in satisfying emergency alerting requirements, thereby allowing them to perhaps dodge other future mandates in that area.

Real Technical Issues

Beyond all the policy and business arguments, there actually are a few technical issues that need solutions. One is the matter of having a better radio antenna than the headphone wire typically used by current handheld devices. Some promising work has been done in this area, in which designs for an internal FM antenna have been proposed. (The recent "antennagate" dust-up with the iPhone 4 stresses the importance of proper implementation here.)

More difficult is the inclusion of AM radio reception on such devices. The small size and high levels of RF inside these products make it tough to add a cost-effective AM receiver with reasonable performance today. Thus the industry's focus has been on sticking with FM only in the radios it seeks to have included in mobile phones.

It appears that this issue will remain a battleground for some time, on the technical, business, and regulatory fronts, with no love lost among the players. **INK**

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The Interactive Media Backlash

I visited a local media company's online manager last month and asked what he was doing in the mobile space. "We're doing what you recommended," he said. "Nothing."

Hmm. I did say that mobile presented "a great opportunity for media companies to lose money." But I'm not sure that "nothing" is the appropriate strategy for a medium that will attract more local ad dollars than radio, Yellow Pages, direct mail, or outdoor advertising within five years.



Truth be known, the manager was actually doing something. He had launched an app and was delivering local information over mobile devices. But the company was devoting scant resources to sell the app or to work on anything else in the mobile space, like text coupons or location-based advertising.

So is that the appropriate strategy? You'd think so if you'd seen what I've seen at a handful of conferences during the summer. When presenters get into the hyperbole of interactive media, I've seen lots of heads down (checking mobile devices). When a presenter starts bashing things like mobile marketing and social media, I see lots of laughter and bobble-heading.

At the New York State Broadcasters Association's convention in July, the audience laughed and applauded when the chairman of Emmis Communications poked fun at Twitter and Facebook and the phenomenon of people glued to their mobile devices. (But he drew nods of approval when he said FM receiver chips in handheld devices would increase radio listening by 15 percent.)

At a conference of retailers in Chicago, the CEO of

eMarketer found an unresponsive audience until he started debunking the numbers for mobile advertising and social media. He showed the wide range of forecasts being offered and commented, "I'm not sure where they're getting these numbers." Chuckles and nodding. When he showed research demonstrating how minuscule or overrated certain audiences were, it was if a comedian had discovered a fat man eating cotton candy in the front row.

The backlash has begun. I suspect it will intensify in the coming months as legacy media like TV and newspapers start showing gains in audience and revenue, as is typically the case after a deep recession. Forecasts at Borrell Associates show newspapers with annual revenue gains of 1.6 percent over the next five years, and TV with gains of 3.6 percent. The fact that newspapers and broadcast TV aren't dead is news, which means all this stuff about new media killing old media must be hogwash.

SO WHAT DOES IT MEAN?

Timing is everything. We are approaching the tail end of an extended period of hype for mobile marketing. People are rushing in by the thousands with apps and features and software and all sorts of gimmicks, citing wild statistics to gain credibility. That bubble is about to burst, and mobile-bashing will quickly become vogue.

Radio stations need to figure this all out. They need to bring viable applications to their local advertisers. Some are rushing in. Others — like one manager told me last month — are "taking your advice, Gordon. We're doing nothing." (Gulp.)

That's why we've pulled together the upcoming Local Mobile Advertising Conference, with an agenda devoid of people who have something to sell and including only the key frontline strategists in the mobile space. What's working, and what's merely interesting but yields no results?

The backlash we're seeing is inevitable. That's the way the marketplace works, and that's why figuring out the mobile space is so vital. Too many will rush in and advertise on, say, a mobile app that has had 50,000 downloads in the past eight months — only to find that 200 people actually use the app on a regular basis. Like a kid who falls off a bicycle and skins her knee while learning to ride, they'll abandon the effort if a parent isn't there with encouragement and a BandAid.

For small businesses, it's still true that a great deal of success depends on location, location, location. But when it comes to dipping a toe into mobile marketing, it's definitely timing, timing, timing. **BNK**

Gordon Borrell is CEO of Borrell Associates. E-mail: gborrell@borrellassociates.com

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Show Highlights



Christiane Amanpour

Christiane Amanpour, incoming anchor of ABC's "This Week with Christiane Amanpour," will conduct a newsmaker interview in an intimate Q-and-A session on Friday, October 1, during the Radio Luncheon.



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Just Say "Radio Show"

The RAB And NAB Are Working Together, And Expectations Are High

The RAB and NAB began working more closely together last year, and the part of that joint announcement that made the biggest splash was their decision to combine the annual RAB show with the NAB Radio Show. Scheduled for September 29-October 1 in Washington, DC, the new just-plain Radio Show is designed to be a best-of-both blast, covering programming, legislative and regulatory, finance, sales, tech, and more — essentially, it's all about everything radio.



Jeff Haley
President/CEO
RAB



John David
EVP/Radio
NAB

With the show coming up fast, we talked with RAB President/CEO Jeff Haley and NAB EVP/Radio John David about what's changed, what's stayed the same, and what it's been like putting together what is expected to be — and needs to be — the radio event of the year.

Now that you're in the home stretch, how is the show coming together?

Jeff Haley: We're feeling very positive about the Radio Show. It's been a collective effort within both our organizations and with the Radio Show steering committee to create and produce a new show that is reflective of the radio industry in 2010. I think our attendees will undoubtedly see the commitment to this effort and experience a terrific conference.

John David: We're feeling great — really confident — about the Radio Show this year. There's been a tremendous amount of effort on behalf of the Radio Show Steering Committee and the staff at RAB and NAB to get to where we are right now.

Virtually all of the sessions are booked, and we have around 200 speakers lined up and ready to go for the event. The logistics that go with handling a show of this magnitude are all coming together nicely. We're not ready to sit back and relax just yet, but I do think we're in a great position to deliver an excellent show that will benefit everyone in the radio industry — from radio executives to marketing professionals to programmers and engineers.

What research or other considerations have gone into deciding what to keep, what to drop, what to expand on?

JD: I can't even begin to tell you how many meetings we've had with RAB to work through the logistics of effectively combining our conventions into one successful event without taking away the elements that made each individual show so strong. That was crucial to both organizations.

Together — and with the direction provided by the steering committee — we decided on a list of session topics relevant to today's radio community. Deborah Esayian and David Benjamin, who are leading our steering committee, have provided instrumental leadership on this front.

In addition to our great programming lineup, we'll also be featuring an Exhibitor Marketplace at this year's Radio Show. It's going to be a little different this year, more intimate and more integrated. And the changes, I think, will provide attendees and exhibitors with better networking opportunities and interaction.

JH: We spent a great amount of time in our planning efforts to survey the industry and understand what they wanted from an improved show. Additionally, it was important to create a new paradigm for the Radio Show that leverages the strengths of the RAB and the NAB. Our programming lineup is the best I've seen to date, and the Marketplace — our exhibitor destination area — will provide a more intimate opportunity for attendees and exhibitors to interact.

What was the initial reaction at your organization to the decision to combine shows?

JH: We believe this new model is appropriate for the industry, and as we came together, we understood the importance of delivering a highly engaging and innovative conference. One that gave a nod to both our past shows but, equally important, one that portends the future of radio. Our teams have been focused on this from Day One.

JD: I think we've all shared an understanding of the importance of getting this right and putting on a dynamic,

HOLDING SEPARATE RAB AND NAB EVENTS MISSES THE POINT WE ARE TRYING TO MAKE BY COMBINING WHAT WAS ONCE TWO SHOWS INTO ONE MAIN SHOW — THE SHOW OF THE YEAR FOR EVERYONE IN RADIO. — John David

forward-thinking show for radio — one that you wouldn't be able to find anywhere else. We're just focused on creating the best Radio Show possible.

What did you hear from the industry at large — positive or negative?

JH: The response has been extremely positive. It just makes sense bringing the industry together in a united way, and, from an economic perspective, it makes even more sense to everyone. This is all very much in line with our "one voice for radio" positioning.

JD: I think attendees appreciate our approach. By bringing together all aspects of the radio business into one powerful, three-day conference, we are saving hundreds of attendees thousands of dollars on travel and lodging costs that they would have spent traveling to two separate shows. Economically, it makes perfect sense.

How are registrations pacing?

JH: We're in a solid place, and registrations are pacing very well. We want to encourage managers, sellers, and programmers to continue to look at the show as an opportunity to bring their teams together for a three-day conference that is certain to deliver ROI.

JD: Our registration numbers are actually ahead of last year, when we had over 2,500 attendees. It's still too early to determine how many people will attend the Radio Show, but we are confident that the numbers will be strong, based on what we've seen so far.

Why did you choose DC for the first joint Radio Show?

JD: Washington is a terrific city, particularly in the fall, when the temperature drops to a livable level. And with three

airports just outside of the city, it's an easy spot to get to, a determining factor that we looked into when choosing our host location. Holding the Radio Show in DC also makes it easier for members of Congress and FCC officials to participate in our event.

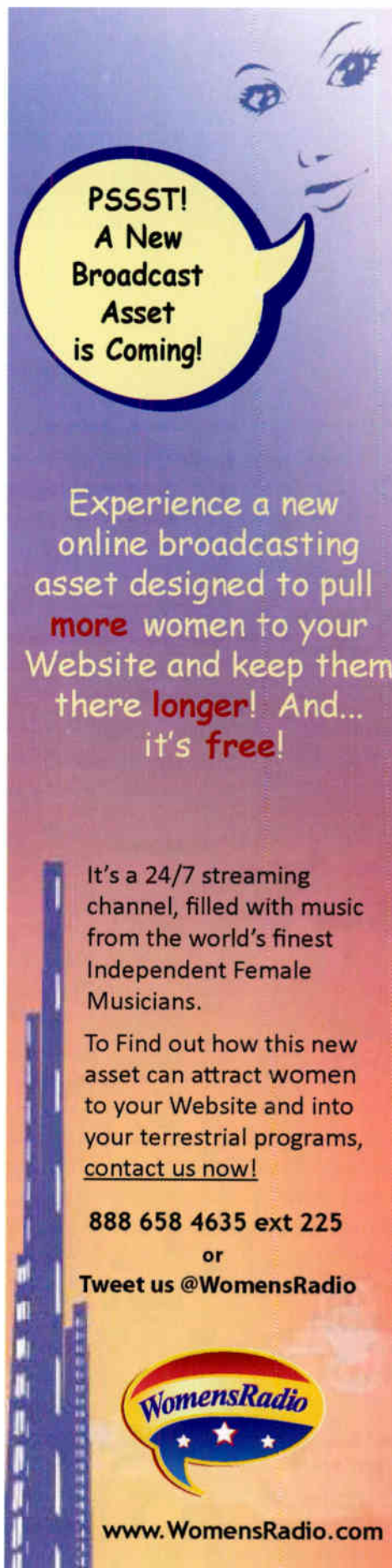
We also have a lot of other speakers and panelists based in Washington and along the East Coast, including Christiane Amanpour, who will be conducting a one-on-one newsmaker interview during the Radio Luncheon. And of course, for many of our guests, Washington is just a car ride or short plane trip away.

Will there be RAB and NAB-specific events or branding? Or is it one big Radio Show?

JD: We will hold our annual Marconi Radio Awards Dinner and Show, and RAB is holding their Advertiser Luncheon featuring *Radio Ink's* annual Radio Wayne Awards, but for the most part, this is a fully integrated show. Holding separate RAB and NAB events misses the point we are trying to make by combining what was once two shows into one main show — THE show of the year for everyone in radio.

JH: It's one big Radio Show. We truly believe in our branding, "Come together, thrive together." The Radio Show is being produced by the RAB and NAB in a new way, and while hallmark events such as the NAB Marconi Radio Awards and what was historically the RAB Advertiser Luncheon or NAB Radio Luncheon are taking place, we are focused on a combined show that speaks to our branding and our mission of delivering a must-attend conference for our industry. **INK**

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Minding The Coiffers

Radio is well into budget season, and, although revenue is coming back for nearly every broadcaster, the mood in making spending decisions remains one of prudence and careful consideration. With that in mind, Radio Ink asked some leading radio executives what spending — if any — they'll restore after the cuts of the past couple of years, if they have any major capital expenditures in the works, and what vendors need to do to get their attention and close the sale.

Do you expect your ratio of expense to revenue to change next year, or will it be about the same? What line items cut due to the economy over the past two years do you hope to restore?

Jerry Lee: I expect our expense-to-revenue ratio to be about the same next year. Any time you go through an economic period like the one we've experienced the last few years, you learn to look very closely at every dollar you spend and you learn to spend smarter. With that said, our philosophy has not changed. The first place that we invest is in the product and building the brand walls.

Chuck DuCoty: It's very hard to answer at this juncture. One of the issues we've struggled with during the past two years has been a lack of visibility regarding the economy and revenue. The uncertainty regarding the slow recovery has not helped with that visibility, and until we can see a clearer path it's hard to anticipate how the next budget cycle will play out.

Right now I would say it won't change next year. There are any number of areas we would look at. We've had employees go a long time without raises, our promotional

budgets are below where we would like them, we need to reinvest in R&D. Without better visibility to give us confidence in the overall economy in 2011, however, it's hard to get aggressive in these areas.

Steve Newberry: I am very optimistic that our top line will continue to grow in the months ahead, as we put the bottom of this economic cycle further behind us. What was a rapid decline of revenue is proving to be a gentle incline — but I am thankful for the positive trends we're seeing. That's a long way of saying I believe revenues will increase, but we will be very cautious about increasing our expenses in the months ahead. Our team had to make some very tough decisions over the trailing 18 months, and I do not want to put our company and our employees on a yo-yo, where we are constantly making disruptive changes.

If we do those two things — increase revenue and hold expenses — it will have an obvious effect on our ratio. We do have some personnel vacancies that we're leaving unfilled for the time being. As our confidence in the economy improves, those will be the first expenses restored.

Where are you most likely to add spending next year, especially in the area of cap ex? What's your biggest priority for 2011?

Chuck DuCoty: There are a number of cap-ex projects that we've postponed over the last 24-36 months. The priority depends on the market.

Steve Newberry: Fortunately, over the past six-seven years, we had made significant capital expenditures to get our facilities in very good condition. We replaced a lot of outdated transmitters and studio equipment, moved some physical locations, and did a company-wide replacement



Chuck DuCoty
COO
NRG Media



Jerry Lee
Owner
WBEB/Philadelphia



Steve Newberry
President/CEO
Commonwealth Broadcasting

of our on-air operating system. We do not have any significant and pressing equipment demands. Instead, our focus in 2011 will be in constructing some facility upgrades and maintaining our current asset base.

Jerry Lee: We built a brand new, state-of-the-art facility last year, so we have very little planned with regards to capital expenditure. Our biggest priority in 2011 is to drive ratings and revenue.

What does a vendor have to do to get your attention? What kind of information do you need from them to evaluate their product and/or service? What incentivizes you to make a particular purchase for your station(s)?

Steve Newberry: I want my key vendors to approach my business the same way I want our salespeople to approach our clients. Put the customer's needs first, build a long-term relationship, and plan for the future. This is a giant industry, but it doesn't take long for word to travel around. If a vendor enjoys a strong reputation for treating clients fairly and honestly within the industry, that's who I want to work with. And if they have the opposite reputation, I'm not interested in becoming a client.

For those working to build reputations and relationships, I like vendors who are willing to ask questions about my unique needs and offer solutions to the challenges we are facing. I leave it to our

employees who are going to have to live with the decision to gather the needed information about the product or service, and I rely on their opinions.

I am incentivized to make a particular purchase when I trust the rep, believe in the product, have the need, and can afford the investment. I've made purchases before without all four of those elements being satisfied, and they were not experiences I want to repeat.

Jerry Lee: The vendors that have gotten our attention are the ones that understood the current economic climate and what was going on in our industry, and were willing to work within those constraints to help us get through the recession. In evaluating their products and services, we are always looking at the return on investment — is it going to drive ratings or revenue? Is it a short-term or long-term return?

Obviously, the first step in the decision to make a particular purchase is determining whether or not there is a real need for the product. Once that happens, we look at the things I just mentioned to find the right deal and the right vendor.

Chuck DuCoty: What doesn't get my attention is unsolicited e-mail. The information we need is what kind of return on investment we can expect from a product or service. ROI and getting the best price available are the incentives that I'm most interested in. **✉**

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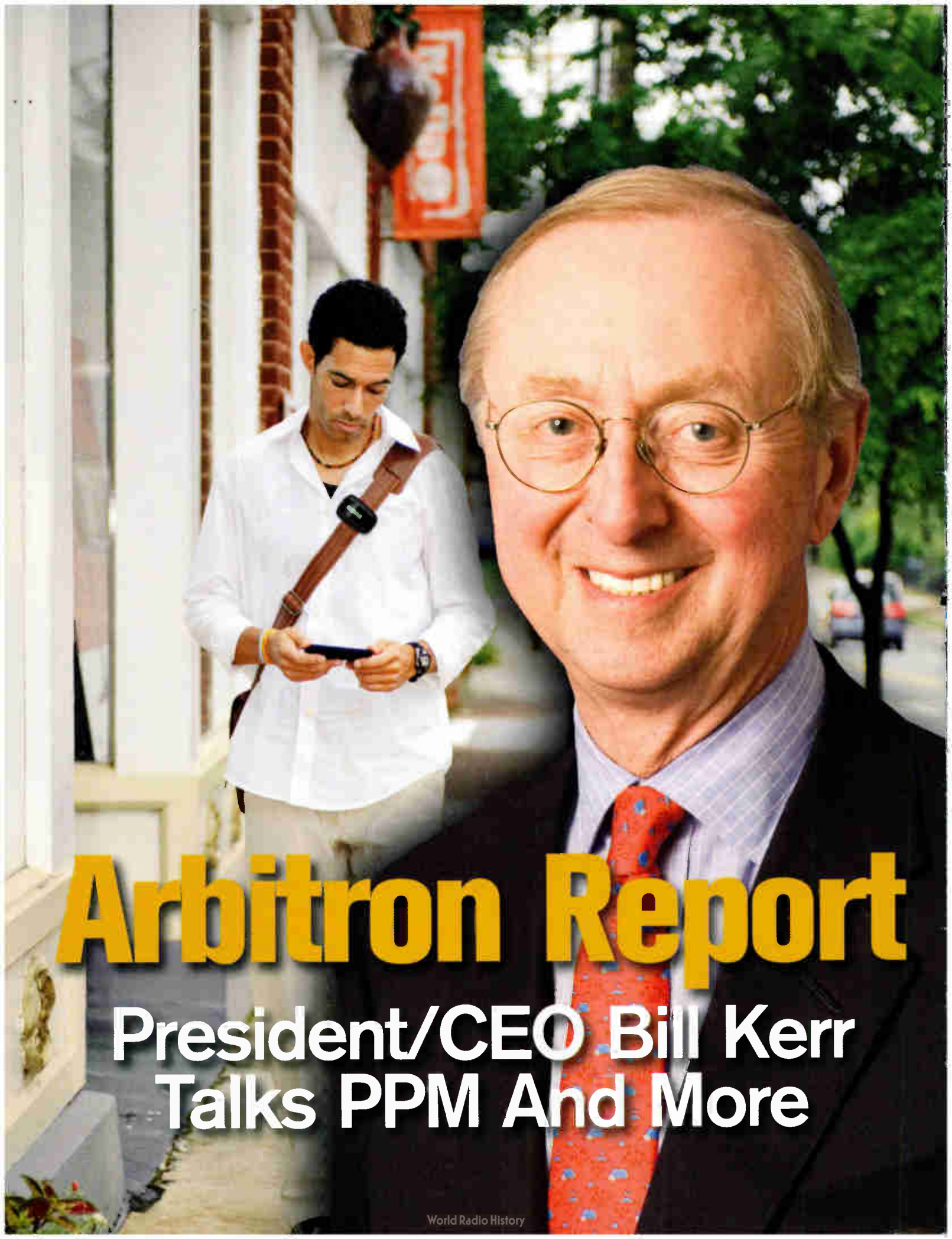
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Arbitron Report

President/CEO Bill Kerr
Talks PPM And More

*Arbitron board member Bill Kerr suddenly became Arbitron President/CEO Bill Kerr in January, with the departure of Michael Skarzynski, who resigned under a cloud after only a year on the job. Faced with that transition, Kerr also inherited a long-running and highly publicized dispute with the PPM Coalition of minority-targeted broadcasters, as well as the ongoing PPM rollout and attempts to get accreditation, and a perception in the radio industry that Arbitron was uncommu-
nicative and uncooperative.*

Nine months later, an agreement has been reached with the PPM Coalition; the PPM rollout is on track and, for some time now, drama-free; and Kerr is talking with customers and detailing improvement plans in a way that looks quite a bit different from the Arbitron of old. He talks with Radio Ink about management changes, PPM progress, serving diary customers, and what lies ahead for this core radio vendor.

>> What was your first priority when you moved into the corner office?

I didn't have the luxury of only a first priority. My immediate focus had to be in two key areas: I had to lead the organization through the unanticipated transition to a new CEO, and I had to make sure Arbitron continued the planned commercialization of our Portable People Meter services and our programs to improve both our diary and PPM ratings services.

Leading the organization through the transition turned out to be my easiest task. From my first day, the whole Arbitron organization stepped up, stayed focused, and continued to get the job done, despite the sudden change at the corner office. The dedication of all our employees allowed me to quickly focus on matters that could make a positive contribution to radio.

Radio was just beginning to take better advantage of its new electronic ratings. PPM ratings could put the industry more on par with broadcast television, cable, and the online media in the eyes of advertisers. The accountability, visibility, and high-tech sizzle PPM ratings could bring to radio are tremendous assets for a medium that faces tough competition from other media.

While I could count on the Arbitron organization to continue the PPM commercialization, I wanted to work to responsibly resolve the issues that were keeping radio from enjoying the full benefits of electronic measurement. One important milestone in that effort is our settlement of the outstanding disputes with the PPM Coalition.

We are now moving forward collaboratively to implement a series of steps designed to enhance the PPM recruitment methodology. I think the PPM settlement was an absolutely appropriate thing to do, not only for the customers who were part of the coalition, but also for the entire customer base.

Thanks to the close participation of the Media Rating Council, I think we've come up with enhancements in the methodology that will benefit all the stations, agencies, and advertisers in the top radio markets. With that agreement in place, we are now in the final stages of the commercialization plan, with 10 additional markets in pre-currency and the final five of 48 markets scheduled to commercialize by the end of the year.

As each market commercializes, Arbitron is working with our customers to refine the educational and informational support we provide stations, agencies, and advertisers, resulting in a smoother transition from diary to PPM measurement. Our customers are telling us that they are better able to take advantage of the more timely and granular audience insights PPM data can provide. We are also executing on our commitment to increase our PPM sample by 10 percent by mid-2011.

We have also begun our targeted in-person recruitment program. The program deploys feet-on-the-street recruiters in select markets to bring more of those hard-to-reach younger demographics into our PPM panels.

>> How about the diary markets?

While it seems the PPM gets all the headlines, I also insist we maintain our significant focus on the customers we serve through our diary-based ratings services. Central to that commitment is the introduction of cellphone-household sampling to all our diary markets. We started in 151 markets in the spring of 2009, and by the fall of 2009, cellphone sampling was in all diary markets.

We've recently expanded the sample to include households that have a landline, but one they rarely or never answer. Cellphone sampling is a costly but necessary quality improvement that brings into our radio samples the expanding segment of radio audience that has "cut the cord" and gone cellphone-only. These are predominantly the young, on-the-go consumers targeted by so many radio broadcasters and prized by so many advertisers.

>> What are your key priorities now?

We are looking to launch new lines of business based on PPM, in particular cross-platform media measurement. These new lines of business can mean new customers whose dollars can help support improvements to the quality of our PPM panels. It can also mean new metrics that can enhance the visibility of radio in the total media mix.

Integrating content across media platforms is now a standard strategy for most media companies. To demonstrate the value our PPM panels can deliver in a cross-platform environment, Arbitron, in cooperation with Omniture and comScore, conducted a study for NBC Universal that measured and analyzed the consumption of 2010 Winter Olympics programming on broadcast television, cable, and the Internet. We used a subset of our PPM panel — approximately 3,000 adults from 30 major U.S. metros who had broadband at home.

In addition to broadcast and cable programming, NBC posted thousands of hours of additional video online, along with athlete bios and blogs, picture galleries, and program schedules. Mobile content, including mobile apps, was used by millions of consumers for Olympics news.

The study showed that consumers who followed the games on television and online spent much more time using both platforms. The frequency of simultaneous use in the study suggests that cross-platform strategies can let advertisers tap in to a program's fan base, multiplying the overall impact.

>> Would you agree that Arbitron has had image or perceptual problems? If so, are those issues being addressed?

Since I've been at Arbitron, I've spent a great deal of time visiting our customers. What I've learned is that Arbitron needs to be a better listener and a better partner with the radio industry. That's why I put into place new management and a new organization structure. It's also why we have renewed our commitment to be a better advocate for radio among agencies and advertisers.

I think all of our executives are committed to trying to be really good partners with our major customers. What it means for Arbitron is that all of us here really do need to understand the business of radio. We need to be very open and listen carefully to the ideas and the concerns of stations, agencies, and advertisers.

I think our customers are looking to us to be a little faster in how we respond with improvements and to their needs. For example, there is a strong desire for services that allow stations to better program to the demographics they're targeting in their markets. Radio stations want to make sure they have software tools that help them convert the ratings into the ability to get revenue.

One initiative already underway is an effort to improve the analytical methods used by advertisers to evaluate the tangible impact of radio advertising on product sales. Together with Dial-Global, Premiere Radio Networks, and Westwood One, we are exploring ways to improve how radio is incorporated into marketing mix models, the software systems advertisers use to evaluate how product sales are influenced by advertising, based on different combinations of media.

This effort is possible thanks to the significant improvements in reporting frequency and weekly sample sizes that our PPM ratings services can deliver. With PPM, you can create weekly advertising weights for radio campaigns that can be directly aligned with weekly changes in sales results. This is what advertisers do with electronic ratings from broadcast television and cable, and now radio can be an integral part of the marketing mix models that determine who gets what share of a marketer's ad dollars.

>> How do you view the competitive landscape for Arbitron in radio, especially in smaller markets?

The best way to act in a competitive environment is to focus on the needs of your customers. It's our job to deliver services that help radio stations build audiences and increase ad sales. And our priority is to ensure that what we offer in the marketplace is competitive in terms of price, quality, and service.

A key value driver for our services is the ready acceptance of Arbitron as the currency in the buy-sell process by agencies and advertisers. That acceptance is the product of years of effort and of our commitment to continuous improvement. And that acceptance goes a long way toward helping radio win its share of advertising dollars.



The PPM 360, with improved capabilities and a sleeker design, will go into beta testing in the fall.

>> Can you talk about the PPM 360 — when will it begin to roll out?

The PPM 360 is our next-generation electronic measurement device. The new meter combines Arbitron's latest electronic measurement software with a new cellular platform for retrieving data from panelists on the go. It comes in a more consumer-friendly and up-to-date design, and it requires fewer pieces of equipment for a given PPM household.

Arbitron now has greater flexibility to follow the consumer, providing the media and advertisers with the insights they need. This advancement also sets the stage for Arbitron to provide innovative services, such as ad-campaign exposure and effectiveness, location-based services, and on-demand reporting.

The cellular communications software in the PPM 360 is capable of being leveraged in other mobile technology. This could enable Arbitron to collect consumer media behavior through multiple devices, such as smartphones and netbooks.

The PPM 360 will be in beta test this fall. Once we complete our testing by the end of the year, we'll announce rollout plans.

>> Where do you see Arbitron's biggest potential?

Where are the concerns? What would you like Arbitron to look like, a year or a few years from now?

Radio will continue to be our core customer, today, tomorrow, and for many years into the future. Beyond radio, cross-platform is the most promising opportunity that Arbitron has, one that can take advantage of the PPM panel of more than 70,000 persons that we have built over the years.

There have always been single-media ratings services: Arbitron for radio, comScore for Internet, Nielsen for TV. What advertisers and marketers are beginning to demand is a service that lets them evaluate the totality of their media investments. They want to determine how many of their ad dollars need to go on which medium and what the return is on their advertising investment. And as media begin to distribute their content across multiple platforms, content providers need a service that will demonstrate to advertisers the unique reach of their cross-media offerings.

With the PPM technology, the existing PPM panel can also track other media, such as in-store video networks, broadcast and cable television, individual commercials and programs, no matter where and how they are distributed, as well as video-on-demand systems.

In collaboration with other companies, we have the potential to add capabilities that allow us to add mobile and online media and integrate other databases, such as retail shopping behavior, to add a return-on-investment metric.

Thanks to PPM, radio will be sitting at the same table, on par with other media, when advertisers start allocating their advertising dollars. And with PPM, radio can get a more complete and comprehensive measure of its own cross-platform offerings, whether those include podcasts, streaming, webcasts, or sister television stations and cable outlets in local markets. **INK**

Brida Connolly is editor-in-chief of *Radio Ink*. E-mail: brida@radioink.com



COLMES, HIS HAIR

Alan Colmes, who these days is nationally syndicated by Fox News Radio, smiles for the camera back in the mullet-happy '90s.

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