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The Pulse™ of Radio

RADIO'S MANAGEMENT & MARKETING MAGAZINE™

Vol VII, Number 8 — April 13, 1992

NAB Legal Counsel Clarifies New Political Rules

Gordon Link of McCann-Erickson

LMAs

Miami LMA Y-100 and WAXY

PULSE RADIO EVENTS CALENDAR

April 22-24—**Broadcast Cable Financial Management Association 32nd Annual Convention**, NYC (800)225-8183

April 29-30—**Ohio Association of Broadcasters Spring Convention**, Columbus, OH (614) 228-4052

April 30-May 3—**The Radio Broadcasters Association of Puerto Rico Annual Convention**, San Juan, Puerto Rico. (809) 724-8151

May 2-6—**Public Radio Annual Conference**, Seattle, WA

May 13-15—**The International Broadcasters Idea Bank Convention**, Dubuque, IA

May 27-31—**American Women in Radio and Television 41st Annual Convention**, Scottsdale, AZ (202)429-5102

June 7-13—**National Association of Broadcasters Executive Management Development Seminar**, University of Notre Dame, South Bend, IN (202) 429-5402

June 10-13—**National Association of Broadcasters/Montreux International Radio Symposium and Exhibition**, Montreux, Switzerland (202) 429-5409

June 11-13—**1992 Radio & Records Convention for Programmers and Record Industry**, Century Plaza, LA

June 11-14—**Missouri Broadcasters Association Spring Meeting**, Lake of the Ozarks, MO. (314) 636-6692

June 14-17—**1992 BPME & BDA Conference & Exposition**, Seattle, WA. BPME-(213) 469-9559;(415) 788-7622

June 18-20—**Texas Association of Broadcasters Radio Day**, Midland, TX. (512) 322-9944

June 23-26—**National Association of Broadcasters Board of Directors Meeting**, Washington (202) 429-5444

July 2-7—**International Broadcasting Convention**, RAI Center, Amsterdam London 44 (71) 240-1871

July 16-19—**The Upper Midwest Communications Conclave**, Minneapolis. (612) 927-4487

August 13-16—**West Virginia Broadcasters Association 46th Annual Convention**, The Greenbrier, White Sulphur Springs, WV. (304) 344-3798

September 9-12—**Radio '92 Convention**, sponsored by NAB, New Orleans (202) 429-5409

September 27-30—**33rd World Advertising Congress of the International Advertising Association**, Barcelona, Spain. Miguel Fuertes, (343) 423-3101, Ext. 8208 through 8213

October 16-19—**Texas Association of Broadcasters Convention**, Austin, TX. (512) 322-9944

February 4-7—**Radio Advertising Bureau MSC '93**, Dallas. 1-800-RAB-SELL

February 13-16, '93—**National Religious Broadcasters 50th Annual Convention**, Los Angeles (201) 428-5400

September 8-11—**Radio '93 Convention**, sponsored by NAB, Dallas (202) 429-5409

September 7-10—**Radio '94 Convention**, sponsored by NAB, Los Angeles (202) 429-5409

September 6-9—**Radio '95 Convention**, sponsored by NAB, New Orleans

1992/1993 Schedule
Arbitron Survey Dates

- Fall 1992
September 24 - December 16, 1992
- Winter 1993
January 7 - March 31, 1993
- Spring 1993
April 1 - June 23, 1993
- Summer 1993
June 24 - September 15, 1993

1992 MAJOR EVENTS

June 10-13—**National Association of Broadcasters/Montreux International Radio Symposium and Exhibition**, Montreux, Switzerland. (202) 429-5409

September 9-12—**Radio '92 Convention**, sponsored by NAB, New Orleans (202) 429-5409

If your organization's important meeting, convention or event is not listed here, send information to:

Calendar
c/o The Pulse of Radio
1501 Corporate Drive, Suite 220
Boynton Beach, FL 33426
Phone: (407) 736-4416
Fax: (407) 736-6134

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- **Interview: John Dille Federated Media**

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PARTNERS FOR 65 YEARS...The NBC Radio Network and WSM/Nashville recently celebrated an unprecedented 65-year affiliation. In honor of this historic partnership, NBC presented a commemorative plaque to WSM GM Bob Meyer at the WSM Opryland Studios. Pictured (L to R) are: NBC/Mutual Senior Producer George Achaves, NBC/Mutual SE Regional Manager Bob Wogan, WSM's Bob Meyer, NBC/Mutual NE Regional Director Lynn McIntosh and NBC/Mutual SE Clearance Coordinator Mark Beale.

RADIO IN BRIEF

Commission Lifts AM Freeze

The Federal Communications Commission has allowed the expiration date on the AM Freeze to lapse, meaning the freeze has been lifted. Instituted approximately two years ago, the freeze was designed to limit activity in the AM band giving the FCC time to evaluate the AM situation before taking further rulemaking actions.

The lift of the freeze will allow AM broadcasters to make major modifications in their AM facilities and will allow broadcasters to apply for new AM facilities, including those on the extended AM band, which is 1,000 Khz above the existing AM band. The lift of the freeze comes after recent announcements of more technically stringent standards for the application of new AM stations.

EIA SUBCOMMITTEE ON DAB ADOPTS SCHEDULE

The Electronic Industries Association's (EIA) Subcommittee on Digital Audio Radio has adopted a schedule for selecting a Digital Audio Broadcasting (DAB) system for recommendation as a U.S. standard. The schedule calls for DAB proponents to provide technical information by December 15, 1992 and a hardware delivery date of April 15, 1993. Organizations intending to present a DAB system for consideration will be asked to state that interest by June 15, 1992. Technical information will be required by December 15, 1992. Proponents will be required to deliver hardware for evaluation by April 15, 1993. One of the goals of the subcommittee is to recommend a standard by November 1993.

Justice Department OK's VNU/Arbitron Venture

The Department of Justice has given the go-ahead on a joint venture between VNU and Arbitron. The government agency was investigating the two to see if a monopoly existed (*Pulse 2/17/92*) after VNU announced the closing of Birch and the merger of Scarborough with Arbitron. According to sources, the Justice Department received very few complaints from Radio stations and only received competitive complaints from Nielsen, the television ratings company which could suffer a competitive disadvantage with Arbitron's ability to offer Scarborough.

In addition to approving the shutdown of Birch and the licensing of Scarborough to Arbitron, the Justice Department also approved a joint venture between VNU and Arbitron on a company they are calling Competitive Measurement Service, which measures advertising expenditures for local and national television, newspapers and magazines.

Immediately following approval from the Justice Department, the joint venture deal between VNU and Arbitron was codified.

Hastings To Head Katz Radio

Gordon H. Hastings will rejoin Katz as President of the Katz Radio Group and has been elected a Director of Katz Communications, Inc. Hastings replaces Ken Swetz who recently left the mega-rep firm. Hastings first joined Katz Radio in 1972 as Manager of Radio Development. During his 13-year tenure with the company, he served in a number of executive positions with both the Radio and television groups. He also served as a director of the company through 1984. Most recently, Hastings successfully owned and operated three Radio stations in upstate New York.

Gordon Hastings

According to Peter Goulazian, president/CEO of Katz Communications, "In the past, Gordon was a significant contributor to the success of both Katz Radio and Katz Television. We know that Gordon will bring new vision and a dimension of exciting leadership to our Radio operation."

Goulazian also announced the promotion of Stu Olds to Executive Vice President, General Manager of the Katz Radio Group. In this position, he will be responsible for the

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MORE NEWS ON PAGE 6

 The Pulse of Radio is published biweekly January through June, semimonthly in July, biweekly August - November and monthly in December. 25 issues each year, by Streamline Publishing, Inc., 1501 Corporate Dr. Ste. 220, Boynton Beach, FL 33426-6654.
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HASTINGS JOINS KATZ

day-to-day operations of all four KRG companies - Banner Radio, Christal Radio, Eastman Radio and Katz Radio.

Olds began his sales career at Katz in 1977. During his 15-year tenure with the company, he has held a number of management positions, including president of Katz Radio and executive vice president of the Katz Radio Group.

Gentner Completes Acquisition

Gentner Communications Corporation has announced the completion of its acquisition of the products and technology of MacroMedia, Inc. The acquisition was made to strengthen the company's emphasis on digital audio storage through the addition of the AUDISK system which digitally records and automatically plays back audio.

Widmann Slated As BPME Keynote

CBS Radio Division President Nancy Widmann will keynote the Broadcast Promotion and Marketing Executives Annual Conference in Seattle June 15. The conference (June 14-17) is themed "Surviving in a Changing Environment." According to BPME Chairperson Erica Farber, promotion and marketing workshops scheduled for this year's conference will focus on revenue-building opportunities, value-added promotions, sales promotions and more.

MasterCard Launches Radio Promotion

MasterCard will be hitting the road as well as the airwaves in 20 college markets this year, tuning in young adults aged 18-24 through its new "MasterCruiser" marketing program. Featuring a network of top-rated Radio stations and a fleet of high-tech vehicles appropriately named "MasterCruisers," the program is designed to generate high visibility and brand awareness for MasterCard through a year-round series of student-oriented Radio programming, promotions and live remote broadcasts from college campuses and special events.

The stations will officially launch the program this month with the premier of the *StarCruisin'* Radio show, sponsored by MasterCard, which will be the focal point of the "MasterCruiser" campaign. The show will be aired daily throughout the year on "MasterCruiser" flagship stations, reaching an estimated audience of more than 11 million young adults.

The "MasterCruiser" is manufactured by Elkhart, Indiana-based Broadcast Products, Inc.

RAB Says Local Radio Revenues Up 4 Percent For February

The Radio Advertising Bureau (RAB) Radio revenue index of more than 100 markets indicates that local Radio revenues climbed 4.0% in February on the heels of a slight January increase, signalling the start of a modest turn-around in local retail advertising. Recovery on the national advertising level, however, continues to lag behind; national spot revenue was down 17.1% and network down 4.4% in February. Percentages reflect the comparison with 1991 revenue figures for the same month. All figures are based on the index of revenue pool results compiled by the RAB and network revenues reported by the Radio Network Association.

Combined local and national spot revenues were down 0.6% for the month of February. 1992 year-to-date figures show local up 2.6% and national down 11.3% for a combined -0.3% revenue picture; network is down 5.6% through February.

Local revenue was up across the country in February, with the Southwest and Southeast turning in the strongest performances, up 6.9% and 5.6% respectively. National spot revenue, however, was down dramatically, with the Southwest and West hardest hit with respective declines of 22.1% and 25.2%. The Southeast fared the best with a decrease of only 3.9% over its February '91 national spot sales.

Correction

In the March 16, 1992, issue of *The Pulse of Radio* in the article 'New Legal Interpretation Of Copyright Law Regarding Storecasting' a line was inadvertently omitted. On page 26, the sixth paragraph, beginning with the seventeenth line should read, '...the distance of the speakers from the receiver should not be more than 35 feet; and a store cannot charge its customers for the transmission of a Radio performance...'

We apologize for any confusion that may have resulted.

The Pulse of Radio

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Executive Editor/Los Angeles
Dwight Case

Managing Editor
Elaine Schmidt

News Editor/Washington
Scott Fitzpatrick

Editorial Consultant/New York
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Contributing Writers
Daniel Flamberg, Rhody Bosley, Chris Gable, Chris Lytle, Pam Lontos, Nick Horvath, Jack M. Rattigan, Bill Livek, E. Alvin Davis, Galen Palmer, Philip J. LeNoble, Kathryn Biddy

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Debra Bottcher

Washington, D.C. Counsel
Michael H. Bader

Local Counsel
Arnold S. Weisler

Editorial Offices: 407-736-4416
FAX: (407) 736-6134
For Subscriptions call 1-800-226-7857

Radio's Role Is Irreplaceable

One of the biggest thrills for me is to get in my car, drive down the highway and listen to the Radio. I crank up the volume and listen to my favorite tunes, singing along. And, if no one is looking, I occasionally revert back to my on-air days and talk up the intros to the songs. I get excited listening to a variety of formats and hearing all kinds of great Radio.

Listening through the static and the whistle of a distant AM signal while tooling down the highway may not be a pleasure to non-Radio people, but to me it's a thrill hard to explain. I have so many fond memories of picking up the mega-signal stations like WOWO in Fort Wayne, WNBC or WABC in New York, KAAY in Little Rock, KYA in San Francisco, WLS in Chicago, KFI in Los Angeles, WLW in Cincinnati, WSM in Nashville, WWL in New Orleans and so many more. It's still a lot of fun listening to Radio at night with those signals carrying greats the likes of Larry King and Tom Snyder. Radio is providing a service unparalleled by any other medium.

Equally exciting to me is visiting small communities and listening to local Radio stations. The smaller the town the bigger the thrill. Some of the best ideas come from the small market stations. Then, of course, there is nothing like driving into a major market and listening while a different breed of talent masters the airwaves. There's an art to doing good Radio, and there is pretty good Radio wherever I go.

What turns me on the most is how much the public counts on Radio. They use Radio to keep them company. They take us along on family outings. They often guide their lives from our on-air advisors in many subjects. Millions cling to our words every day! We turn listeners on to the latest hits and stimulate memories from their past with music from their favorite eras. We give the average person a chance to have their opinions heard by providing a voice with talk-Radio. We wake them up and are usually the first voice they hear in the morning. They turn to us for news, weather and traffic. We provide joy and laughter. We often share their first date with a car Radio.They play us in the stores while people shop. They rely on us for safety instructions and warnings in disasters, knowing we're always there for them.

In Radio, we raise money for charity in many different ways. We gather coats for the homeless. We pay for kidneys for a dying child. We walk miles for MDA. We help needy families. We, as Radio people, are responsible for bringing attention to the needs of our communities and stimulating interest where apathy exists. We create promotional events exposing people to music, artists, and activities. Where would America be without Radio?

So why the self-esteem problems? Too many in our industry are settling for less than we deserve! Given an equal budget to that of a newspaper or TV buy, our medium will out-pull, out-perform and out-sell anybody. When given the opportunity, Radio has proven it time and again.

Life without Radio would silence an important social force. Most of us in this business are passionate about Radio! Let's translate that passion into dollars. Let's fight harder for our unfair share. Radio isn't just a another medium - like TV or the newspaper - it's the lifeblood of the local community and a big part of people's lives.

B. Eric Rhoads, C.R.M.C.

FROM THE RADIO GRAPEVINE...

•Claiming to be Radio's longest-running duo, **WMAL's** legendary morning team, **Harden & Weaver** just marked 32 years on the air broadcasting together. The team says they have worked through three generations and nine presidents. They consistently rank No. 1 in 35+.

•In parody of the Cannes Film Festival, **CKIS**/Montreal is sponsoring the first ever "**Cans Film Festival**." Listeners are invited to the screening of seven films by bringing some canned food items for a local food bank. The station is expecting over 4,000 canned items to be donated.

•"**Mad-Dog On Baseball**" is the name of a new program being offered by the Sports And Entertainment Network. The show features future baseball Hall of Famer **Bill "Mad Dog" Madlock**. President/GM **Jerry Kutner** tells *The Pulse* that the program debuted at the beginning of the month and that several stations have been signed. Interested stations may call (702) 451-3131.

•Champagne glasses were recently raised to toast DC law firm **Haley, Bader & Potts**. In Seattle, the **Jack Straw Memorial Foundation** presented Senior Partner (and *Pulse* contributing writer/legal counsel) **Michael H. Bader** with a "Lorenzo" award for his efforts in establishing three public Radio services in the Pacific Northwest. In San Antonio, Texas Public Radio named Partner **John M. Pelkey** "Public Radio Defender" for helping them obtain two FMs in that market.

•**CNBC** and the **Unistar Networks** have announced they are changing the name of the FNN Business Radio to **CNBC Business Radio**. CNBC provides stations with up-to-the-minute reports of the business world.

•Congratulations to **KCBS-FM** Program Director **Tommy Edwards** and wife, **Mary Lou**, proud parents of a son, Thomas Michael. The Edwards also have two daughters.

GOING TO GREAT HEIGHTS FOR RATINGS... WRMF/West Palm Beach recently offered listeners a chance to "toss their boss" out of an airplane. Tied in with a local parachuting company, listeners nominated their employer for "Toss Your Boss." Listeners had a chance to go along on the group jump...for a price. The promotion was such a success they followed up with a "Shove Your Love" promotion with over 300 listeners jumping. Pictured L-R, WRMF Producer Doug Welsh, a listener and Morning Man Kevin Kitchens.

READER LETTERS

Credit Extension To Political Candidates

I wrote the following letter to Ms. Donna M. Searcy, Secretary, Federal Communications Commission on March 6, 1992. I felt it would be of interest to Pulse readers.
-Pete Szabo

The extension of broadcast credit to political candidates puts the station in an unhealthy, tenuous position.

Extending credit to any candidate who is employed or possibly to become employed by a government, which has within its realm of authorities the control over station activities as well as undue influence over licensing decisions, clearly infringes on ethical standards. It's all too common for politicians or their committees or their third parties to exert pressure on those who can enable them to advance and further their mission. This is done either through intimidation, creation of fear or what is worse - deal making.

The very fundamentals of prudent credit management was never designed for political advertising. The effect is that a large amount of on-credit political advertising will be broadcast for reasons other than sound credit practices. With cash-in-advance advertising there is a disparity between the "guy with the big bucks" and the "guy with the little bucks." The new ability to prominently use credit instead of cash only fuels further the distinction between the advantages of "wealth and power" and the "heart of America." This is another step which further erodes fair and equal competition in the natural inherent rights of any American running for a political office. The spirit of true competition will surely further evaporate.

The aforementioned certainly sets the groundwork in furthering the already inherent problems when it comes to collecting political advertising. Some political debt will be written off and not enforced. Those who do chose to attempt the collection of political advertising accounts will find themselves mired in all types of cockamamy disputes centered around FCC rules on equal time and equal opportunity. Other efforts will fail for those who find there is not now or never was any money at the end of the tunnel.

This office has experienced and profited in the past through the collection of political advertising receivables for broadcasters. We have collected from those who thought they were "untouchable" or took on the attitude of "how dast you ask me, an elected official, for money." However, from our unique and unbiased perspective, the establishment and right to grant broadcast credit to political candidates does not conform with the best interest of the broadcast industry, fairness to all political candidates, or the intent of the Federal Commissions guide - equality.

This ruling creates a new financing vehicle for a candidate to further finance their campaign. In most cases, debt will be committed to without availability of current funds to pay. It will assist in catapulting the financial ruin of many fine and promising American candidates. There is already human temptation when it comes to material purchases on credit. Imagine the effects from financing one's ego and career. One has only to look at the current check bouncing scandal in Congress to illustrate this point.

Peter F. Szabo, President
Szabo Associates, Inc.
Atlanta, Georgia

Rogers Is Right On

Thank you again for the outstanding article in your magazine by David Rogers. His understanding of the myths that hurt our great business is impressive. It was the first time I read an article in any trade publication that made me feel that not only was he right, but he said it better than any one.

Thank you again for an ever-improving publication.

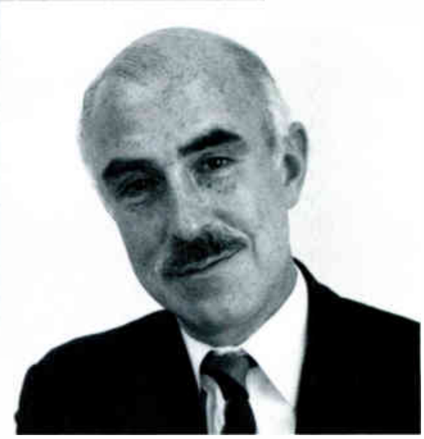
Walter Sabo, President
W.R. Sabo Inc.
New York, NY

Pulse ADVERTISER Q&A™

Gordon L. Link

of

McCann-Erickson



Gordon Link is McCann-Erickson's Worldwide Director of Media Services, and the agency's top-ranking media professional. He assumed this newly-created position in March 1986.

His responsibilities include overseeing the media operations of McCann's 165 agencies in 73 countries as well as developing global strategies for the agency's multinational clients.

Link joined McCann in 1984 as Executive Vice President and U.S.A. Director of Media Services. Previously he had been Vice President and Director of Eastern Sales for the ABC Television Network for 14 years.

His association with ABC was an interruption of an advertising agency career that started at BBDO in 1960. He went on to Ogilvy & Mather in 1965 and joined McCann-Erickson for the first time later that same year. He was working on the Coca-Cola account when he left McCann in 1970 to work with ABC.

Some of McCann-Erickson's North American clients: AT&T; Black & Decker; Chesebrough-Pond's Inc.; Coca-Cola USA; Coca-Cola/Nestle Refreshments Co.; Columbia Pictures Entertainment; Exxon; General Motors, Corporate and Buick Motor Divisions; The Gillette Company; Johnson & Johnson Ortho Pharmaceutical Corp.; Lever Brothers Company; Lufthansa German Airlines; Manufacturers Hanover Trust; The Mennen Company; Miles, Inc.; Nabisco Biscuit Company; Georgia-Pacific Corp.; Safeway Food Stores, Arizona and Northern California; Hasbro, Inc.; National Dairy Promotion & Research Board; Hilton Hotels; Los Angeles Times; McDonald's Co-op, New Orleans and Shreveport; Texas Instruments Inc.; and many others.

Q: You have some very distinct feelings about how advertising is changing and how the future of advertising will change. Touch on those for us.

A: The issue should be separated into two parts. One is the consumer. The other is the relentless progress of technology. Technology is changing the form of communication with the consumer. For example, network television and other media that have dominated for the last 35 or 40 years are being readjusted by fragmentation. These two parallel tracks - the fragmentation and form of communication technology and the consumers themselves are going to determine the future of advertising. The major implication, which has certainly been obvious to advertising professionals these past five or six years, is that we are leaving the realm of what I call marketing-driven communication and entering the realm of consumer choice in terms of information and media absorption and action.

Q: How will the consumer change, and how do we respond to those changes?

A: The significant social fact in the United States is the existence of the group that has been labeled the baby boomers. (Those people who were born at the end of 1940s until the mid-1960s.) The enormity of its numbers and its proportion to the population has had a tremendous impact on the profile of the consumer. It's a moving target. It's not a constant consumer. Part of the difficulty in describing consumers, particularly from the media side, is that people talk demographics. They talk about people 18-24, or whatever it may be. But the reality is that an 18-24 individual in 1970 is a lot different than an 18-24 individual in 1992. Their outlook, makeup, ethnic background, education, consumer perceptions and lifestyles are different. Today, the important thing to understand is that during the next decade the forward edge of the baby boomer generation will be approaching 55 years of age. The enormous influence numerically plus their aging socially and professionally will affect their values and perspectives. Of course, the flip side is the reality of today's under-30 generation and its development.

Q: What's the bottom line?

A: The central reality of advertising is consumer choice. The bottom line is that the consumer is a moving target. Advertising obviously has to read and adopt these realities rather than just thinking of an eternal consumer as described by demographics.

Q: Hasn't that always been the case, though, and is just now being realized? People have always changed.

A: The research that's been developed to support media decisions has never really been developed to make those perceptions actionable. In other words, traditional media planning is driven by the available syndicated research. This is a major crisis for the advertising industry because it doesn't describe the reality of today.

Pulse Advertiser Q&A

Q: You are saying that buying of media, for instance, may no longer be a commodity, may not be simply a matter of buying the numbers, but more of a selected, almost individualized plan, depending on the consumer you are chasing.

A: Yes. It's not going to be possible anymore to categorize media selection in nice little boxes. People say, 'Network television - quick reach, national coverage.' And that's the last thing they think about network television. Then they say, 'Radio - supplementary medium, drive time.' Right? In other words, you can't express the relationship of media to the consumer anymore in those ways when you are making advertising plans.

Q: How is that going to change the planning process within the agency world?

A: The planning process is going to have to become consumer-directed, as opposed to media-directed. In the old days, when I was talking about marketing-driven communication, what I was really saying was that everyone knew what the three shows were on network television at 9:00 p.m. Ninety percent of the audience was there watching it. It wasn't a very difficult thing, from an advertising perspective, to reach those people. You just placed ads at that time, and that was it. That's marketing-driven. In other words, the consumer was a sitting duck. Now, with fractionalization and multiplicity of media choices and the shrinking of leisure time, the changing of lifestyles, etc., no marketer or advertiser can predict where any single individual will be at any given moment. Therefore, the challenge is to try to surround the consumer. Because the research base that is available in media selection is no longer adequate to penetrate that problem, this now becomes a much more creative, imaginative, probing kind of process. In order to solve the riddle, you've got to start with the consumer and end with the consumer. What does that consumer do in a typical day? Who is my idealized consumer? That type of thing. We have techniques, obviously, that we have developed and use to try to deal with some of these problems.

Q: You mentioned technology and the forms of communication are changing - the way people view television, listen to the Radio, etc. may be changing.

A: As we know, technology is a fact in our lives. It's been the major catalyst of change in the past two centuries and will continue into the next century to change every aspect of the way we live. Technology is something that is above and beyond human existence. It has a life of its own. You can't "sit" on technology. If you look at how things have developed, from automobiles to jet planes to supersonic planes, or from crystal Radio sets to color TV sets to interactive television, you see this progression relentlessly advancing. This will, in seminal ways, continue to affect how people receive and absorb information and entertainment. In a very dramatic fashion, fragmentation in television means that the American viewer, who a decade ago perhaps had a choice of six channels, today has the potential to look at 24. There are all kinds of new Radio services, new kinds of magazines, new everything. The question is: How do we deal with it? How does everybody deal with it - the advertiser, the media, the consumers? The first thing I think we need to learn as communicators is not to fall for what I call the "illusion of technology" - the idea that technology itself is an answer to anything. It isn't at all. Most people deeply involved in communication technology, in trying to understand and harness technology for consumer uses, have just quickly accepted and rolled with the fact that technology is always going to get better and that the real challenge lies in content.

Q: You're saying that technology does not drive the consumer; the consumer drives technology.

A: I'm not sure the consumer drives technology. The consumer perhaps embraces different aspects of technology. The challenge, then, for the communication and scientific communities is the question of content because, ultimately, it is content that is going to absorb the interest and the time of the consumer. Learning how to develop appropriate content and learning how to focus that content to make it consumer-friendly is a major challenge.

Q: How will you essentially change the way you do business in order to reach your consumers?

A: I don't think we really know that answer with total precision. At the end of the day, an agency like McCann, a great worldwide agency, and its peers really only have, at the core of their existence, one expertise, and that is understanding of the consumer. That's our anchor in the world of change. So whatever happens in the future, organizations such as ours will be consumer-driven, consumer-focused. That will continue to be our long suit. The other weapon in our arsenal is ideation. Ideas are the most powerful things in the world. It is going to be our ability to generate ideas that cut through in a compelling fashion, that communicate to and persuade consumers on behalf of the products and services. This is the test that will determine our utility.

Q: Let's narrow this all down now to Radio. What do you foresee changing in the way Radio is used, both on a national and local level?

A: I think Radio is in a position to fare well. Why do I say that? First of all, I

"...traditional media planning is driven by the available syndicated research. This is a major crisis for the advertising industry because it doesn't describe the reality of today."

Pulse ADVERTISER Q&A

suggested earlier that content is the challenge, regardless of the form in which it's delivered. Radio is a personal, portable, user-friendly medium. It's ubiquitous. It has the ability to be segmented. It can be adapted very quickly and is cost-effective. It's going to continue to matter in people's lives because of its personalization, its utility and its general availability. Content will certainly change to meet the changing appetites and interests of people. Radio will be kind of like a "guerrilla" medium relative to other media that have heavy cost-laden infrastructures that are difficult to change in terms of content and appeal. While Radio is well-positioned to thrive, I'm not sure that Radio is going to burst through to a new advertising investment plateau. It will be healthy and probably will grow in line with the growth of the advertising markets. But I'm not one to believe that theater-of-the-mind entertainment is going to make a quantum leap in the next period. But also understand that what I've just said in no way diminishes the utility of the medium or its impact on the audiences as an advertising tool.

Q: What do you feel is the overall image of the Radio industry from the agency perspective?

A: Among the good advertising people, there is no doubt that Radio has a very good image and is valued as a real player in the media scenario. There's no doubt about it, for many reasons - its relationship to the consumer, its flexibility, its localization, its low cost of entry. From the retail point of view, on the local level, Radio is an essential, it's primary. Really good communicators in our business value the unique creative role that Radio can play in getting across a message and enhancing an overall communication program.

Q: Do you think the Group W creative award, the $100,000 award for the best Radio, will change that in any way?

A: It certainly is a big incentive. It will not only appeal to the self-interest of people - and that's always a good thing to do to get something going - but it also will get people thinking. As I'm thinking about it, maybe as these problems with television get more complex and the media planning process gets more idiosyncratic, you may indeed see more and more Radio recommendations to solve some problems. That's just my hunch.

Making Sponsorships "Vendorable"

By Kathryn Biddy Maguire

Does your station have sponsorship opportunities available for sale? A sports package? A free concert? A holiday festival? A bridal event? You have probably sold some of those packages to manufacturers in the past, but you realize there is much more out there you have not yet tapped. What can you do differently to get that money?

Here are some tips on how to sell more sponsorships to manufacturers:

1. **Determine how the sponsorship can be sold as a retail-driven vendor-supported program and/or a vendor-driven program.** If it were sold as a retail-driven program, what elements can the retailer use to attract vendor funding? The retailer may need to add store performance opportunities like display, signage or print ad inclusions. If the sponsorship were sold to a manufacturer, what could he use as leverage to get display, signage or print ad inclusions?

2. **Take a close look at what your sponsorship has to offer a prospect.** Ask yourself what the retailer or manufacturer can realistically use to increase his sales. Then, in order of importance to the vendor, write your proposal highlighting the most favorable element first, the next most favorable second, and so on. Examples of favorable things: coupon opportunities, sampling opportunities, VIP parties or seating, consumer or client giveaways. Examples of less favorable things: banner space, logo inclusion in print pieces, product mentions in station promos.

3. **When presenting the sponsorship package, give suggestions on how the manufacturer or retailer can use the sponsorship.** He will care about the "marketing awareness" for about 60 seconds. The elements he can use to get cases sold will turn him on more. Example: "The 200 60-second spots can be used as donut spots in which to include participating vendors." OR, "The 200 60-second commercials can be used as leverage to sell-in with, as 30/30s."

4. **If your ads are in the initial stages of creating a sponsorship package, have your co-op/vendor director or best co-op/vendor AE sit in on the brainstorming meetings.** This person can provide special insight in putting together the best package.

5. **Volunteer to present the sponsorship to the manufacturer's accounts.** If it's a retail-driven program, offer to put the vendor's packages together and present them to the vendors. You can talk about the fun stuff. The manufacturer and retailer can work out the price point, quantity and product featured.

6. **Give your salespeople at least six months lead time to sell the sponsorship event.** Use an entire sales meeting to introduce it to them and brainstorm lots of prospects.

Selling sponsorships to manufacturers, retail-drive or vendor-drive, are lots of fun. They are appealing because they are "own-able" opportunities that have lots of value-added appeal. Your job is to sell it to the prospect in the way he wants to hear it.

Kathryn Biddy Maguire is Managing Consultant of Revenue Development Systems. She may be reached at (617) 589-0695.

Everything You've Ever Wanted To Know

By Daniel Flamberg

*FYI, LMAs are HOT!

According to the Commission, LMAs are another form of "ownership and control." Therefore, they must be made public (financial terms can be blacked out) though they will not require prior approval by the FCC. LMAs will count against a station owner when computing the multiple ownership cap and operators involved with LMAs must still adhere to earlier guidelines on control, ascertainment, community service, etc.

An LMA, as practiced by more than one hundred Radio stations, combines the sales effort and/or programming of two or more properties. The most common form is for a strong competitor to artificially resuscitate a failing station by taking over sales, marketing, programming or management functions. In saving the weak partner from bankruptcy, the struggling licensee cedes some form of operational control and financial responsibility to the strong partner who now brokers both stations' time. Yet LMAs also include strong stations striking local alliances to increase revenues, control market pricing or spike out competitors.

There are two basic LMA forms with as many as 19 reported variants. A "Sales LMA" consolidates sales, marketing, traffic and accounting functions as one station agrees to sell the other's inventory. This arrangement gives the seller added inventory, potentially larger audiences with better demos and more flexibility in structuring packages and promotions. In a "Full-Scale LMA," one station puts its programming on the other and assumes sales, marketing and management functions. An LMA achieves an immediate economy of scale and a stronger sales force. It gives the passive station's owner a guaranteed monthly check.

Attorney Greg Skall of Pepper & Corzini, a Washington firm which has engineered several LMAs, labeled this tactic a "non-sale sale." In fact, many local marketing agreements give the brokering station a right of first refusal purchase option or spell out an exact price or pricing formula for its weaker partner. Some deals credit monthly payments against a future purchase price.

The only doubters are small market and minority broadcasters who fear changes in the duopoly rules (either by


Pierre Sutton, Inner City Broadcasting

Commission action or by LMAs) will stomp them. Small market operators fear the death of Mom and Pop stations pushed out by the sheer leverage of a combo or a trombo capturing a disproportionate share of a small revenue pool. Minority operators, most vocally members of NABOB, fear the extinction of their voice as well-heeled, white-male dominated group players bid major market prices up out of their reach, buy up struggling minority-owned properties or muscle them out of the action.

Pierre Sutton, Chairman of Inner City Broadcasting, remarked, "This is not a cure for what ails us. We are hurting on the AM band and we are hurting with FM drop-ins. LMAs or the changes in the duopoly rules don't solve these problems. They are scary because they will set off a new round of greed among and between FM owners and operators.

Keeping Score

With less than two years of LMA experience available, it is difficult to generalize about "success." For owners unable to sell "dog" stations, success is measured by their ability to retain the property,

About Local Marketing Agreements *

receive a monthly check and stave off bankruptcy. For operators with increased ratings shares, new revenues or stronger marketplace leverage, success is defined in those terms. For programmers who have spiked out real or potential competitors, the upside has yet to be quantified.

Most LMA participants are realizing cost savings in terms of economies of scale. "As a rule," Gary Stevens says, "you can run two stations for about 130 percent of the cost of running one station." Yet Tim Menowsky points out, "You can't save your way to a profit. At some point ... you've got to sell some ads. LMAs do not eliminate inventory."

So far, the decision to enter into an LMA has been based on different criteria for the brokering station or the passive partner. Partners' criteria are generally driven by cost and face saving, combined with a guess about the current market value of the station compared to a guess about its future potential.

For brokering stations, competitive factors, economies of scale and calculations about potential ratings or sales clout seem to be driving these deals. Brokering stations, generally belonging to well-managed, well-entrenched Radio companies, are also betting on the implementation of rule changes in anticipation of their ability to solidify operations in selected markets, to build geographic strongholds, to swap assets with other mega-players or accumulate enough stations and assets to go public.

Gary Stevens, Gary Stevens & Co., Inc.

Tactical Uses For LMAs

An LMA has many competitive applications. At minimum, it removes one competitor from the game board and can substitute a more determined or powerful selling entity into the markets. Tim Menowsky, President of the National Association of Media Brokers, advises

Tim Menowsky, National Association of Media Brokers

operators, "If you aren't looking at LMAs, you are missing a great opportunity." Before the changes in ownership rules, he warned broadcasters, "Passing up an LMA deal ... you could be like the guy in the '60s who missed FM. If you wait until lease/purchase deals are legal, all the good ones will be gone or too expensive."

While every LMA participant talks about giving clients whatever they want or need, LMAs seem to be universally priced to encourage combo buying and to discourage unbundling. For example, in a Top 40 market, a strong AOR station with spots valued at $100 was combined with a weaker Classic Rock station charging $30. The combination asked $150/spot with individual stations available at 80% of the base rate.

Given the reigning sensibilities of media buyers who bristle (or go ballistic) at any hint of a "have to" deal, everyone is using the full array of platitudes and euphemisms to tip-toe around this issue. In most cases, the combined audience, in terms of ratings or market share, usually yield the critical mass necessary to get in on a significant buy. In the same vein, large audiences, especially in desirable demos, should give broadcasters the clout necessary to maintain rate integrity.

The number of ways to use an LMA is as varied as the number of agreements in place.

• **Patient #1. Protecting the Franchise.** In Austin, Texas, the owner of a leading Country station, KVET-AM and its FM sister KASE-FM, struck a complex deal with Spur Partners under which KHFI changed its call letters to KVET-FM and changed format from CHR to simulcasting traditional Country, capitalizing on KVET-AM's heritage positioning. This allowed KASE-FM to protect its dominant posture as the market's number one station programming modern Country while protecting the franchise with a traditional Country presentation on the AM-FM combo. The result was a single organization dominating the ratings among Adults 25-64.

• **Attacking Format Competitors.** Sconnix's KFKF-FM/Kansas City, a contender for the KC Country crown against Great American's WDAF, entered into an LMA with Capital Broadcasting's KXXR-FM in February. By March, XXR had become KKCJ and was broadcasting Satel-

PULSE Quick Read

- LMAs have been a useful tool since late 1990.
- LMAs will continue to have a business role for Radio operators, even after new ownership and duopoly rules are put in place.
- LMAs have a variety of tactical applications which are as varied as the number of deals out there.
- Small market and minority broadcasters fear they will be taken advantage of by LMAs.
- So far, no one has made zillions with an LMA. They are not necessarily superior sales structures.

LMAs

lite Music Network's "Coast-to-Coast Country" format to appeal to a slightly older audience than KFKF and to drain away WDAF listeners. By creating their own "competitor," KFKF capitalizes on different segments of Country enthusiasts while making a two-pronged attack on its primary competitor.

• **Instant Cash Savings.** In Atlanta, Great American's Album Rock WKLY-FM sells itself plus All-News WCNN-AM and Urban WALR-FM. Ring Radio, licensee of the AM-FM combination, saves $750,000 annually in sales expenses and concentrates solely on programming its stations.

• **Market Dominance.** Back office consolidation and a stronger street presence led to an announcement in December that Malrite Communication's WHK and WMMS-FM/Cleveland would combine with Legacy Broadcasting's WMJI-FM. The arrangement, called "Radio One," is designed to capture and defend the high ground in the market and reduce by half the cost of sales and marketing.

Cheri Gardiner, VP/Media Director at Cleveland's Wyse Advertising sees positive and negatives. "There is more marketing in these joint proposals than in a straight spot selling situation," she thinks. "The value of the package depends on the product, the people who are putting it together and the specific package vis-a-vis our client."

• **Demo Dominance.** In Nashville, a market with two operating LMAs, Album Rock WKDF, ranked #1 among men 18-34

Alan Box, EZ Communications

and #2 among men 25-54 purchased and is reselling the entire inventory of crosstown Classic Rock WGFX; itself ranked #3 (M 18-34) and #5 (M 25-54). The combo has the largest possible male audience in the market which gives the operator leverage to set prices and structure promotions in an environment where advertisers cannot easily buy around him.

Yet local buyers aren't worried. "The KFD-Fox combo has awesome numbers at competitive prices," says Jennifer Crawford, senior vice president and group media director at Nashville's Bunton Agency. "It's no different than buying an AM-FM combo so if it works for the demo and it works for the client ...it works for me."

• **Extended Geographic Coverage.** In New York, Group W's WNEW-FM struck an agreement with WWHB in Hampton Bays ostensibly to allow vacationing New Yorkers to "take their favorite station with them to the beach." Yet in doing so, the Album-Oriented Rock station extended its signal coverage and franchise into Nassau and Suffolk counties, offered advertisers additional spots and beach-based promotions plus made significant inroads against Long Island-based competitors.

• **Protecting/Extending the Format.** LMAs are being used to introduce the News/Talk format to FM audiences and in so doing preclude a format challenge while improving audience demographics. In Jacksonville, Florida, EZ Communication's WOKV-AM simulcasts on WIOI-FM licensed to Brunswick, Georgia. EZ President Alan Box said, "We would have had great difficulty funding a News/Talk station the way it ought to be if we couldn't also be on FM."

• **Cuming Up Small Market Audience.** In New York state, WKIP simulcasts its Talk programming, except for Sunday mornings, under a six-year contract, on WKIP-FM (formerly WEXT-FM) licensed to nearby Arlington, New York. These two stations are sold in combination, called "trombo," with Lite Rock WRNQ-FM whose owner, NAB Radio Chairman Dick Novik, also owns WKIP. Collectively, the formats deliver audiences of Adults 18-49 in numbers greater than before.

• **Alliance For Progress.** Two weeks after arriving in Chattanooga, Allan Chapman constructed a four-station LMA to lift his ailing AM-FM combo out of Chapter 11 and to give four "also-ran" stations a vehicle to compete. Constructing "Spectrum Radio" as a local/regional rep firm with access to the inventory of Classic Rock WFXS-FM, Gospel WNOO-AM, Oldies 101 (WSGC-FM) and Soft AC WBDX-FM, Chapman and his partners can credibly assault WUSY's six rating and 27 share (6a-7p) and offer their combined 4.5 rating to advertisers. "This deal allows up to compete. It overcomes the signal limitations of three class a FMs and it prevents clients used to buying four stations deep from closing the book on us," the veteran station manager-turned-equity partner said.

• **Cover The Spread.** For David Ross and Metroplex's Y-100 in Miami, an LMA with Ackerly's ailing WAXY-FM aced a partial competitor and created an Adult CHR-Oldies combo that ranks second in the market and can be heard from North Palm Beach to the Keys. By resurrecting WAXY's Oldies' heritage, Ross eliminated competition for older listeners and combined the core 25-34 appeal of WHYI-FM with the 35-49 Oldies audience to offer clients 10 salespeople and two managers pitching "one-stop-shopping" and to offer Cox's WFLC-FM/WIOD combo competition for market leadership.

• **Harvesting Maximum Dollars.** Sconnix's third LMA combines their contemporary Country powerhouse WLLR-FM/East Moline, Illinois, with Community Service Radio's ascending soft AC KRVR-FM/Davenport, Iowa, and is designed to boost rates and maximize their share of market revenues. After tracking KRVR's ratings growth over 18 months (from a 5.6 to a 12.2 share among Adults 25-54), VP/GM Larry Rosmilso realized that by combining efforts, he could peddle a commanding 34 share in the most-sought-after demo and eliminate a competitor from undercutting his rates. With a client overlap of 60-70 percent, the LMA gives him the leverage to get fair market value for the inventory and grab the lion's share of available Quad Cities' dollars.

Battling LMAs

LMAs have yet to prove themselves as a superior sales vehicle. Selling against an LMA is really no different than attacking an AM-FM combo. In fact, stations competing against LMAs have a new philosophical arrogance since all the features of the arrangement benefit the operator not the advertisers. This argument combined with the fact that LMA rate card structures don't quite say, "You have to buy the combo," but clearly say, "You ought to buy the combo," gives a competitor an incendiary to enflame a touchy media buyer.

In assessing LMAs, from a client's perspective, stress the need for the combined demos to nearly or exactly match the advertiser's user profile, the CPP targets, the geographic coverage of the LMA'ed station, the real or imagined "synergy" between the stations, the relative value of the combined inventory, the distressed nature of the second station and/or the usefulness of the package or the promotion.

David Ross, Y-100 and WAXY-FM

Outlook

LMAs are not philanthropic. Instead, they are an officially sanctioned legal fiction which turns the classic notion of time brokerage on its head, introduces lease/purchase deals into broadcasting, potentially shifts the balance of power from agencies and advertisers to broadcasters and changes the way station owners understand and play the game. So far, no one has broken the bank by striking an LMA deal.

Many broadcasters have realized initial cost savings, some have retained control of their assets and still others have been the benefit of publicity and a buzz on the street. The next 18 months of operation in an uncertain economy plus the value of LMAs as springboards for acquisitions, swaps and other forms of enrichment will determine the ultimate value of these agreements as business tools. Odds are they will be with us for the foreseeable future in one form or another

Daniel Flamberg is Managing Director of Morgan Rothschild & Company. He may be reached at (212) 595-5292.

Barry Umansky Clarifies Political Broadcasting Rules

Barry D. Umansky is Deputy General Counsel of the National Association of Broadcasters.

Umansky joined NAB in February 1979, following six years as an attorney at the FCC. At the FCC, he specialized in broadcast and cable television regulation and policy making. Prior to his FCC employment, he worked at television and Radio stations in Kansas and Missouri as a reporter, news writer and news photographer. He also has experience in Radio and television production and promotion.

From May 1985 to May 1988, Umansky served as President of the Electromagnetic Energy Policy Alliance (EEPA), an association - co-founded by NAB - which represents producers and users of devices that emit non-ionizing energy. He currently serves on the EEPA Board of Directors. Umansky is NAB staff liaison with several NAB committees and is a frequent speaker at broadcaster meetings and conventions.

PULSE: **I've heard you are considered to be "the" Radio person in the legal department at the NAB. Give our readers a brief overview of your background.**

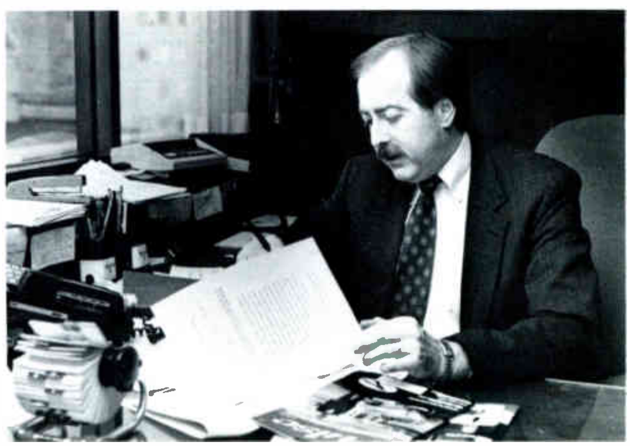
UMANSKY: I grew up in a broadcasting family. My father ran a Radio and television combination in Wichita, Kansas. To this day, I still consider him to be the quintessential local broadcaster. The key to his station's success was local involvement and creating a sense of community dependence on the station through a strong local news effort and tackling tough community problems. That's still the key to success.

I worked at Radio stations in college, and when I was in Law School, worked in television as well.

At the NAB, though my responsibilities cover both Radio and TV, I've tended to work more on Radio issues. One of my first tasks was our ultimately successful effort to defeat nine-kilohertz AM channel spacing, which would have been a disaster had it been implemented by the FCC. Since then, I've focused on Radio station allocation issues - ranging from the WARC deliberations, Region 2 negotiations, AM band expansion and AM improvement to our recent FM petition asking for a comprehensive FCC review of FM policy and an end to the Commission's "more is always better" philosophy on adding new stations. I've worked on many other proceedings at NAB and the FCC which have affected both industries.

PULSE: **What is your role at the NAB, and what you are doing for broadcasters?**

UMANSKY: As deputy general counsel in the NAB's legal department, I spend a good deal of time on Legal Department administration with our General Counsel, Jeff Baumann. But, like the other attorneys, I'm here to help answer questions from broadcasters and further their interests before the FCC, other agencies, the courts and, in conjunction with our government



relations department, to help advance their interests before Congress. Each year we file more than 100 sets of comments, briefs and pleadings with these various levels of government on behalf of broadcasters.

From the perspective of the NAB Legal Department, the vast majority of our efforts are for Radio broadcasters. For many years, NAB has done annual surveys of member station benefits, and consistently, the ability of a Radio broadcaster to contact the NAB Legal Department and get an answer to a question on regulation has been at the absolute top of the list of valued member services.

In addition to filing briefs and answering member questions, we are the authors of a variety of NAB publications of value to our Radio membership. The *NAB Legal Guide* is essentially our flagship of the fleet. We recently put together and published a supplement that brings our readers up-to-date. I've been a co-author of the *Legal Guide*, our contest and lottery book and our just-updated *RF Radiation Guide*. In the next couple of months, we will be completing a revision to our *Political Broadcasting Catechism* as well.

At meeting of NAB Regulatory Review Committee March, 1992: (l-r) Bob Fox, KVEN-KHAY, Ventura, CA; Dick Novik, WKIP-AM/WRNQ-FM, Poughkeepsie, NY; Barry Umansky; Denise Shoblom, WUHN-AM/WUPE-FM, Pittsfield, MA.

PULSE: There's going to be a lot more political advertising placed as we get closer to election time. The rules have changed considerably. Let's talk about the changes that are the most impactful on the local level.

UMANSKY: Certainly, political broadcasting is going to be a central area of FCC enforcement during the remainder of 1992. There were several significant changes when the Commission adopted a Report and Order in its political broadcasting rulemaking proceeding.

One big change is that the FCC said, *absolutely*, that broadcasters have no obligation whatsoever to sell any spot time or programming time to non-federal candidates. Under the FCC's ruling, one can simply ignore, for purposes of selling spot and program time, all state and local races. Obviously, many broadcasters will decide that is not the proper course. They will sell time to these candidates. The important thing is that broadcasters have much greater latitude to say no, and they can establish set time limits, etc. for state and local races. They can decide not to cover every city council race or minor political race within their service areas. For federal candidates the situation is vastly different. Stations still must afford what is called "reasonable access" to federal candidates.

PULSE: What are some of the other significant changes?

UMANSKY: For one, the FCC has backed away from a decision it made some years ago which said all classes of preemptible time were going to be considered as one class. Now the FCC, from the perspective of broadcasters setting rates and granting lowest unit charge, says that you can have different classes of preemptible time as long as the classes are distinguishable in terms of, for example, benefits to the advertiser, such as make good benefits, etc. That is a significant improvement. Under the FCC's earlier interpretations, a political candidate could, for example, buy preemptible time at a higher level, assuring that the spot would run, and if anything cleared at a lower rate, broadcasters would be forced to give a rebate. By saying there can be different classes of preemptible time, the need for rebates has been diminished and broadcasters can have greater price stability during lowest unit charge time.

The Commission also made a significant change dealing with "fire sales." A few years ago the FCC said that when you conduct a fire sale that lowers your bottom-end rate, this would lower your lowest unit charge for the *entire* lowest unit charge period of 60 days before a general election and 45 days before a primary. Fortunately, the FCC has changed its view, and fire sale discounts will only affect lowest unit charge during the time period (for example, a rotation, daypart or program) in which the fire sale spots are broadcast.

Perhaps the most significant FCC edict in recent months has been its decision to preempt state and federal courts from acting as the arbiters of complaints over alleged broadcaster violations of the lowest unit charge provisions of Section 315. In December of 1991, the same day it issued its overall Report and Order on political broadcasting, the FCC adopted a strong preemption order which is still being litigated in the courts. We're hopeful all the courts will find that the FCC's preemption is lawful and that the FCC does have exclusive jurisdiction on political rates and the determination of liability and damages, where candidates may have not been afforded lowest unit charge.

PULSE: What about equal time rules related to personalities - like the Ronald Reagan movies requiring equal time during his election?

UMANSKY: That deals with another significant change - the FCC's altered definition of "a use of a broadcast facility." The FCC had been disturbed over its earlier decisions that, for example, equal opportunities would be triggered if a sta-

Barry Umansky

tion ran a Ronald Reagan movie while Ronald Reagan was running for office. There also was a situation some years ago involving George Takei, who played Lt. Sulu in Star Trek and was running for a city council seat on the West Coast. Under earlier FCC rules, if a station in that city ran a Star Trek rerun and George Takei was in the episode, that would trigger an equal opportunity's requirement on the station to sell advertising time to Takei's opponents.

In determining whether or not there is a "use," the FCC now defines the term "use" as a candidate appearance, and that means identified or identifiable in a non-exempt program, where the appearance is controlled, approved or sponsored by the candidate. That's a significant change, because obviously, Ronald Reagan and George Takei did not control the airing of the movie or series episode. So, in that regard, the FCC's redefining what a "use" is has given broadcasters more latitude in refusing requests for time.

PULSE: What about running ads in newscasts?

UMANSKY: In a split decision of four commissioners on one side and the chairman of the FCC on the other, the FCC continued the exemption involving news. Broadcasters can still refuse to accept political advertising time during newscasts. That's an important decision. We think broadcasters should be able to maintain the integrity of their newscasts. But, broadcasters certainly have the discretion to run political spots during newscasts if they want to.

PULSE: What are the major areas of confusion?

UMANSKY: The major area of confusion, and the focus of the FCC, is on the determination of rates. The FCC has emphasized the need for full disclosure to political candidates. The Commission's 1990 audit of 30 stations showed there were some situations where candidates were not fully appraised of a station's sales practices. Now, the FCC is expecting that broadcasters fully disclose their approach toward the selling of advertising time, etc.

A "rate" area where broadcasters perhaps have some of their most significant beefs deals with "package plans." The FCC has said that a broadcaster now must "break up" or "unbundle" packages, look at those individual components of the package, assign values to those components and then have those values affect lowest unit charge. If there were a package that has an ROS component, and that is a low-priced ROS, lower than any other ROS spot, then that value would lower the price for ROS spots during the station's lowest unit charge period. In many broadcasters' opinions, the candidate is given a distinct advantage over a commercial advertiser under this package plan policy. Ostensibly, the FCC's mission is to make certain that candidates simply are not disadvantaged. But, there are some areas - such as this one - where there may be some candidate advantages over regular commercial advertisers.

"...where there are problems perceived by broadcasters, the FCC or the Congress, steps may be taken to straighten things out through the "reconsideration" process. NAB will be active in that reconsideration process as well."

PULSE: Am I obligated to give the political candidate the same rate if he doesn't spend the same amount of money when the discount is contingent on a large expenditure?

UMANSKY: Yes. One of the long-standing principles of FCC political broadcasting regulation has been that volume discounts must be passed on to political advertisers, even though they do not buy that same volume of spots. You could have a situation where a most-favored advertiser buys a year's worth of spots for $5...and if some commercial advertiser walked in off the street, the price for one such spot would be $15. For political broadcasting purposes, if the candidate comes in and wants the class of spot that is part of that long-term contract, then he or she gets the $5 rate - even if buying just one spot.

PULSE: What happens if my station gets caught not giving the lowest unit rate?

UMANSKY: Most likely there will be a fine or some other sanction as part of the FCC's political broadcasting complaint process. Political broadcasting is an area, just like falsifying an FCC reporting form or running illegal lottery ads, that is a terrific way to get in trouble and offer people the opportunity to blow the whistle on you. In 1992, political broadcasting will be a prime area of FCC scrutiny and, perhaps stimulated by congressional interests, FCC enforcement.

PULSE: You are on the telephone with broadcasters every day. With the new political rules, what are the biggest confusion factors?

UMANSKY: The biggest questions are, for example, how do you distinguish weekly rotations? How do you make sure you can charge a particular price for a particular spot? What are different classes of time for purposes of lowest unit charge - how do you distinguish those weekly rotations? These are areas where broadcasters like to maintain rate integrity and the Commission's new rules give broadcasters a greater opportunity to do so.

Broadcasters ask lots of questions about sponsor I.D. Is the sponsor I.D. sufficient? Is that voice really identifiable? Is that the candidate's voice? If the candidate is an "unknown" in the community, the fact that that candidate is the one doing the I.D. voice-over does not necessarily trigger lowest unit charge, nor does it necessarily trigger equal opportunities unless

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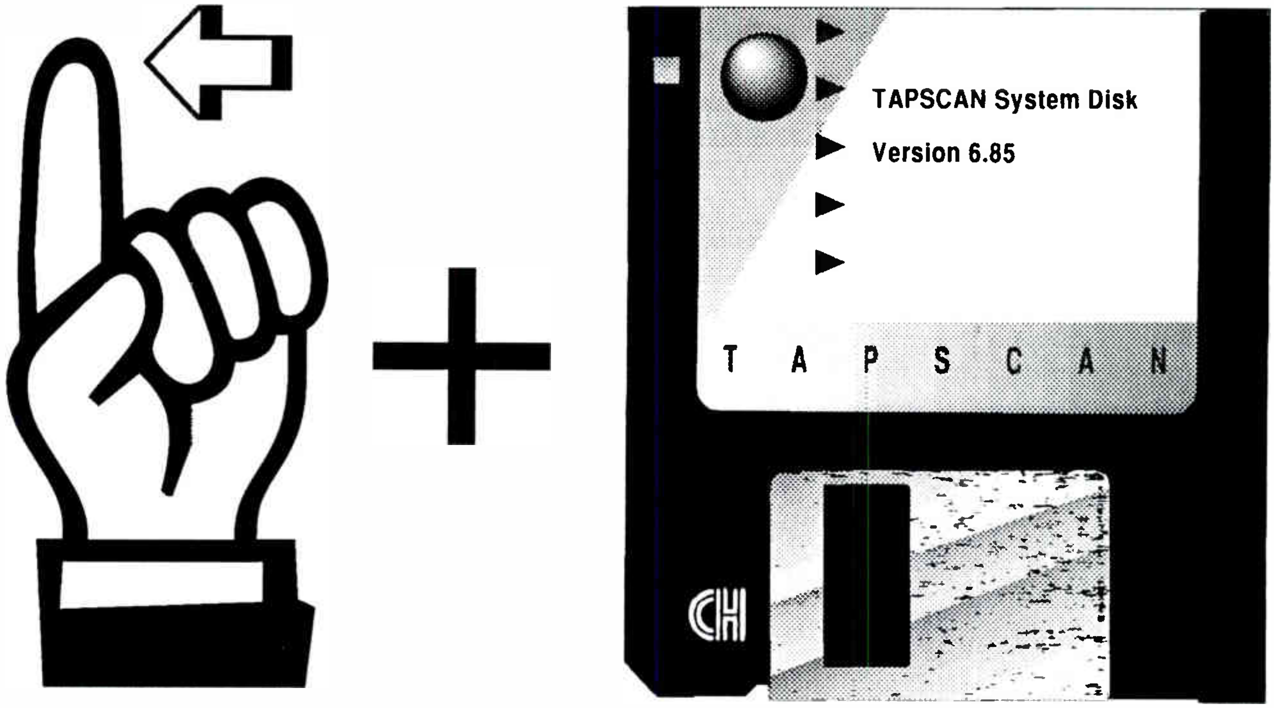

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Barry Umansky

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the voice is either identified or identifiable. To get lowest unit charge, and for purposes of also triggering equal opportunities, there must be a candidate appearance. For Radio, that means an identified or an identifiable voice.

PULSE: That's why often you hear the candidate say, "Paid for by the so-and-so..."

UMANSKY: Precisely. It's a different voice. In some cases, the candidate says, "I'm Joe Smith. This spot was paid for by Joe Smith for Senate." That's a proper sponsor I.D. that triggers lowest unit charge and equal opportunities. Other times you will simply have the sponsor I.D., but no identification of who that voice is. If the candidate is an incumbent, people in the community may very well know that candidate's voice. Then the station probably should make the good-faith determination that that's a candidate appearance. But for a new candidate, one whose voice is not familiar to those in the listening audience, then the broadcaster could make a good-faith determination that it is not an identified or identifiable voice, and therefore, the broadcaster need not afford lowest unit charge. Such an I.D. also would not trigger equal opportunities.

Another similar issue deals with employee candidates. For example, an on-air person has political aspirations and has decided to run for political office. That person's appearance on your air would trigger equal opportunities and, because this person is appearing on your station essentially free of charge, it would require the grant of free time to his or her opponents. Many stations respond to this predicament with a decision to simply take the broadcaster off the air for the period of time of the election campaign. Other broadcasters - and this really has worked in some situations - have been able to work out a "deal" between the employee candidate and the employee's opponents. The agreement might be that the candidate would never mention his or her candidacy during air time and the opponents would agree to something less than full, free equal opportunity response time. There have been others cases, of course, where the opposing candidates were less than willing to agree to that kind of contract. Obviously, the fewer minutes or hours on the air for the employee candidate per week, the easier it is to try to work something out.

PULSE: What about granting credit to candidates?

UMANSKY: The "unwritten law," but one that FCC staff members had stated for quite some time, had been that broadcasters could ask for money "up front" from any political candidate, federal or non-federal, so long as the request for prepayment did not exceed seven days before the spot or program were to run. Earlier this year, in response to a letter from a political candidate and a consultant, the FCC said that the general policy still holds: A station may require advance payment up to seven days before the program or the first spot in the schedule is to air. However, the FCC said there was an exception. They qualified their position, based upon the general FCC policy that stations cannot discriminate between commercial advertisers and candidate advertisers. Advance payment cannot be required if (1) the candidate's agency has an established credit history, (2) the agency is responsible for payment, and (3) the station would give credit to that agency if it assumed liability for a similar advertiser, such as a store about to go out of business.

For candidates and their committees, the test is basically the same, focusing on liability and established credit worthiness. Only in the rare case where the three parts of the test are satisfied, would a station not be able to ask for advance payment.

PULSE: On another subject, tell me about the reaction to the duopoly and multiple ownership rules.

UMANSKY: Well, broadcaster reaction to the FCC's ownership rule changes - though mostly positive - has been mixed. Virtually all broadcasters agree that some changes were needed in the national ownership and local duopoly rules. The NAB financial data that we submitted to the FCC, along with the current, high levels of Radio program diversity, all supported change. NAB specifically asked that the Radio ownership rules be loosened. Even those on Capitol Hill, who recently have expressed strong reservations about the nature of the FCC's decision - and may even take steps to suspend the decision - agree that the preexisting Radio ownership rules were too restrictive.

But, that's where the unanimity ends.

Clearly, most broadcasters are generally happy with the rule changes simply because they would be allowed, under this new regime, to acquire another local station. But, some very small market broadcasters are dismayed because they, under the "small market" terms of the new rules, would be barred from owning another local station. Some very large market broadcasters, on the other hand, are less than thrilled that a group owner could come in and acquire six stations in their market. However, data for determination of "how many stations" are in a market, and for assessing whether the proposed ownership combination would exceed "25 percent of listening," is pretty much unworkable.

About the time NAB '92 begins, when the Commission releases the text of its *Report and Order*, we'll have a clearer picture of the Commission's decision. I think the Commissioners and the FCC staff are appropriately sensitive to the needs of our Radio industry - and the needs of Radio listeners - and they've tried to give us a "best effort" here. But, as of the time of this pre-NAB '92 interview, there are lots of questions that remain regarding the specifics of the FCC decision. And where there are problems perceived by broadcasters, the FCC or the Congress, steps may be taken to straighten things out through the "reconsideration" process. NAB will be active in that reconsideration process as well.

PULSE: Any closing comments?

UMANSKY: Well, in addition to being a trade association attorney, one of my main responsibilities over the last couple of months has been putting together the Broadcaster's Law and Regulation Conference for NAB '92. An important part of this conference will be the presentation of the first annual Belva Brissett Award. Belva was an employee of our Legal Regulatory Affairs Department who died of cancer in 1990. She was one of a kind. In her 14 years at NAB, Belva was one of the most genuine friends broadcasters and NAB staff had. She had tremendous rapport with the FCC. We've established this annual award to honor broadcasters who have made a significant contribution to advancing our over-the-air industry in the regulatory process. Our first award winner is Denise Shoblom, a Radio broadcaster, who, as it turns out, also had to tackle some difficult physical setbacks of her own.

Denise helped us a great deal in our work before the FCC. The award serves as a memorial to Belva, and I'm sure that all those attending the presentation at NAB '92 will be moved by it.

ONE YEAR AGO

April 15, 1991
Steve Bellinger, President
Systemation

"In Radio, we've got to get back to either seeing ourselves fade away or start paying more attention to what we say and less attention to how we sound."

ALTAIR COMMUNICATIONS
MEANS BUSINESS

"The weeks we appear in *The Pulse*, the phones ring. If we miss an issue, they don't! Advertising in *The Pulse* produces leads from Florida to Colorado..."

John Newman
President of Altair Communications

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MEANS BUSINESS

"In great part, because of advertising in *The Pulse of Radio* magazine, I was half sold out in 1992 by July 1991. I am convinced, *Pulse* readers read *Pulse* ads!"

Dave Gifford
President of Dave Gifford International

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"I wanted...greater visibility. *The Pulse* provides the means to that end. Marketing Sun Radio became easy when we began advertising in *The Pulse*."

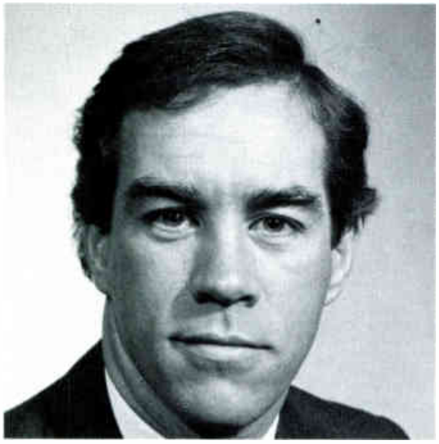
Bill Wardino
COO of Sun Radio Networks

The *Pulse*™

The Pulse of Radio is Radio's management and marketing magazine. For advertising rates and information on

Information Flash...

What Brokers Think About The Recent FCC Rule Changes



Dick Blackburn

Don Bussell

Randall Jeffery

The Pulse of Radio questioned several industry brokers as to how they feel the new FCC changes will affect trading. Here are their replies:

W. John Grandy

Broadcasting Broker

San Luis Obispo, California

There are now qualified buyers, but few stations available at prices which those buyers will, can and should pay. When the number of stations available is increased by the stations next door and down the street, there will be more sales, purchases and mergers.

Richard L. Kozacko, President

Kozacko-Horton Company

Elmira, New York

The proposed FCC changes could be very helpful to broadcasters. No, I don't see a wild surge of station acquisitions. The funding still is not in place for a large quantity of purchasers and even under the present ownership limitations, very few broadcast groups have approached their ownership limits. Thirty facilities in each service is a very high quantity, and I would suspect that not many owners will attempt to reach this magic figure. I expect the most benefit to occur with consolidations within various markets. Ownership of two AMs or two FMs within the same marketing area can be beneficial to audience, advertisers, and stations as well. There are simply too many poor performing stations out there and allowing one owner to operate multi facilities within the same community should interject an improvement in efficiency and operating costs. In fact, this is probably an area where the FCC might still be able to improve their proposed regulations. As a broker, financially performing stations are far more attractive to buyers as opposed to comparable facilities without performance. This is an area in which I think Radio will be better served.

Bob Mahlman, President

The Mahlman Company

Bronxville, New York

We believe "cautious optimism" is the phrase now prevailing amongst large group broadcasters (those whose ownership is primarily in the top 35 markets), medium market and small market broadcasters.

There is a prevailing sense that the FCC ruling will be delayed beyond August 1st and there will be modifications especially concerning the ownership of 30 AM and 30 FM stations. There is also uncertainty as to market definitions and rating criteria concerning the FCC ruling. Obviously, a number of questions require answers and the industry requires clear definitions concerning the ruling before decisions and commitments are made.

However, large market broadcasters have begun planning and are reviewing acquisition possibilities as well as station swapping opportunities.

Medium and small station group operators and brokers are already making contacts regarding LMA possibilities that will lead to an acquisition or sale. Activity has increased in this category.

The medium and small market broadcaster (and many large market owners) is facing a major decision as to whether to sell or expand - standing still and doing nothing, as ownership within markets increases, can lead to a competitive disadvantage within a year and certainly in the long run.

The FCC ruling, when clarified, must be accompanied by financial institutions recognizing the new opportunities for them in Radio financing. HLT policies concerning Radio by bankers have to be loosened.

In summary...we believe the FCC rul-

Frank Kalil

Richard Kozacko

Bob Mahlman

ing, which is *not* expected to be drastically modified, presents broadcasters an unprecedented opportunity to expand as well as stay competitive.

Although bankers are taking a wait-and-see attitude, we believe experienced lenders recognize a "new opportunity" and will lend again.

Now, all of us are planning as well as preparing for significant trading activity. Those broadcasters with funding and wanting to expand are already increasing their activity with established brokers.

Peter Handy, Investment Broker

Star Media Group

Dallas, Texas

The pending rule changes regarding duopoly should have an immediate impact on station trading. It would appear that in any given market there are healthy operators who would welcome the opportunity to further their growth. Acquiring an additional property within a marketplace where one already has a successful format and team in place eliminates some of the risk involved when taking on a new project. To this end, there should be new prospective buyers who were not previously available before these pending changes in duopoly.

In markets outside the top 25, there appears to be more stations whose performance, or lack thereof, would necessitate a sale than there are station owners who have the ability to buy. This leads one to believe that the healthy buyer will have more than one opportunity available to pursue. Given the right situation (compatible format, favorable leases, ratings and revenue), it would seem logical that these potential buyers would become proactive in securing a new acquisition.

With this new spike in activity, pricing, which has been in a steady decline over the last 24 months, may stabilize. Until we witness the occurrence of completed deals, it is very difficult to predict the outcome of where pricing will be. Clearly, an operator with successful systems in place, should be able to eliminate downside risk that an out-of-the-market operator would incur. This suggests that buyers will see more value in a station within their own markets.

Should this spike in station trading occur in the short run, one can assume that station trading in the long term could become significantly less active. As operators consolidate, business plans will revolve around servicing debt and paying down principal rather than ramping up value and seeking a quick exit. Additionally, station owners with multiple FM/AMs in one market who continue to grow their properties (potentially beyond a 25 share of audience persons 12+) will find that an exit strategy based upon a station sale could become increasingly difficult.

Regardless of the good intentions that duopoly presents, a lack of liquidity in the capital markets would leave all of these potentially successful business plans on the drawing board. It has been the practice of lenders over the last 24 months to adopt a "wait and see" attitude. Should lenders not share the vision with their debtors that duopoly can reduce risk and increase earnings and hence do not seek new deals to finance, operators will be forced to move away from an acquisition/sales strategy to a swap/trade strategy.

Frank Kalil, President

Kalil & Co., Inc.

Tucson, Arizona

The 30/30 ownership cap is of little consequence to all but a few people. The important thing is multiple ownership in a single market, creating economy of scale, operating efficiency, and rating/revenue stability.

FCC Rules Affect Brokers

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Quite frankly, I was surprised that not everyone in the industry was pleased by the new rules. While, for some, the status quo might be preferable, the industry, as a whole, will benefit greatly by having 50 percent fewer competitors in each market. Even the listener will benefit by being treated to better quality radio which broadcasters will be financially able to afford. Whether anyone likes it or not, it is time to consume or be consumed. The only wrong thing is to do nothing. One should decide immediately whether to add another station (or two) or leave a particular market before it is picked over. One cannot be the last station standing when the music stops. Everything will be paired up. Some operations will use brokers and some will attempt to do it themselves. I suspect a broker (even if it is not KALIL & CO., INC.) will negotiate better between competitors for all the obvious reasons.

Radio is going to be an extremely healthy business...probably better than ever!

Charles Giddens, President

Media Venture Partners

D.C., Orlando, San Francisco

We're very excited about the possibilities the new rule changes could bring to the industry. It is not a panacea, but rather a positive step forward to allow for some badly-needed consolidation, perhaps a better economic profile and a more-reasoned approach to dealing with the numbers of stations owners may operate. As the economy picks up, we do see a good bit more interest in acquiring, trading and merging in the months ahead.

We don't see the banks rushing back into the business, nor do we feel very comfortable with the mythical 25 percent audience rating caps in market. What we do see is a business that, if stronger, will again attract prudent investors and allow stability.

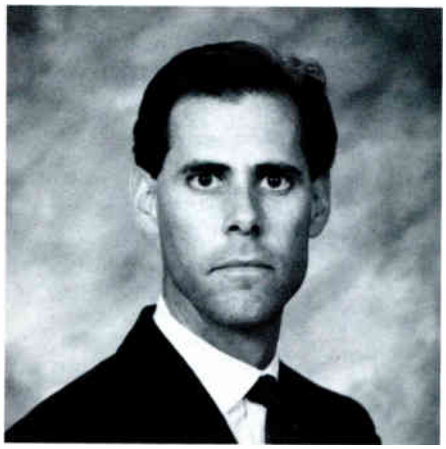
Randall E. Jeffery, Partner

Media Venture Partners

D.C., Orlando, San Francisco

The proposed FCC changes regarding duopoly should have a positive effect on Radio station trading in two specific areas.

First, we may see an initial flurry of intra-market transactions in which strong, mid-pack and even weak stations will fortify and enhance their positions by acquiring a complimentary competitor. This process will also be beneficial for ailing properties that, up to now, needed to be sold but, until relaxation of duopoly, did not have a suitable buyer from outside the market.



Peter Handy

Second, due to increased competition, the Radio industry has lost some of its glamour for certain investors. The proposed changes may very well serve to attract these buyers back into Radio now that they can derive a greater share of audience and revenue through multiple ownership in a single market.

A tertiary, but extremely important benefit of the new ruling, may well be that the very real potential for greater revenues will serve to attract the banking industry back to Radio. Of all the negative factors affecting Radio trading and pricing over the past 30 months, it has been the absence of senior lending which has dealt the industry its harshest blow.

Norman Fischer, President

Norman Fischer & Associates

Austin, Texas

The result of the FCC ruling would stymie competition in the marketplace by allowing the conglomerates and the large broadcasting companies to buy up to three AMs and three FMs in the same market. The individual or small broadcaster would not be able to compete on an even-level playing field against the prosperous multi-station owners in the same market.

The impact of this decision will decrease buyer demand in the long run and impedes new buyers from entering the broadcasting business fearful of competing against multi-station owners in a given market. It is my opinion that this ruling eliminates diversity of ownership by allowing group owners to swallow most of the choice properties in a community and leave inferior signals to the less prosperous broadcaster.

Don Bussell, President

Questcom Radio Brokerage, Inc.

Gaithersburg, Maryland

The new FCC changes in the ownership rules will ignite significant trading activity once the new rules are implemented. Already, many broadcasting companies are analyzing their portfolios and making plans to determine in which markets they will consider buying or selling Radio stations. Under the new rules, broadcasters who acquire an additional station(s) in a market will be able to consolidate expenses and provide the listener with better programming. When completed, these strategic moves will look to strengthen the broadcaster's overall operating performance and enhance bottom line results.

In a marketplace where financing remains tight, creative deal making will flourish in response to the new rules. Our firm is presently assisting clients in analyzing their portfolios and, on certain deals, we have proposed tax-free exchanges of stations coupled with interim LMAs between companies which would place each party in a win-win situation.

For the long-term operator, it is an opportune time for strategic planning and action.

George R. Reed, Vice President

Media Services Group, Inc.

Neptune Beach, Florida

The action taken recently by the FCC will be the catalyst we have needed for stabilizing (and ultimately improving) the station values within the Radio broadcasting industry. It comes at a time when ad revenues are showing improvement and some lenders are resurfacing into the business of making broadcast loans. Allowing multiple ownership and relaxing duopoly rules will let the marketplace

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E. Alvin Davis & Associates — Proven Oldies Success

Proven success in head-to-head FM Oldies battles.
Proven success with Oldies format changeovers.
Proven success maintaining ratings.

"We're not some Johnny-come-lately, suddenly claiming to be an Oldies expert. This is a format we've been closely involved with for years."—E. Alvin Davis

If you're involved with Oldies, you should know these facts about E. Alvin Davis & Associates.

1. Proven success in head-to-head FM Oldies battles.

Three times in the last year our clients have scored first book 25-54 wins against established FM Oldies competitors.

WGGZ-FM/Baton Rouge debuts 3rd with 7.6 share. Beats Oldies competitor with previous 10-share.

KEYF-FM/Spokane debuts 4th with 11.2 share. Tops established Oldies station which then changed format.

WJLT-FM/Ft. Wayne debuts 5th with 7.3 share. Pulls more audience than the combined share of AM/FM Oldies competitor. Competitor previously had close to an 8-share.

2. Proven success in Oldies format changeovers.

Every Oldies changeover debuts top five 25-54 first book. It's happened five times already.

EAD Oldies: First Book Scorecard

Station	25-54 Rank	25-54 Share
WGRR-FM/Cincinnati	3rd	8.2.
WGGZ-FM/Baton Rouge	3rd	7.6.
KEYF-FM/Spokane	4th	11.2.
KLKL-FM/Shreveport	4th	9.8.
WJLT-FM/Ft. Wayne	5th	7.3.

3. Proven success in maintaining ratings once you get them.

Our clients avoid the typical Oldies scenario—a strong debut and then a fast fade into the middle of the pack.

With Oldies stations, sometimes getting the numbers may be the easy part. The inevitable challenge that is always more difficult is keeping the numbers. We've proven we can meet that challenge. We help our clients achieve continued rating success—book after book—year after year.

Successful Oldies stations don't happen by accident. Our company has a proven track record of Oldies success. For a no-cost initial consultation, phone E. Alvin Davis at 513/984-5000.

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President

Quality consulting for select clients

FCC Rules Affect Brokers

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correct some of the "sins" brought about in the 1980s by Docket 80-90. Small and medium market stations unable to compete, resulting from too many signals fighting for too small a revenue base, will now have options besides going dark. AM stations will at least have a chance to become viable profit centers.

In the larger markets, groups will expand their holdings and further realize economies of scale. No longer will growth be artificially restricted by antiquated rules. The lifting of the HLT loan restrictions will also tend to improve the credit availability for the larger deals. Merger, acquisition and consolidation discussions are already underway between a number of operators.

Some lenders who have been relegated to the sidelines in the last 18 months have begun to reconsider their positions on broadcast lending. A few have actually funded some credits. The net result will be increased liquidity and a healthier trading environment, but it won't happen overnight. Lenders with whom I have spoken recently generally applaud the changes. However, there are still many broadcast credits in the bank workout departments which continue to dampen their enthusiasm. Without question, even as things improve within the industry, there will be fewer banks lending to broadcasters in the future than there were 18 months ago.

In short, the FCC's decision to allow ownership of up to 30 AM stations provides a ray of light to what has been a very dim climate. Prices will gradually "firm up," but not to those levels seen during the 1980s.

Dick Blackburn, President

Blackburn & Company, Inc.

Washington, D. C.

The rule changes for Radio will result in an increase in station trading in all forms - both traditional sales to in-market and out-of-market buyers and non-traditional forms such as multi-party exchanges, mergers, joint ventures and LMAs with future purchase options. There has definitely been a strong need for consolidation, and with proper planning and assistance, almost all parties will now have the ability to make moves which will strengthen their companies.

Right now, there is a frenzy of "activity" as many parties begin to sort out what these changes might mean to them. Those parties who got the earliest start on this planning process will have the best grasp and will be in the best position to take advantage of the opportunities. Perhaps more than at any time in the history of the industry, broadcasters need a trusted and objective third party to help guide them in their strategic thinking. They need to fully assess their current situation and how it will change, and then plot their way through the maze of options with someone who understands this marketplace and how quickly it is changing.

This is a time and an opportunity for broadcasters to regain lost equity, but not every move is a good one and only one move will be the best one. The overall impact of these changes will be good for the industry and for station values, but a wrong move (or a non-move) will be at least as costly as before.

Getting Beyond Cost-Per-Point With:

Retail Spending Power

By Rhody Bosley

What if you had information that could really impress retailers? What if that information was in the form of a number that dealt with retail sales potential? What if that data told the retailer about their specific market and maybe even their own store? What if a computer could generate a report that told your retail prospect how many dollars your audience could be worth to his store in terms of potential sales?

Is this a "what if" dream or is it reality? At the Radio Advertising Bureau's Managing Sales Conference in February, TAPSCAN demonstrated for the first time their new "Retail Spending Power" software. This enhanced software added data that will permit Radio station sales staffs to quickly calculate the "retail spending power" of the station's audience. For example, a station may be able to make the following statement to a retailer: "Our station reaches 240,000 grocery shoppers each week who are spending $382 million dollars per year in this market. That's $35 million a month, seven and a half million a week. This very day our audience will spend over one million dollars in this city to purchase groceries." This type of information is available for nearly 60 retail categories.

"Radio stations have expressed a strong need to get beyond cost-per-point and place a value on their audience that a retailer can understand. Retail Spending Power is the means to that end," said Jim Christian, chairman and CEO of TAPSCAN. "Retail spending defines a station's value as a marketing tool with a real-world, exciting, statistic that hits a businessman right where he lives."

Christian added that "Until now nobody really has had an idea of how much money was being influenced by an advertising campaign. All they knew was how much the schedule cost and the number of people reached, which immediately placed the emphasis on cost-efficiency, rather than the spending power that the advertising campaign could influence."

The idea of using household expenditure information to generate a value on a Radio station's audience is not new. Julie Heath, president of Breakthrough Marketing, has been providing her sales research clients with U.S. Department of Labor statistics about household expenditures for some time. Heath says that applying household expenditures against the station's cumulative audience makes "the buying power of the listeners more tangible." And, Heath adds, "Talking about expenditures speaks in terms of consumer behavior that a retailer wants to hear."

"The system can also be used to determine the value of retail spending power for those demos not in the advertiser's stated target demographic. The station can sell the worth of their total audience," according to Dave Carlisle, president and COO of TAPSCAN.

Let's take the ever-popular 25-54 demo as an example. Perhaps your station is abundantly endowed with those 55+, but is third in the market for the target audience. The advertiser says he's not interested in buying three deep. "But wait!" you exclaim, "our station reaches more potential expenditures than the other stations."

In this scenario, the salesperson shifts the emphasis from the demo to the purchasing power of the total audience. By examining the purchasing characteristics of each audience cell you may find that even though those 55+ account for less spending per household that your station's overwhelming number of them in the audience can more than make up the difference.

This writer used RAB Instant Backgrounds to develop similar types of data when in local sales nearly an eon ago. Although these were admittedly national rather than market specific data, the result could be a talking point with the local retailer. The Instant Backgrounds contain data collected from various sources within a business category. Some of the data that is sent out on these sheets is suitable for applying against the cumulative audience of the station. Some quick calculations can produce a value or worth of the station for the retailer. For example, the data for a business category may show that the retailer is correct in choosing 25-54 as the best potential for sales results because this group spends more money per household. However, when evaluating the station to be selected, it may be more efficient to choose a station with less audience in the target demo but with more to offer in total potential expenditures.

Retail Spending Power, as developed by TAPSCAN, is a market-specific database with retail sales for nearly 60 retail store categories such as food stores, department stores, restaurants, hardware stores, car dealerships, and other key advertiser categories to Radio stations. Retail sales information is gathered by the Census Bureau and then is processed annually by Market Statistics, Inc. for their "Survey of Buying Power." Market Statistics is the same firm that provides Arbitron with population estimates.

The nationally known data processing firm of Bamberg-Handley, Inc., the creators of Arbitron's Product Target AID system for television produced the database for TAPSCAN. This is the first time that Radio broadcasters could get hold of this type of data via electronic form.

Carlisle explains that through "using these cume-based spending power totals the station has a chance to show its true power to the advertiser, with a weekly circulation figure that compares more favorably with print and television audiences."

To project a station's spending power for a retail category, TAPSCAN's software applies the cume rating in each demographic cell against the spending power for that cell. The demographic cells are then added up to match the desired demographic target such as women 25-54. The results of the calculation yields the station's potential dollar value of the station's audience to the retailer.

Using the power of bigger numbers has always been an objective of Radio broadcasters. The fragmentation of the Radio marketplace has caused audience estimates to look pretty small, especially with quarter-hour ratings. The station's largest audience estimate is the weekly cume, but that number is one that seems to be either too hard to translate for a retailer, or they will not accept that as a fair evaluation of the station's potential for advertising. The concept behind spending power yields a much larger number because it uses the weekly cume and applies it to a market's total spending for a retail category. This produces big numbers in even a small market.

The appeal for retail spending power should be very strong among medium and smaller markets where spending estimates can range in the millions of dollars. A big number like this can make a very impressive presentation. In audience research there is a bromide that reads: "A bigger number is a better number." Retail sales is a big number and when it is used in conjunction with a station's cumulative audience, which is the largest number a station can get, the sum is significant.

What about differentiating between two stations that have the same cume rating, but have audience with different lifestyles? Each retail category is weighted by demographic cell using income data directly from the Census Bureau. Thus, even if a station has an identical cume rating for the total audience, the spending power can be mark-

"Retail spending defines a station's value as a marketing tool with a real-world, exciting, statistic that hits a businessman right where he lives."
– Jim Christian

PULSE *Quick Read*

- Retail Spending Power is an old idea in new software with data on nearly 60 store categories.
- A retail advertiser should be more interested in the spending power of the audience than in its size.
- Retail spending is based on the Census Bureau data as updated by Market Statistics. The ratial spending formula uses the station's cumulative audience to project the spending power which yields impressive statistics.
- Retail spending is another method to help salespeople get beyond cost-per-point.

Retail Spending Power

edly different because of the differences in demographic composition. One station may skew older or younger than the other even within the same format. Retailers themselves will target different age groups based on the lifestyle customer they are attempting to serve. Some jewelers for example target the younger buyer who is buying engagement rings while other jewelers focus on the upscale patron who wants to buy high quality gems. Therefore, the retail spending power data can be useful in demonstrating the total market and the individual store's marketing concept. This same principle can be applied to car dealerships which offer a wide range of cars with a variety of price points.

Retail spending can be applied against local market qualitative data to make the data client-specific. For example, you might select Sears in the department store category of a local qualitative service like Media Audit. The TAPSCAN software will apply the cume estimates to spending power for department stores to arrive at a figure that represents the Sears spending power in that market.

Qualitative data is available in most major and medium markets through Scarborough, Media Audit, or MART. In other markets, MRI and Simmons data is available nationally or can be adjusted using geo-demographic weighting to produce a local estimate. The use of qualitative data at the local level yields an estimate of retail spending for individual stores. The most important lifestyle characteristic for spending power is the income variable, because it determines how much the listener can spend. The qualitative data will index each respondent's household income against the market average and use that result to adjust the spending power.

We could certainly debate whether producing a retail spending power number is real or a potential. But, as Jim Christian says, "It is inherent in Retail Spending Power that the dollar figures are actuals even for the station-level estimates. Using the word 'potential' seems to somehow be conjectual as though solely based on estimates of disposable income without regard to how much is actually spent in a retail category. The advertiser looking at these figures will have one thing in mind: How can I get more of these dollars in my direction?"

Media buyers are likely to continue to follow the target demo approach in their buying of Radio time, but a station does have the ability to show the "bonus" audience through the use of expenditure data within a retail category, both within and outside the advertiser's target demo. Retail spending power is one more tool that a well-equipped Radio salesperson can have in his/her bag.

Rhody Bosley is president of Bosley Associates, a sales and marketing consultancy based in Baltimore. He may be reached at (410) 377-5859.

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Atlanta, Georgia 30326

PUTTING THE fUN BACK INTO RADIO SALES

By Chris Lytle

For many of us, 1991 was not a fun year.

"Radio isn't as fun as it used to be," said one Milwaukee GSM. There are lots of reasons: Recession-racked retailers are running scared. Advertising agencies are driving down the cost per point.

In small and medium markets, Wal-Mart has driven out dozens of retailers. "When I came here, there were five hardware stores," said one small market GM. "Now, we have one hardware store and Wal-Mart."

1991 was not a fun year.

And, at the same time, Radio can still be a fun business. As you go racing through 1992, here are some thoughts for putting the fun back into selling Radio:

It's more fun when you're focused. Focus on solving problems instead of making sales. Start approaching people as a problem solver instead of a time salesperson. You win in selling by solving prospect's problems. You win customers and get paid a commission. Fear and worry come from focusing on things you can't control. Focus on things you can control: calls made, proposals written, spec spots presented, services rendered, phone numbers dialed, dollars asked for.

There are three kinds of salespeople: 1) product pushers, 2) problem solvers and 3) problem finders. Product pushers in Radio tend to always be pushing a package of the week or of the month.

It's more fun when you celebrate victories. Ring the bell. Blow the whistle when a sale is made. In Las Vegas, there are thousands of losers. But you hear the winners. Coins clank into the pan. Lights flash, and the winners get noticed. People around them notice and keep trying. Suggestion: Have your traffic department ring the bell or blow the whistle anytime a significant order comes in.

It's more fun when you're finding and solving problems for clients rather than pushing packages. I have nothing against packages except that you can become very dependent on them, and the clients can become even more dependent on them. Package pushers leave money on the table by offering standard packages to everyone when big advertisers could afford a lot more. Focus on finding your prospect's problems and present solutions.

It's more fun when you do it differently. Could you possible prospect over the air? Using unsold inventory to get past the gatekeeper might be fun. Over-the-air "spec" spots can be delivered without a meeting. Take a newspaper ad. Rewrite it for Radio. FAX the copy to the prospect and let them know they can hear it at 2:07 p.m. on your station. Then follow up.

It's more fun when you're committed. In *City Slickers*, Billy Crystal's character is a disillusioned Radio advertising salesperson. After two weeks of "bringing in the herd," he returned home with a new attitude. "I'm not going to quit my job, I'm going to do it better," said Crystal's character. It's okay to think about quitting. That's the residue of hard work. Just don't quit.

It's more fun when you're fresh. You may not need a two-week cattle drive. But take your vacations. All of us need to GET AWAY from the job. Travel gives you a perspective that you can't get from calling on the same people in the same town in the same way over and over again.

It's more fun when you're fit. Stress management is vital to your success now. Exercise, meditation, massage are not luxuries. Get away from the job every day to clear your mind.

It's more fun when you know what you're doing. In an uncertain economy, you need to hone your advertising, marketing and selling knowledge and skills. Commit or recommit to an on-going self-study program. Brian Tracey has made a fortune by telling people to read one hour a day in their field. It's great advice. And it's free advice. Your library card is free. (Sales managers: Great question to ask at your next sales meeting: How many of you have a library card in your wallet? I dare you to try it.) When the last time you used *yours*?

It's more fun when you have perspective. This is the first recession for many new sales managers. It's the first recession for thousands of new Radio ad reps. It won't be the last. By definition, a "recession is a normal cyclical economic contraction." There will be more. You're surviving this one and you'll survive others. Congratulate yourself for making it through. Many salespeople didn't.

By hanging tough, you are becoming one of the top paid people in your market. Radio salespeople can dramatically increase earnings just by not giving up.

It's more fun when it matters. We all know that a thousand years from now, it won't matter who wins the NFL playoffs and gets to the Super Bowl. But it matters NOW. It matters to the fans and it matters to the players. That's what makes it FUN. If it didn't matter it wouldn't be any fun.

Your job is your Super Bowl. It doesn't get any bigger for you. Every presentation matters. Every client contact matters. Doing your best on every call matters. Pride in the job matters. That's what makes it fun.

Every call you make halfheartedly every time you let up too soon, every time you don't show enthusiasm or empathy, you kill off a little of your career. You have an obligation to yourself and your audience to prepare and perform well.

It's more fun when you have a career and not a job. A job is something you do to make the money you need to do something you'd rather do than your job. When you have a career, you get money for doing something you enjoy doing.

It's more fun when you have a mission beyond making money. Doing things for reasons that are bigger than you is uplifting. A sample mission statement: "I'm in the business of helping clients compete and grow their businesses." That is more compelling than saying, "I sell air time." Together, your mission and your goals will make the job more fun.

It's more fun when you like your clients and care about them. In advertising we do our best work for people we like.

Make an effort to learn about and care about your customers as people. Sell to people not organizations.

It's more fun when you start early. That first victory of dragging yourself out of bed and showing up for breakfast with a client will quickly distance you form you 9-5 competitors.

It's more fun when you have something specific to sell. My good friend, Duane Hill, GM of KRWQ in the Ashland/Medford, Oregon, market built his sales career on writing one spec spot per day before going to bed. He always had something specific to sell. It's more fun to sell a spot that solves a customer's problem than to sell the concept of running Radio.

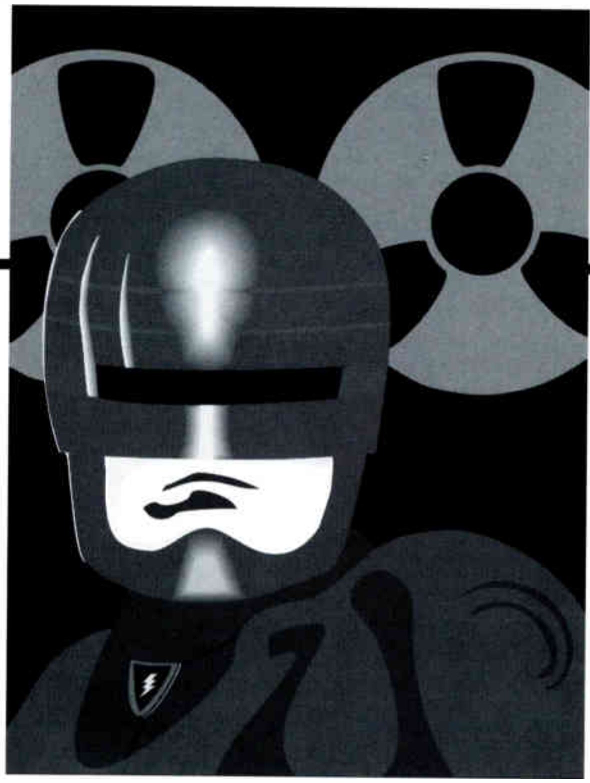
It's more fun when you have the right attitude about selling. Selling requires persistence. Sales is a series of defeats punctuated by profitable victories. Rejection is nothing more than deferred acceptance. Closing is winning, but not closing is breaking even. If selling were easy, it wouldn't be as lucrative. There are more good sales jobs than there are good salespeople.

It's more fun when you know why you're going to work. H. Ross Perot says that "most people don't know why they come to work until they don't have to come to work anymore." There are four reasons to got to work: (1) to serve your customers; (2) to earn money; (3) to teach others what you know about your area of expertise; and (4) to have fun. We tend to have more FUN in Radio sales when we FOCUS on the first three. There's no use having fun on the job unless you're making money, too. And you can't make money without serving the customer. And you have to know what you're doing before you can teach others how to do it.

Chris Lytle serves stations that are already successful and stations that are striving to be more successful. His latest seminar "The Crash Course in Advertising Results" is generating new, direct dollars in markets of all sizes. He may be reached at 800-255-9853.

PROGRAMMING

Robo Radio



Robo Radio is a term that we've coined to describe the hundreds of cookie-cutter stations that have evolved in the last several years. Every market has a couple, and some have even more. It's very easy to spot a Robo Radio station because it sounds and feels just like a station that you've heard in another market.

In fact, the Robo Radio stations often use the same moniker, visual logo, jingle package, positioning statement, usage liners, and even the same syndicated television spots as their counterparts. Many of the stations that have recently adopted monikers like "Mix," "Lite," "Variety," or "Classic Rock" are among the most notable practitioners of Robo Radio. They've abandoned their existing identities for a generic, "me-too" handle — simply because it worked in another market.

But these are not the only Robos. Any station that gravitates towards the sound and packaging of other "national" trends becomes extremely vulnerable to a competitor who practices *Real*, rather than Robo, Radio.

The Robo Radio phenomenon, which is still on the rise, has eroded the Brand Loyalty between stations and their listeners. It affects the public's general perception of the medium, commoditizes Radio in the eyes of buyers, and has adverse affects on Radio's talent pool. In short, Robo poses a serious threat in virtually every facet of the business.

This news is not for the faint of heart. In addressing the problem, causes, and cures for Robo Radio, we challenge many of the basic assumptions of Radio programming, marketing, and research. We also challenge the reader — to take the next step and put an end to Robo Radio.

Robo Radio Has Genericized The Airwaves

Robo Radio describes the movement towards product and packaging genericism — where a clear brand identity or individuality is lost in a preoccupation with "positioning" and selling the product. The heavy use of static liner cards, superlative-laden positioning statements, and tired format descriptors are all symptoms of the Robo affliction. This Robo marketing has cluttered the product and has helped reinforce a prevalent listener attitude: that Radio stations sound more and more alike every day.

The main problem with Robo Radio is that it is destroying the intimacy that once made Radio so great. Many stations used to have relationships with their listeners that were based on true Brand Loyalty. Radio was, after all, the only medium where a live person actually talked to you — whether you were a rebellious young rocker, a conservative family type, or someone who just wanted to be hip and fit in. We can all remember the stations and DJs that spoke for the different periods of our lives, and we remember how loyal we were to them.

Unfortunately, Robo Radio has turned this loyalty into a relationship of generic convenience. Robo Radio, with its "me too" products, has little to offer other than another musical offering at any given moment. That's why Robo stations are so preoccupied with "selling" the best song, variety, or mix of music rather than using the air time to relate to the listener. It's no surprise that we now find many Radio listeners feeling like "outsiders" — they're becoming less involved with the product because stations have lost the personal connection with them.

The Problem: Part 1

Radio's "Copy-Cat" Mentality

One of the primary causes of Robo Radio is the industry's pervasive "copy-cat" mentality — a mentality that's widely accepted as just another part of doing business. This mentality exists because many find it easier to "clone" a success story from another market than to creatively uncover an opportunity and craft a new product to take advantage of it. After all, it's a waste of time to "reinvent the wheel" every time we go to the drawing board, right?

Wrong. This me-too mentality is destroying the creative roots of our busi-

The Dangers of "Me-Too" Programming and Marketing

ness. Moreover, cloning rarely works. Good Radio, not gimmicks, wins ratings wars. Good Radio strategies are based on: 1) A station's competitive assets 2) Customer needs, and 3) A dynamic competitive environment. Results are based on creatively executing the strategy and responding to subtle changes in the environment. Note that all of these factors are station/market-specific — when you change any one of those forces, the whole premise of the strategy also changes. This is the main reason that a format which worked in another market several hundred miles away will rarely perform the same way in your market. It's pure luck if it does. And, that is not a responsible way to run a business.

Even though many managers readily agree with this conclusion, we still see a phenomenon known as *"Format Du Jour."* This refers to the "hot" new format of the day — one that starts with one genuine success and is rapidly copied into obscurity. This trend is an example of reducing the concept of a format down to a rigidly-defined "square peg" — ready to be plugged into the next "square hole" (which will be identified by research in some other market).

A prime example of Format Du Jour is the male-AC pioneered by WMMO in Orlando. With the help of considerable research, an opportunity was correctly identified. In combination with a large marketing budget, a creative programming risk was taken — and it paid off. Consequently, a new entrant was able to get in the door — the toughest hurdle.

Unfortunately, Robo Radio then enters the picture and the MMO phenom is converted into yet another square peg looking to be "placed" in yet another square hole, with no appreciation for the competitive context. Once again, many broadcasters jumped on the bandwagon, with several even dumping their brand name in favor of a set of similar calls — as if this was part of the magic. Not surprisingly, the results of these Robo Radio me-too's have fallen far short of everyone's expectations.

The same is true for packaging concepts such as "Mix" and "Classic Rock." To date, approximately 50 stations in the top 75 markets have scrapped their brand names and changed them to "Mix." At least 30 of these stations have actually changed their call letters to support this new "handle." Throughout the country, results indicate that the "Mix" rage appears to be more of a fad than a true packaging breakthrough, yet many stations have invested a great deal of money (and destroyed their previous brand equity) by jumping on this particular bandwagon.

There's a similar story behind "Classic Rock." What began as a hybrid competitor — further differentiated with an attitude-oriented packaging and marketing concept — has largely degenerated into another square peg looking for a home. Robo Radio has distilled the original idea into a music-focused concept, differentiated primarily by *what it will <u>not</u> play.* As the dust settles, few of these stations have been able to sustain their growth within the narrow confines of this Robo packaging and marketing.

The Problem: Part 2

Research And Its False Assumptions

The other force behind Robo Radio is a false set of assumptions about listeners — assumptions that have largely been developed and perpetuated by the research community. These assumptions have placed artificial limits on strategic alternatives and have endorsed today's "cookie-cutter" practices.

There's much truth to the old broadcast adage that says, *"People don't know what they like...they like what they know."* The failure of research vendors and users to grasp this sage advice is largely responsible for the growth of Robo Radio. Managers, programmers, and researchers have simply put far too much credence in the listener's ability to tell us how to program and market their "favorite" station. This process has reduced the art of Radio programming and marketing to a false science.

Most researchers make a dangerous assumption about Radio listeners — it's that listeners are involved deeply enough with the product to be able to tell us precisely what's wrong with it. Researchers have dissected the perceptions and needs of customers into a neat set of specific product "images" and "importance rankings." These are then used to create simplistic "report cards" — analytical tools that have little relevance to the way listeners choose and remember Radio stations.

This type of research report card is a very "clean" way to develop a plan of action in a conference room. It provides specific answers to tough questions that managers want to see answered. Unfortunately, however, this is exactly the type of square peg/square hole mentality that is responsible for creating Robo Radio.

Behavioral and attitudinal data from our own R&D studies showed that this is clearly not the way that people think

Robo Radio

about Radio and certainly has little to do with the way they choose a "favorite" Radio brand. Radio is such a habit-driven, low-involvement purchase that customers rarely evaluate anything other than the general *feel* of the station or the song that they're listening to at any given moment.

Consequently, while it may have little to do with consumption choices, it is safe to assume that a station using the "Mix" moniker will improve the "best mix" image score on its next strategic study. One shouldn't conclude, however, that this feedback signifies an effective marketing campaign. Considering the total exposure that Robo Radio stations give their positioning statements — both on-air and through external media — most could probably have listeners reciting the phrase in Japanese.

We make light of this because we know that research-driven images are much more important to management than they are to listeners. Listeners don't choose a station because it *says* it plays the "Best Mix of Music." If the minds of consumers were this easy to sway, we would see a proliferation of brands with names like "Wake-Up Coffee," "On-Time Airlines," "Can't-Lose Investments," "Performance Automobiles," and "Status Symbol Watches."

The world's top marketers understand that consumers buy brands, not product attributes. When consumers are conditioned by habit and frequently repeated purchases (like Radio listening), they think about the whole, rather than specifics. That's why it's shocking to see broadcasters willingly forfeit a brand name (call letters) with years of marketing exposure behind it, in order to adopt a new name that has no more relevance to consumers than the fictitious brand names mentioned earlier.

Branding: The Cure for Robo Radio

At the expense of several well-known examples, we've painted a rather sobering picture of Radio today. In reality, there's more validity to the phenomenon than we could ever describe in several pages of text. The trend is all too clear when you conduct airchecks and research in any of the Top 100 markets. The cost is also evident: the measurable brand loyalty of the average listener in the top markets has plummeted over the past decade.

The reason brand loyalty has left Radio is the brands, themselves, have left Radio. They've been replaced by Robo-like "formats." Radio's immediate challenge — building brand loyalty — requires more, however, than marketing gimmicks like Loyal Listener Campaigns or Office Clubs. It requires a stationality or *brand* with which the audience can *relate* and identify. For the Radio audience, it's the difference between an acquaintance and a friend. Unfortunately, however, turning a format into a *brand* is easier said than done.

First, it requires a recognition of the causes of Robo Radio and a desire to raise the competitive playing field to the next level. In short, it requires a commitment to rethink the way you compete on a daily basis. Sacred cows like handles, positioning statements, liner cards, syndicated TV spots and direct mail pieces must be slaughtered if they sell formats rather than brand experiences.

Furthermore, to raise the competitive playing field to the next level, managers must shift their attention away from the competition and towards their customers. Employing "mental weaponry" to capture "important image hills" may seem like a great idea in a research breakout, but these competitor-focused antics only take you farther away from the task of communicating a "real" brand experience to the listeners.

Next, it requires a basic retooling of the way you develop your strategy. Managers should take a lesson from the Fortune 500 brand marketers who use time-proven research techniques and strategic frameworks to learn more about their customers' needs, rather than perceptions of competing products.

To go beyond Robo Radio, managers must go beyond Robo Research. They must stop relying on the standard battery of perceptual questions because, in real life, listeners don't shop for Radio stations with a laundry list of "important images." The research focus must shift from product *perceptions* towards product *usage* in order to identify the less obvious, intangible elements that are overlooked by standard perceptual research.

Finally, you must have the courage to implement this strategy in a virtual vacuum. There won't (and shouldn't) be a model station to copy — everything from your logo to the breadth or focus of your play-list will have to be developed at the local level. It will probably feel a lot more intuitive to work in this new environment — once you've tried it — because you'll be relying on your common sense, creativity, and market intelligence to implement strategy. You won't be trying to fit somebody else's way of doing Radio into your own operation. What you will have is the start of a great Radio station which will consistently produce ratings and profits.

"The main problem with Robo Radio is that it is destroying the intimacy that once made Radio so great."

Lew Dickey is president of Toledo, Ohio-based Stratford Research. He may be reached at (419) 698-1166.

SELLING TIPS

Nuts "n" Bolts

"You're Always Welcome..."

Ever get that uneasy, "unwelcome" feeling when you walk through a prospect's door? Or worse, when you walk into a customer's business? You can almost hear someone saying, "It's that rep again..." I've felt it. It used to make me cringe and want to turn tail and run.

Wouldn't it be great if everywhere you went - *everywhere* - you were welcome? It's possible to do, and it's simple, too. Here's how.

At the end of every personal sales call, and when ending prospecting telephone calls that don't produce an appointment or an order, always ask this question: "Would it be all right for me to drop by from time to time when I have something I think may be of interest to you?"

It's a fabulous parting question. In over 20 years of street-level selling only once have I received "no" for an answer. And in that situation, I smiled, shook the gentlemen's hand firmly, looked him in the eyes, and asked if he was aware of any business acquaintances who may be interested in gaining new customers with my product. I got two solid referrals. Later, I sent him a thank you note for the referrals. And, of course, I never went to his store on business again.

Back to the question. It's a sensational question for a number of reasons. First, you're asking permission to come back. Once the prospect says "yes," you and he have a mini-contract that gives you exclusive rights to be in his store on business whenever you want to. Also, since almost nobody asks permission, assuming instead that it is automatically granted, you set yourself apart from the crowd.

Second, by saying "drop by from time to time" you begin setting the stage for a non-threatening consultative relationship. It doesn't sound like you'll use (read: waste) a lot of his time, and at the same time indicates clearly that you intend to come back again and again (until you get the order).

Third, by saying the catch phrase "when I have something I think may be of interest to you," you create a measurable condition by which the prospect can judge your future visits. From this point forward, you must always drop-in or request an appointment only when you have met this condition. But what a delightful, win-win condition. The prospect knows you'll only be in if you have something he might be interested in, and best of all, it's up to you to decide what that could be. You can bring in absolutely anything you think may be of interest. The gates are now wide open. You can bring in magazine articles, tickets, newspaper clippings, new packages, specific proposals, promotional opportunities, anything.

Of course, don't abuse your conditional welcome. And remember, whenever you drop-in with the latest "something of interest," always open your comments with "Here's something I thought you might have an interest in..." or any other opener that refers to the terms of your mini-contract.

If you've ever felt that uneasy, unwelcome feeling when you walk through a prospect's door, you'll be delighted with how this simple technique effectively throws open the doors to businesses everywhere and makes you feel welcome wherever you go.

John Fellows, CRMC, is General Manager of Jeraf Marketing based in Portsmouth, NH. He may be reached at (207) 781-5756.

Hitting The Sweet Spot Breaks Through Faster With Consumer Insight

Review By Nick Horvath

Author Lisa Fortini-Campbell, Ph.D.

"...I didn't bait the hook with strawberries and cream. Rather I dangled a worm or a grass hopper in front of the fish and said: 'Wouldn't you like to have some of that?'"

—Dale Carnegie

Do you really know your clients? Take a minute to think about them. What makes them bite? How would you describe your best customer, your best listeners or your biggest fish? Chances are you have categories of demographics, *survey-said* data and media habits. Or maybe you talk about target market, reach, frequency, cume and TSL. Is that a person? When you see him would you say, 'Hi, 12+ single male in a 100 rated market with a lot of discretionary income' or would you call him Bob?

Well if you're the person who believes every customer is a real person and every sale is actually a purchase, then here's *Hitting The Sweet Spot*. It's a book that puts real people back into the marketing mix and makes the definition of a market target human again. By revealing hundreds of well-researched examples, Lisa Campbell has given marketers a long overdue look at the value of consumer insight. In every scenario these advertisers and marketers knew something special, almost secret, about people. Because of that insight, they were able to develop successful products and effective marketing plans.

"In sports, the *sweet spot* is that one special place on a baseball bat that drives the ball farther, faster and with less effort than when it's hit anywhere else." As Lisa Campbell concludes, "Consumers have a sweet spot too." If the marketer is able to attach consumer insight to a particular brand, the sweet spot is achieved and the entire marketing plan will work.

Hitting the Sweet Spot is loaded with tools to help the marketer observe people and discover insights that can be made into meaningful marketplace advantages. There's helpful information from research and development people, marketing people, advertising people, salespeople and brand managers who have all used consumer insight to put together great plans.

Hitting The Sweet Spot is not a Radio-specific book, but the principles are so well-articulated there's application for any industry. And if your thinking is really cutting edge, this book can carry you all the way into a sophisticated insight management program.

To purchase your copy, call The Copy Workshop in Chicago, Illinois at (312) 871-1179.

PULSE BUSINESS FACTS

by Ken Costa, RAB

Designed to help you understand the businesses you sell.

• DOMESTICS

Home Sweet Home...why not? Among non-homeowners, 60.7% said they couldn't get enough money for a down payment, 26.5% couldn't make monthly payments, 24.7% never interested in owning, 11.0% want no responsibility, 9.2% live rent-free with relatives, 8.7% wont be tied down, 8.2% don't want a 30-year mortgage commitment (other reasons secondary). So why rent? Less maintenance 60.8%, less financial responsibility 41.7%, not tied down 30.2%, cheaper than owning 24.6%, easier to move 20.1%, closer to work 16.6%. However, renting isn't all worry-free: 85.8% say renting gives nothing for the money (no equity), 43.2% lack privacy, 41.6% no sense of belonging, 17.4% less security, 16.0% little individuality. Both have good and bad sides...let your real estate clients accentuate their positives.
Source: *Professional Builder & Remodeler*, March 1992

Sew far, sew good...tough times bring out the needle and thread. 67% of adult women sew by machine, 50% do hand sewing. Among demographic groups:

Age:	Machine	Hand
18-34	66%	51%
35-44	59%	38%
45+	137%	106%
Income:		
$50,000+	65%	45%
$30-49,999	67%	52%
$0-29,999	136%	106%
Region:		
Northeast	56%	45%
Midwest	69%	51%
South	70%	53%
West	69%	50%

Why not promote sewing new clothes for the Spring holidays? Draperies and other decorations for the home?
Source: *Family Circle* Consumer Panel, Winter 1992

• OFFICE

What? You still don't have a fax at work...90% do. And 26% are in the market to buy in 1992. Of them, 20% are first-time buyers, 44% additional, 36% replacement. Most used office equipment today is computer printers at 94%, followed by copiers 92%, PCs 89%, and peripherals 83%. Least: optical disks 12%, photocomposition equipment 15%, and lettering systems 19%. The office furniture market is far from dead: of those in need, 28% want new, 31% additional, 41% replacements.
Source: *Office Magazine* , January 1991

• VISION

Shady business...sunglass sales reached $1.98 billion in 1991, up 5.5% over 1990. Good quality ($30+/pair) glasses were 53% of dollars and 16% of units, a segment up 16% over 1987.
Source: Bausch & Lomb, in *Vision Monday*, February 17, 1992

Between Engagements

Name:	Michael Whalen
Former Title:	Executive VP/GM
Recent Employer:	WWMY-FM, Greensboro, NC
Telephones:	Office 919-632-0050
	Home 919-852-7326
Position Sought:	VP/GM
Region Sought:	Open; prefer eastern USA
Name:	Ron Powers
Former Title:	GM (25 years)
Telephone:	800-530-9255
Position Sought:	GM (Country only)
Region Sought:	Southeast
Name:	Fred Webb
Former Title:	VP/GM
Recent Employer:	WDOD-FM Chattanooga
Telephone:	615-855-3930
Position Sought:	VP/GM
Region Sought:	Southeast
Name:	Phil Beswick
Former Title:	Sr. VP Brdcst. Groups & TV
Recent Employer:	Birch/Scarborough, NYC
Telephone:	212-789-1424
Position Sought:	Open
Region Sought:	New York City
Name:	Larry Gorick
Former Title:	VP Divisional Sales
Recent Employer:	Birch/Scarborough, Dallas
Telephone:	214-618-2463
Position Sought:	Open
Region Sought:	Southwest
Name:	Lou Bortone
Former Title:	Marketing Director
Recent Employer:	WBMX, Boston
Telephone:	213-935-0392
Position Sought:	Open
Region Sought:	Los Angeles
Name:	Bob Ridzak
Former Title:	General Manager
Recent Employer:	KHTX(KDUO)/KRSO, Riverside, CA
Telephone:	714-783-1837
Position Sought:	Management
Region Sought:	Open
Name:	Ron Hamilton
Former Title:	Owner/Operator/GM
Recent Employer:	Radio Cedar Falls, Inc., Cedar Falls, IA
Telephone:	319-277-4185
Position Sought:	Mngt./Workout Specialist
Region Sought:	Open
Name:	Dick Shilvock
Former Title:	Sales AE/Announcer
Recent Employer:	KIMM/KGGG, Rapid City, SD
Telephone:	605-348-1100
Position Sought:	Sales/Sports Radio/TV
Region Sought:	Northwest
Name:	Michael A. Pursel
Former Title:	Local Sales Manager
Recent Employer:	KXLY-AM/FM, Spokane, WA
Telephone:	509-325-6797
Position Sought:	Sales Manager, GSM, GM
Region Sought:	Pacific Northwest

Peggy Miles

Kevin Dakis

Lee Ellen Tuckett

Pat McCrummen

Valerie Herman

•**Peggy Miles** has been named Database Marketing Manager for Direct Marketing Results. Peggy was most recently Marketing/Promotions Director at WMYI, Greenville, S.C.

•**Pat McCrummen** has become a General Partner of the M Street Corporation in Alexandria, VA. Pat is former Vice President of Business Radio Network.

•**Kevin Dakis** has been promoted to Director of Sales at Major Market Radio in San Francisco. Kevin joined Major Market Radio in January 1990 as an Account Executive.

•**Valerie Herman** has been added to the staff of New York- and Philadelphia-based Oink Ink Radio, Inc. as National Sales Representative. Valerie spent the past year with Bert & Barz & Company in New York.

•**Lee Ellen Tuckett** has been named Promotions Director at WSTC-AM and WQQQ-FM in Stamford, CT. Lee Ellen was previously responsible for Public Relations at the Urban League of Southwestern Connecticut since 1990.

•**Gary Voss** was named General Manager of Dollywood Broadcasting Company, licensee of WDLY and WSEV in Gatlinburg and Sevierville, TN. Gary comes to Sevier County from Hoopeston, IL, where he served as General Manger of WHPO for the past three years.

•**Jim Shea** has been named President of newly-formed Mid Atlantic Region of CRB Broadcasting, overseeing WAEB-AM/FM, Allentown, PA, and WJBR-AM/FM, Wilmington, DE. Jim is former Executive Vice President and Partner of Wilks/Schwartz Broadcasting.

•**Steve apHugh** has been promoted to General Sales Manager of KABL-AM/FM in San Francisco. Steve was Local Sales Manager of KABL for the past year.

•**Greg Solk** has been appointed Program Director of KFOG-FM in San Francisco. Greg comes to KFOG from WLUP in Chicago.

•**Carl Walters** has been appointed General Manager and **George Orteig** General Sales Manager of KTID/KAPX, San Rafael, CA. Carl had been with KSFO-KYA, San Francisco and George had been with KNEW/KSAN, also San Francisco.

•**Shaun Waggoner** has been appointed General Sales Manager of KTHT-FM in Fresno. Most recently, Shaun was Regional Sales Manager of KFSO/KEY. Also at KTHT, **Josh Gingold** has been appointed Regional Sales Manager. Josh had previously been Local Sales Manager.

•**Bruce Raven-Stark** has been named Vice President and General Manager of KDBK-FM in San Francisco/San Jose. Bruce joins KDBK/KDBQ from KSL Media where he served as President.

•**George Hart** has been promoted to Operations Manager for KSRR/KONO in San Antonio, TX. He had previously been Program Director for KONO-AM/FM.

•**Mark Kroninger** has been promoted to Promotion Director and **Cara Storm** to Asst. Promotion Director of KISS-FM in Boston. Mark has been with KISS since 1988. Cara was recently Marketing Coordinator at WBMX-FM in Boston.

Greater Than A Sleeping Giant

Diane Sutter

Executive VP Operations, Shamrock Broadcasting

Imagine yourself being named to oversee operations for an entire broadcasting group of 13 Radio and two TV stations on the brink of the worst recession in 10 years. Diane Sutter must have had some mixed emotions when asked to take the newly-created position after a broadcasting career of unalloyed success (including the legendary 3WS Pittsburgh). How do you deal with all the economic woes around you, while still trying to make the group around you grow? Sutter's answer is: You don't deal with it. You continue to keep to a carefully-scripted set of goals, constantly dictated by an overwhelming precept at Shamrock: Keep the good of the industry in mind. For Shamrock, the gloom and doom all around was not even a distraction. By keeping its goals clear, Shamrock as well as Sutter have remained imperturbable.

A large part of the company's equanimity comes from an innate cautiousness that has served them well in recent years. Shamrock has been long-rumored as a slumbering giant, hoarding away huge reserves of cash ready to pounce when the market opened back up. While Sutter chuckled at the inference, she demurely dodged the question of how large a pile of cash Shamrock has with the comment, "We are well-poised for the future." But it is clear, Shamrock is one of the few players who would have no problem seizing the right moment. Since Shamrock has shown such acumen in its purchasing decisions, it is considered a leader for the rest of the community. Consequently, among media brokers, a purchase, especially a large or extensive purchase, would be a signal that the station trading drought may be closing.

However, imagine Sutter managing to keep the group humming along for the first six months. One would think there would be worries about whether the other show is going to drop the way it has for so many other broadcasters. While Sutter calmly denies there was ever anything approaching worry at Shamrock, there must have been some relief when the FCC announced its recent revision of the ownership rules to allow more than doubled total station limits and revamped duo-poly rules. A reticent Sutter finally admitted that Shamrock is poised for this rule change and if the right situation comes along it will be ready to make serious offers for stations that can take advantage of it.

For Sutter it could mean an exciting cap to a stellar career. This could be the opportunity to grow an already first-tier station group to new heights. For a group in its position, these rules appear tailor-made, and Sutter may have the chance to oversee growth rivaled only by the early eighties.

Sutter, who was only promoted to head of operations last September, is used to having a significant impact at the stations with which she deals. From her first job as an AE at WWSW Pittsburgh, Sutter has had a remarkably steady rise through the ranks to Sales Manager, GM and Corporate VP/GM. All along, a trail of success—increasing AM ratings 100%, an ownership change without loss of staff, increases to the bottom line of over $1 million in her first year—followed behind. After a two-year stint at Shamrock's Lexington, KY, TV station (where she brought a 23-year "also-ran" news department to No. 2 in two years), Sutter was brought in to oversee the operations as a whole.

The secret of her success is obvious from hearing her talk about Shamrock's stations. It's almost as if she had been visiting the stations every day, her grasp of the situation at the station is so immediate. But Sutter is quick to point out that this is not a case of micro-management. On the contrary, Sutter and Shamrock have a reputation of cultivating top talent and giving it its head. Her immediate grasp of the station situations is indicative of the thing that permeates any successful group: teamwork. The communication among the staff is a source of Sutter's greatest sense of pride.

So, for a group that has been keeping its powder dry through the past few years, and for a newly-installed group head, these days could not be more exciting. If Shamrock takes the lead in a rapidly changing regulatory situation, it could find itself at the acme of the next generation of group owner and help to lead the industry into that reordered and consolidated media world.

Sutter, Diane

Born: Pittsburgh, PA **Date:** 12/9/50 **Hometown:** Los Angeles **Education:** MS, American University; BS Allegheny College

1973-1973	Press Secretary, Congressmen Robert P. Hanrahan
1973-1974	Dir. of Communications, DC Bicentennial
1974-1975	PR, Burton Marstellar
1975-1978	AE, WPEZ-FM Pittsburgh
1978-1978	Sales Mgr., WPEZ-FM Pittsburgh
1978-1979	Sales Marketing Development, WXKX-FM Pittsburgh
1979-1984	VP/Station Mgr.-GM, WTKN-WWSW Pittsburgh
1984-1989	VP/GM, WTKN-WWSW Pittsburgh
1989-1991	Corporate VP/GM, WWSW-AM-FM Pittsburgh
1991-Present	Executive VP, Operations Shamrock Broadcasting

Other:
American Women in Radio and Television, Past President
NAB, Legislative Liaison Committee
ABC Talkradio Affiliate Board
Pennsylvania Assoc. of Broadcasters, Board of Directors
Pittsburgh Radio Organization, Past President
Pittsburgh Radio and Television Club, Past Vice President, Board of Directors
Television Association of the Bluegrass, Past President

vision

ABC News
Paul Harvey
ESPN Radio
ABC Data
American Country Countdown
America's Music Makers
Bob Kingsley
Tom Snyder
Morning Show Prep
American Agenda
Soundscan
American Top 40
Shadoe Stevens
USA Today Radio
Hot Mix
Talkradio Weekends
Mrs. Bush's Storytime
Deborah Norville
The Triple Crown
Twisted Tunes
American Gold
Dick Bartley
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The '92 Vote

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