

# RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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## Radio scores five years of revenue increases; August up 12%

Here's one for the record books. With August revenues up 12%, radio has now enjoyed five years of growth. If radio keeps up the pace, predictions of ending the year up 11% will be realized.

National revenue continues to be gangbusters, posting a 22% gain in August and a 17% gain YTD. All regions of the country were up significantly, with the Southeast's 33% increase leading all others. In selected metros—Los Angeles national sales gained a whopping 39.7% to \$14.6M while New York national revenues were up 21.6% to \$6.7M.

Local was up 12% in August and

11% YTD. Except for the Southeast (up 8%) and the West (up 5%), all other regions posted double digit increases.

Despite the gains, RAB President **Gary Fries** cautioned that even if radio revenues ended the year up 11%, it would be "only good enough for about 6.8% of total advertising revenue."

**RBR observation:** While the increases are healthy, some of the increase could be due to the fact that this year's August was a five-week month compared to last year's four-week month. Still there's reason to celebrate.

## Free time dead

As debate opened on campaign finance reform in the Senate(9/26), one item removed from the charged issue was free radio and TV time for candidates who agree to voluntary spending limits. Gone too from the McCain-Feingold Bill (S-25) are provisions which would give candidates an additional 50% discount off lowest unit rates if they abide by spending caps.

Sen. **Arlen Specter** (R-PA) told ABC-TV that he urged bill sponsor Sen. **John McCain** (R-AZ) to drop the free time provision, since Specter said it amounted to "a taking of property, which is unconstitutional."

"I think he did the right thing, because in the courts it would have been declared unconstitutional," said NAB Radio Board President **Howard Anderson**. While the NAB did heavily

lobby lawmakers to drop the free time provisions, Anderson believes an expected legal fight made more of a difference.

## NPR seeks ad dollars

National Public Radio (NPR) is getting aggressive in its attempt to land corporate America's ad dollars and that could cut into commercial stations' revenue. NPR has launched a campaign aimed at increasing its share of media buys. "We want media buyers to let underwriters know that there is an alternative open to them that might include NPR," says **Mike August** of August, Land and Husak Advertising. A business-to-business campaign has already started, with ads in *Adweek*, *Brandweek* and *Mediaweek*. A national consumer campaign will break in early 1998.

## Holiday pacing is hot, hot, hot

The latest pacing numbers from the *RBR/Miller Kaplan* pacing report send a clear message to advertisers: Book now while the booking is good. Demand is red-hot for the holiday season with November more than 73% sold out and December pacing ahead of last year. Miller, Kaplan's **George Nadel-Rivin** noted that several markets are more than 80% sold out for November.

### RBR/Miller Kaplan Market sell-out percentage report

	1997	1996
Oct. 1	80.4%	78.8%
Nov.	73.2%	67.7%
Dec.	45.6%	42.1%

## Senate goes easy on FCC nominees

After two days of Senate Commerce Committee hearings last week, it appears the nominees to the FCC are a shoe-in. President **Clinton's** choice for the chairmanship, **Bill Kennard**, spent more than three hours in the hot-seat.

The Commerce Committee will vote on its recommendation Oct. 8, with a full vote by the Senate expected within the next two weeks. Full details on page 7.

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## Audiolounge.com sounds off

Telos Systems and Olympia Online (sister of syndicator Olympia Networks) recently debuted [www.audiolounge.com](http://www.audiolounge.com) with 27 radio Webcasters from across the US, including 14 ABC O&Os.

Audiolounge boasts it has higher sound quality than competitors—Olympia Online receives the stations' audio signal directly from the studio board. "We're using a T1 line with a frame relay system. By not streaming an airwave signal like our competitors, one compression step is eliminated. Also, the inherent loss of quality from studio to receiver is removed," said **Bill Moir**, VP Olympia Online.

An added bonus for station groups that sign on is a free-of-charge WAN. Said Moir: "With all the leftover T1 bandwidth, stations can create their own corporate WAN for communication and sharing of resources. The hardware, installation and monthly charges for the T1 are also paid by us," said Moir.

One barter spot per day is required in exchange for the package. The barter advertiser, or sponsor, is also seen on each station's home page while users are listening to the stations' live audio stream over Telos' Audioactive technology. The site is compatible with Microsoft's NetShow streaming format.

## Spark marries Match.com

The largest provider of radio dating services has found a match even it couldn't resist. Spark Services, Inc. (*RBR* 7/21, p. 4) is buying Match.com, the leading online personal classifieds service. In addition to dialing for a date, radio listeners can find their perfect mate from a link in a station's website. Like the phone service, the

internet connection will be locally branded. Stations get a percentage on each person that responds. Radio and web integration will be negotiated on a station-by-station basis.

**Rick Fernandes**, Spark Services president, thinks consolidation may encourage more stations to look at offering a dating service. "There's going to be a lot of pressure to justify these prices and stations are looking to find new sources of revenue."

Spark Services provides dating lines to more than 300 radio stations nationwide, and is owned by CUC International (N:CU).

## FCC grants more expanded band CPs

The FCC has granted expanded band permits for KQXI-AM Arvada, CO (Radio Property Ventures) and Crawford Broadcasting Lake Oswego, OR. KQXI, which serves the Denver metro, will move from 1550 to 1690 kHz within 90 days, and Crawford will add another Christian station to the existing stable of two on 1640 kHz. Crawford currently serves the Portland metro area with KKSL-AM 1290 and KPHP-AM 1330. Expected call letters for the new CP are KKJC, with broadcast slated to begin in early '98.

## BMI to pay internet royalties

Beginning in 1998, BMI has announced it will distribute royalties to BMI artists that are played over the Internet. Distributions will be based on monies received from Web sites with BMI licensing agreements. Popular BMI-licensed Web sites include AudioNet, Mediadome and NetRadio.

## Broadcasters among Forbes 400

The Cox sisters, **Barbara Cox Anthony** and **Anne Cox Chambers**, are the highest ranking radio owners in the new *Forbes* magazine ranking of the nation's 400 wealthiest people. They tied for 19th with estimated wealth of \$5B each. Others on the list: Jacor's **Sam Zell**, 85th at \$1.7B; **Michael Bloomberg**, 117th at \$1.3B; **Eddie Gaylord**, 127th at \$1.2B; **Stan Hubbard**, 203rd at \$890M; Disney's **Roy E. Disney**, 216th at \$810M and **Michael Eisner**, 236th at \$760M.

The first billionaire to build his wealth in radio missed getting credited by *Forbes*, although he did make the 400 list. As we reported (*RBR* 9/1, p. 4), **Lowry Mays** became a billionaire August 27, although Clear Channel's stock price has slipped a bit from that point. *Forbes* listed Mays 171st, with \$990M. His original financial backer, **Red McCombs**, who remains a Clear Channel director, was 190th at \$940M.

The **Hearst** and **Pulitzer** families, whose media empires include radio stations, were well positioned in the list of wealthy families and several members also appeared on the individual list.

First place, of course, went to Microsoft mogul **Bill Gates** at \$39.8B. He doesn't currently own a radio group, but his name often comes up in "what if" speculation about the industry's future. Based on his recent practices in the software and high-tech industries, it might be more likely that he'll buy 10% of every radio group.

—Jack Messmer

## Birch releases first ratings

BirchResearch has released ratings for its pilot study in Des Moines. The sample was based on 977 diarykeepers, about 500 short of the 1,500 projected in June. No sample diagnostics were released. The pilot study used a split frame sample of diaries and qualitative diaries.

President **Tom Birch** has maintained his service will be equivalent to Arbitron in all but price—about 30-50% less. However, a quick comparison of Birch ratings with Arbitron Summer Phase 2 ratings, indicate that the two services may yield different results. For example, KJJY-FM, the #2-ranked station in Arbitron is the #5-ranked station in Birch.

(See chart, right.) To make a true comparison, radio will need to wait until Arbitron releases Des Moines summer results Oct. 21.

Birch has yet to sign any customers.

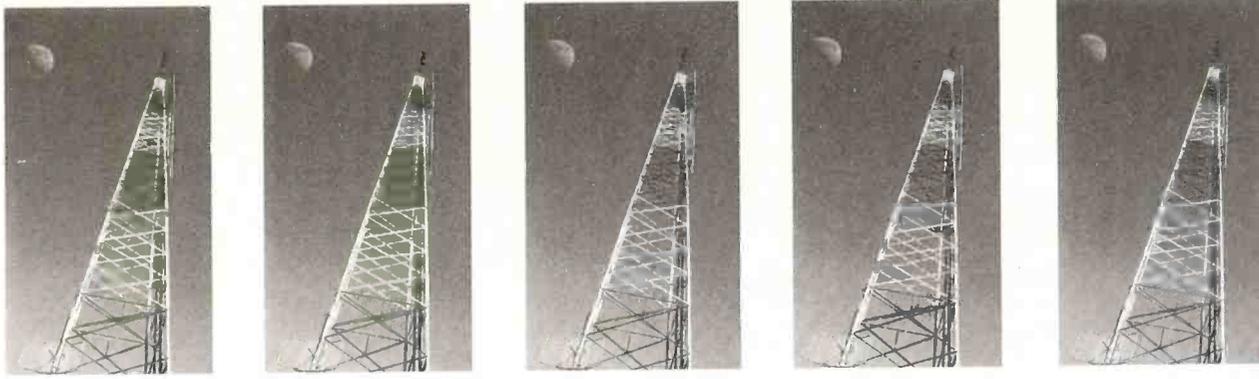
**RBR observation:** If Birch gets its service off the ground, stations will have to face the inevitable—that agencies subscribing to both services will tend to use the smaller number to grind down rates.

## Arbitron and Birch services yield different results

P12+ shares

	Arb Ph2	Arb rank	Birch	Birch rank
WHO-AM (N/T)	11.6	1	12.8	1
KJJY-FM (C)	9.2	2	6.9	5
KSTZ-FM (HAC)	8.2	3	8.4	2
KIOA-FM (Oldies)	7.3	4	8.0	3
KRKQ-FM (Cl.Rock)	7.1	5	5.2	4
KHKI-FM (C)	6.5	6	6.3	6
KGGO-FM (Rock)	6.5	7	4.1	12
KAZR-FM (Rock)	6.1	8	7.6	4
KKDM-FM (Alt)	5.8	9	4.9	9
KLYF-FM (AC)	5.7	10	6.0	7

Source: Arbitron, BirchResearch



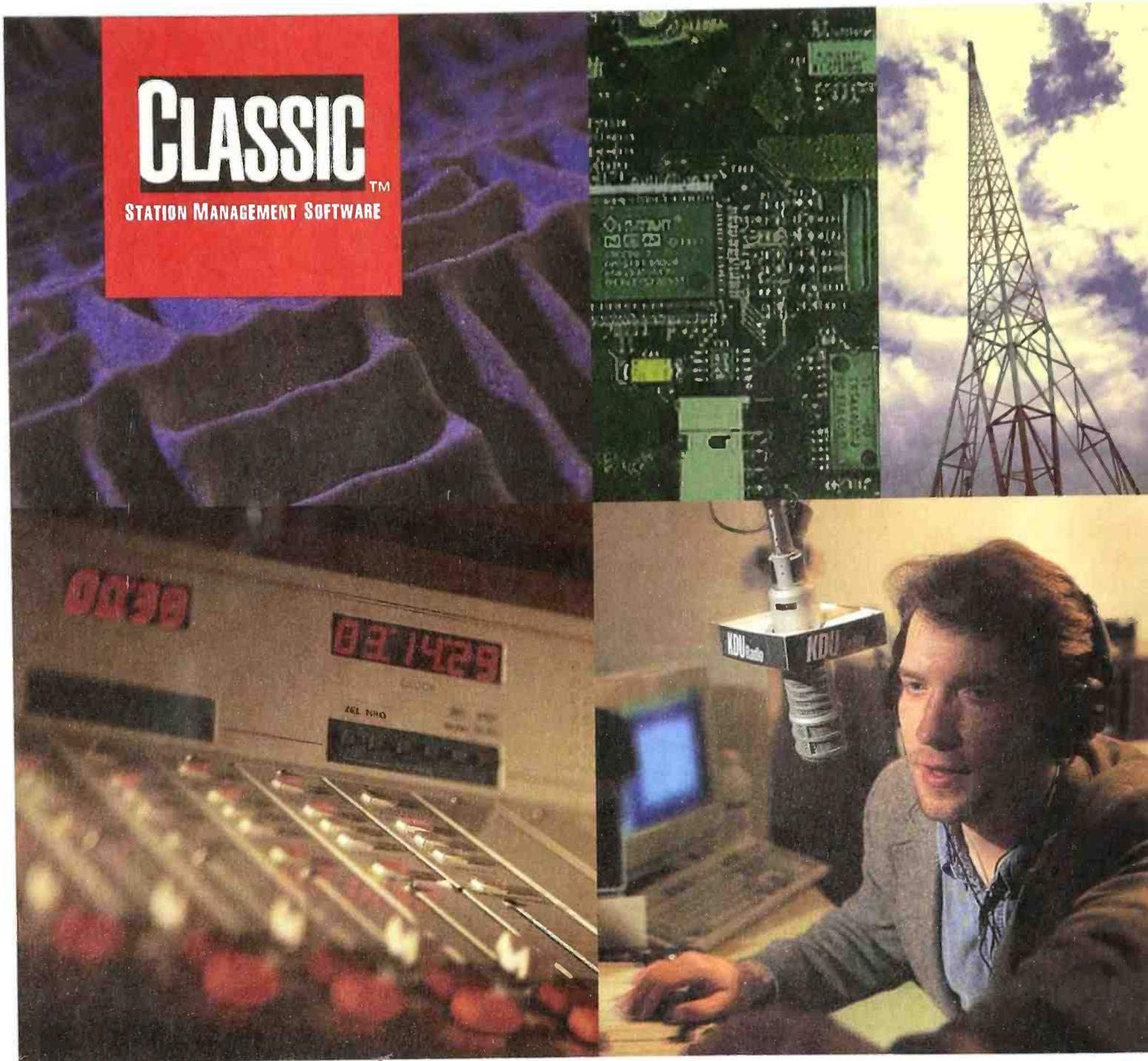
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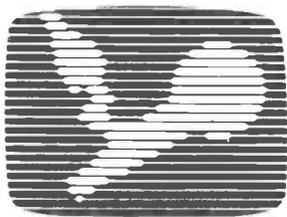
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## News Analysis

by Frank Saxe

### Kennard offers insight

President Clinton's nominee to chair the FCC, **Bill Kennard**, offered some insight into where he will take the FCC in the coming years during a Senate confirmation hearing last Wednesday (10/1). During his opening statement, Kennard told the Senate Commerce Committee that he'll be guided by the 3C's if confirmed: Competition, community, and common sense. "Competition is the cornerstone of the 1996 Act and the FCC should continue to promote competition in every area of communications," said Kennard.

Kennard, already General Counsel at the agency, declined to second guess any decision made by the current Commission saying, "Fundamentally, the current Commission has done an admirable job."

Under questioning on the effects of consolidation and duopoly, Kennard said he is "generally concerned about the pace of consolidation in the broadcast industry," with an impact study on the issue likely to begin shortly after he takes office.

Kennard is also in favor of an FCC review of alcohol advertising, he supports continuing programs to increase minority ownership and deregulation of the satellite industry.

One of Kennard's first priorities, if confirmed, will be to review the FCC to see where he could "streamline and be more efficient." During the tenure of **Reed Hundt**, the agency's staff has jumped 400, with the Chairman's payroll increasing by 30%.

By and large, Kennard received glowing praise from the Committee, although Sen. **Ted Stevens** (R-AK) said, "I have some serious reservations about your confirmation."

#### No clues

If broadcasters planned on forecasting which way the other three Commission nominees would go on key issues, they did not get much help from their confirmation hearing. Democrat **Gloria Tristani** and Republicans **Michael Powell** and **Harold Furchtgott-Roth** frequently told senators they had not decided where they stand. Much of the

three hour hearing centered on telephone and wireless issues, and the impact of the 1996 Telcom Act.

Under questioning by Sen. **Olympia Snowe** (R-ME), Furchtgott-Roth told the panel that consolidation may not be at the cost of competition, saying "many of these (mergers) would have happened anyway." Powell, a former Justice Department antitrust attorney, said consolidation should be reviewed on a case-by-case basis.

Although the outgoing FCC was not able to reach consensus on whether to probe alcohol advertising, the new Commission is expected to review its effects. "The First Amendment would be first and foremost," said Powell, adding they would have to have a "sound and compelling basis to distinguish" between bourbon and beer or wine.

Sen. **Wendell Ford** (D-KY) is fighting the effort, arguing if hard liquor is under scrutiny, so too should beer and wine advertising. Tristani agreed, "Alcohol is alcohol. It would seem fair that if you would look at one you'd look at all."

The trio was not asked about radio decency rules directly, although they were quizzed on the public interest standard. All agreed that language and violence is of concern.

Tower zoning is the issue Sen. **Kay Bailey Hutchinson** (R-TX) said will sway her vote. She is against the FCC over-ruling localities restricting broadcast and wireless towers. Powell called it a last resort option: "It should be used in only extraordinary circumstances."

**RBR observation:** Rumbles of laughter and scoffs filled an overflow room during last week's hearing. The source of the laughter? Gloria Tristani. She frequently told senators she was not informed enough on an issue to form an opinion or that she hadn't made up her mind yet. One attorney in the audience said she was either very uninformed or purposefully cagey. Furchtgott-Roth was not much better. A frustrated Sen. Wendell Ford told nominee Powell, "I think you'll have to shoulder a great deal of thought if I listen to the answers correctly." Day two brought Bill Kennard, and most seemed impressed by his grasp of the issues—even when they did not agree with the stand he took. Still, confirmation of all three is just a formality at this point.

by Carl Marcucci

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**We knew that the [Telcom Act] was in development and we started asking ourselves how we were going to capitalize on the change in the radio industry.**

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## Competition in consolidation: Why bigger is better

**P**acific Research and Engineering (A:PXE) is probably the first example of a small radio equipment supplier going public. PR&E timed it well—right along with the '96 Telcom Act. As the industry continues to consolidate, more and more groups are looking for turnkey solutions. While competition mounts to step in and fill these larger industry requests, only the strong—with sufficient financial backing—may survive. In this exclusive interview with *RBR*, **Mike Dosch**, COO PR&E, explains how these and other market factors contributed to the company's decision to play in the big leagues.

### **How has your business changed since consolidation?**

Business is great. But anybody who provides product to the radio industry who tells you the business isn't great is probably lying to you. We're doing a lot more of what we've always done in terms of broadcast consoles, but there's a segment of our business—what we call "consolidation consulting"—that all of a sudden is gaining some popularity.

### **What is consolidation consulting?**

We do everything from space planning to architectural consulting to acoustics, studio design integration,

even installation and training. We provided these services for years, but we never really sold very many because the local chief engineer felt threatened. He ended up being our competitor.

Now, with consolidation, in every single market, stations are moving around and combining. The engineers that have been through the process with us are our biggest fans. They are going to do more of what they need to do, which is broadcast engineering and we can't do that; we can't maintain a radio station.

### **How is the job of the radio engineer changing at the big groups?**

I've yet to meet an engineer who likes [consolidation]. A lot of them are out on the street because of it. And the ones that got to stay behind can't figure out if it's a blessing or a curse because now they have to maintain five or six radio stations and they probably didn't get a whole lot more money.

Jacor, for example, is appointing a second market engineer in every single one of their markets to handle the information technology backbone—that is, the computer network.

### **In what ways have you changed how you market your products and services?**

Historically we marketed directly to engineers and they've been in a position of selecting and, in many cases, approving purchases for technical equipment at radio stations. Well, that's changed dramatically. Not only are they not approving, but in many cases they aren't selecting equipment. Those decisions are moving up to the market managers and to the market engineers, to the directors of engineering, if the groups have them, and in some cases all the way up to chief financial officers.

**Given consolidation, how many companies like PR&E can the market support? Are you expecting more consolidation in your business?**

That's the million dollar question. But I do think [the number of players] is going to narrow down to a few dominant suppliers. You're going to start seeing that over the next 12-18 months. Right now, the broadcast groups are still focusing on their portfolios. They're still in the homesteading phase. Next, they're going to be moving into the operation and programming phase. When they get into that, when the radio groups all decide simultaneously to compete, that's when you're going to see consolidation in the [equipment mfg] industry.

**What about radio stations going digital?**

It'll be a mixed bag. We have all new digital products and there's a lot of people looking at them and very excited about it. But a lot of people look at digital and say great, that's exactly what we've been waiting for, I'll buy analog. And we're scratching our heads trying to figure out why. And it's just simply the technology is great, it does



PR&E's Integrity™ digital console installed at KFMB-FM San Diego

something for us, but we're more familiar with the analog, and we don't have time to think about this new stuff.

In the smaller markets, there was an impetus to go digital earlier. And that was to reduce headcount in radio stations. To go digital in a major market is a different animal. They're not necessarily going to see the labor savings in as dramatic a way and it's quite a capital expenditure to make your entire plant digital. But there are a lot of progressive major market properties that are planning digital facilities. I just don't think it will be exclusively digital.

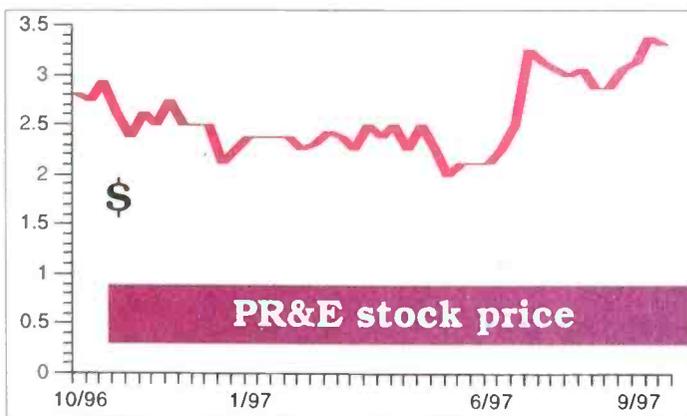
**What was the impetus for PR&E going public?**

We knew that the [Telcom Act] was in development and we started asking ourselves how we were going to capitalize on the change in the radio industry. One of our problems was we were a well-positioned little niche company that had historically built a great reputation for building great quality products for major market radio stations. We knew as a result of this change that the

broadcast groups would be looking for a supplier that could solve all their problems, not just their major market problems, but also their smaller market problems. We knew that in order to capitalize on that we were going to need to have some funding behind us so we could launch multiple growth initiatives simultaneously. So we could go after the smaller market broadcaster, so we could expand the technology offerings in the major markets and we could grow internationally, all at the same time.

**Where is your biggest growth potential?**

Digital is a hot buzzword in radio right now and we're seeing a lot of strong interest in digital products. We're selling more consoles than we've ever sold. The second growth area is consolidation. The third growth opportunity we see, which is little further down the road, is an information technology backbone for radio. If you look at any other industry—manufacturing, the hotel industry, the airlines industry—they all have an information technology infrastructure for providing information between corporate and their satellite business units. If you go to Mobil, at their corporate office, they can change the price of a gallon of gas at all of their 15,000 satellite operations at the click of a mouse button. We don't have anything like that in radio. These large corporate broadcast groups are going to need a robust infrastructure for managing these satellite operations. It can't be manual. So we see a huge opportunity on the information technology side.

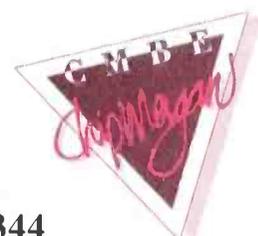


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by Carl Marcucci

## StarTrax: Does it go where no system has gone before?

IBM's presence on the NAB floor three weeks ago drew quite a reaction from its competitors. As consolidation becomes a way of life for station owners, radio suppliers are wondering which of their competitors will stay in business with this new arena. A new competitor with such a strong brand image certainly raises the stakes.

This isn't the first time IBM has entered the radio automation biz. About 15 years ago IBM had a scheduling system called "Star," that ran on System 7. Control Data also had a similar system. Both were abandoned by their makers, most likely due to little or no profitability. This time, IBM enters the game when there are more radio dollars than ever before.

IBM's latest effort (RBR 9/15 p. 3) to compete in radio's digital revolution is a system called "StarTrax." It's not an IBM product, nor is IBM selling direct. Big Blue is lending its name in a marketing partnership with ADC Labs of Houston, producer of the system. Sales will be channeled through existing broadcast industry vendors as a value-added offering.

Can Big Blue make it second try at radio work? Is IBM committed to the biz? Many equipment suppliers are skeptical. "A couple of years ago, they suckered us at RCS into investing a lot of time and resources writing our new generation of systems for OS/2, then left us high and dry when the industry went with Windows NT. I can't believe in this kind of commitment from IBM. The big bucks just aren't there for Big Blue," said **Andrew Economos**, president RCS.

Convincing broadcasters it works is probably the biggest hurdle. "On paper, their system looks really great and it probably has some very good points to it. But it takes years to really get a system that's solid enough to handle hundreds of users all broadcasting audio at the same time. We've had years to fine-tune our system, and digital broadcast automation is all we do. If I were a user, I would like to see an existing installation," said **Astrid Carver**, marketing manager, Dalet Systems.

In the US, IBM/ADC will compete for broadcaster business with recognized names such as RCS, Dalet, Broadcast Electronics, CBSI and Computer Concepts. While most of these systems share the "drag & drop" and graphical user interface features, StarTrax is written for the OS/2 server platform, and the others in DOS or Windows NT. This is good for IBM upgradeability, but further underscores (for cost effectiveness) StarTrax as a one-package solution. However, **Brian Queen**, market

development manager IBM, said the system will be available in a Windows NT environment by the end of the year.

Positioned as a management tool that consolidates all programming and business processes into one product suite, StarTrax highlights remote schedule management, local content insertion, instant avails access, reporting and easy scalability as selling points. "The whole is greater than the sum of the parts when you have all of your systems able to talk to each other. For example, if a nightclub owner walks in and tells the sales manager he wants to advertise an act coming in that night, the SM can access the schedule, fill the avails and have the contract signed in five minutes—the spot can be booked to start airing in the next hour," said **David Cook**, VP business development, ADC. Economy of scale

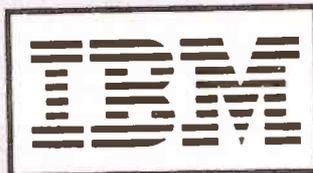
is also implied with pricing under \$10,000 for complete automation of a single station. The only function StarTrax doesn't offer is news software.

While broadcasters applaud the concept at that price, competitors say they may be disappointed at the level of support and service IBM has put behind it. Said **Kevin Lockhart**, President, Prophet Systems: "Check out the small print—it's not an IBM product and is not supported or warranted by IBM." Support and warranty is left to ADC Labs and IBM's marketing partners.

Price is fixed regardless of what clients choose not to use—integration with other systems would mean disabling one component of the package, rather than supplying less software. "I think that StarTrax will find that not everybody will be enamored with one product that does everything because they personally like their music scheduling system or they like their current digital system and they don't want to change—they've already invested a substantial amount of money, and may be interested in changing only one of the components," said **Mark Bailey**, president Computer Concepts Corporation.

**RBR observation:** StarTrax should capitalize on remaining stations and groups that still haven't gone digital. The timing for big market entry is good, as many groups still haven't taken the digital plunge. One big draw: the StarTrax ticket price for complete automation is very competitive.

For IBM, it's a double-edged sword: By entering the digital radio biz behind an existing manufacturer, Big Blue hasn't sunk millions into R&D from the start. So, if existing players are too entrenched and broadcasters turn their noses up to the StarTrax one-stop digital shopping, what has IBM lost? On the other hand, a half-hearted commitment with no direct IBM support or warranty could bring a perception of little more than a middleman testing the waters.



**Traugott Keller** has joined ABC Radio Networks as Senior Vice President, Advertising Sales and Marketing.

But what about Ringo Paul? Continental Electronics veteran **John George** is taking his nameplate over to the Audio Broadcast Group as a Sales Engineer. He'll be working out of its Columbia SC office.

Portland Smooth Jazz outlet KKJZ-FM has named **Paul Warren** as its new PD. The sale of the station from ARS to CBS (along with one or two others) was recently announced.

Metro Networks has named **Gary Lee** VP/Development. Also, **Bill Mullins** has been named Director of Operations, Colorado Springs, and **Jill Sochacki** was named Director of Operations, Denver. Meanwhile, Chicago GM **Mark Hanson** adds Milwaukee to his workload; St. Louis GM **Bob Fulstone** adds Indianapolis and **Tom Tucker** is named GM for Minneapolis and Omaha.

Promotion increases Perry scope: KQRS-FM Minneapolis Community Relations Director **Kim Perry** has been upped to Marketing Director.

Appointments at Broadcast Engineering: **Christopher Buckland** and **Stephen Eric Wright**, Digital Customer Service Engineer; **Daniel J. Carlyle**, Software Design Engineer; **Stephen Jenson**, RF Design Engineer; **Steven K. Hannah**, Product Manager, Radio and Telco Products

Will Lightfoot be heavy-handed? No one knows, but it is known that **Brent Lightfoot** is joining the sales department at Strategic Media Research as Account Manager.

Using Goodrich to get rich? ABC Radio Networks has promoted **Madeline Lawrie-Goodrich** to Director of Affiliate Marketing, East Region.

PAR venues change: **Michael Reichert**, GM for Douglas/PAR's KYPA/KWPA Los Angeles will be moving to new sister stations in Washington DC, WVPA and WBZS. **Andrew Whatley** replaces him in L.A.

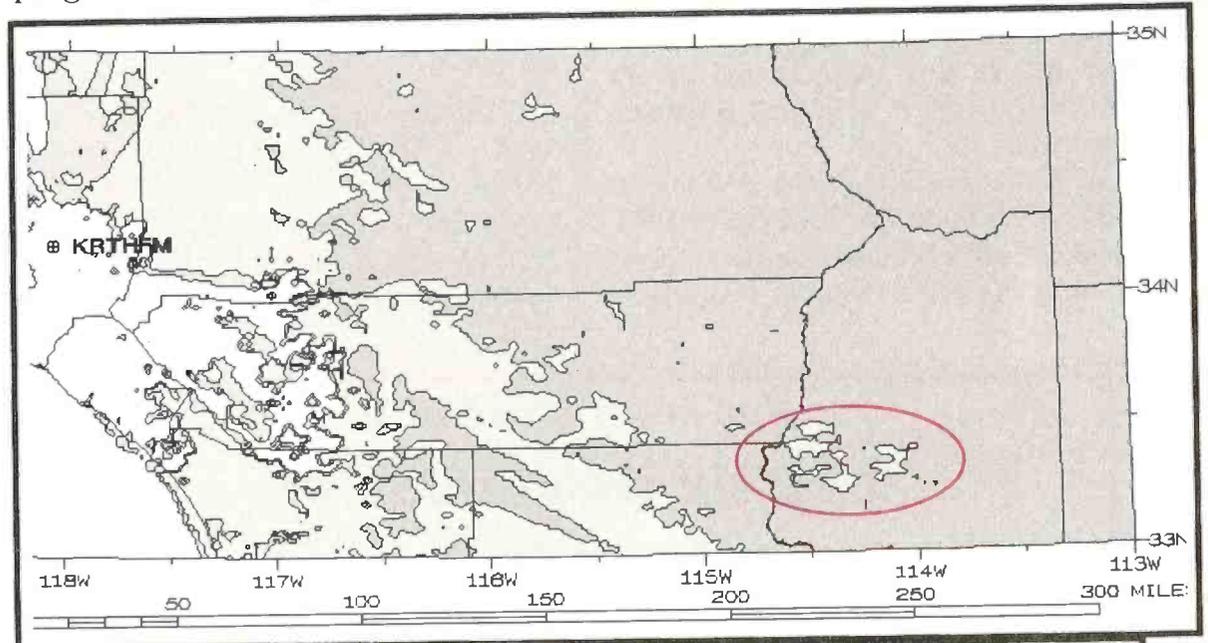
The 50-year radio career of Chicago's **Marvin Astrin** has not gone unnoticed. He is the recipient of the first-ever March of Dimes A.I.R. Lifetime Achievement Award.

## ITS offers low-cost propagation technology

Looking for low-cost, highly specialized coverage maps and technical information? A little-known Department of Commerce agency—The National Telecommunications & Information Administration (NTIA) hosts The Institute of Telecommunication Sciences (ITS) in Boulder, CO. Through the ITS Web site ([www.its.bldrdoc.gov/tas](http://www.its.bldrdoc.gov/tas)), users can access advanced propagation programs and complete technical

information to compete with private companies. Since taxpayer dollars funded this, taxpayers have a right to use it," said **Robert DeBolt**, electronics engineer ITS. ITS currently has only 350 customers nationwide—mostly FCC clients doing DTV propagation studies.

The sample DeBolt provided on request is for KRTH-FM Los Angeles. RBR asked for a 300 mile radius to show where KRTH can be received



information for AM, FM, TV, PCS and DTV. Costs for program usage range from \$10-\$60, much less than telcom consultants or software purchases.

For the Communication System Performance Model (CSPM) variables such as terrain, interference from other stations, weather conditions, and field intensity levels can be entered into the programs, and a realistic multi-color signal strength/coverage map is produced. Focusing down to 90 meter steps, the Longley-Rice algorithm used with CSPM calculates diffracted losses from terrain, troposcattering and free space losses.

"We are funded by taxpayer dollars and therefore don't advertise or

### Field Intensity (dBuV/m)

Greater than 70.00	Area: 8640 sq mi
	Population: 11813000
	Households: 4014000
60.0000 to 70.00	Area: 1980 sq mi
	Population: 712000
	Households: 244000
20.0000 to 60.00	Area: 9400 sq mi
	Population: 1254000
	Households: 442000
Less than 20.0000	Area: 25500 sq mi
	Population: 191000
	Households: 71000

in Arizona on a small patch of high ground along I-10. Indeed, the accuracy of the program was proven. (Note circle on map)

by Jack Messmer

## Wicks on buying spree in Hoosierland

Fresh from closing its new \$120M credit facility (*RBR* 9/29, p. 13), Wicks Broadcast Group announced a second deal to buy stations in central Indiana. Wicks, whose radio division is headed by **D. Rex Tackett**, is paying \$6M for WMDH-AM & FM New Castle, IN—a combo which also serves the larger nearby towns of Muncie and Anderson. The seller is **Jack Lich's** and **Stephen Taylor's** WTL Indiana Inc.

With this deal, Wicks owns or has under contract 19 radio stations in four markets. It also owns six TV stations. **Broker:** **Michael Bergner**, Bergner & Co.

**RBR observation:** Wicks' established radio operations are in smaller (#91, #100 & #161) Arbitron markets. Now, though, it's twice bought stations in

unrated Indiana markets (WWKI-FM Kokomo was first) that are plenty large enough to become rated markets. Do we see a pattern emerging?

### ARS reshuffles lineup

With its \$2.6B sale to CBS (N:WX) pending (*RBR* 9/22, special insert), American Radio Systems (N:AFM) continues to announce deals that were already in negotiation. Two announced last week (10/1) have ARS buying in California and selling in Missouri.

#### #1: Desert buy for \$5.1M

CBS, via ARS, is adding another California market with a \$5.1M deal to buy **Paul Posen's** KEZN-FM in the Palm Springs market. ARS already owns two FMs in the adjacent River-

side-San Bernardino market. **Broker:** **Peter Handy**, Star Media Group

#### #2: Spinning AM for \$3.75M

CBS already has a 50kw AM giant in St. Louis, KMOX, so it hardly needs 1kw KFNS. The Sports/Talk outlet is being spun-off to Missouri Sports Radio LLC, headed by **Greg Marecek**, for \$3.75M. **Broker:** **Bill Cate**, Sunbelt Media

### Capital Kids cashing out

Beleaguered Aahs World Radio is losing a top-10 market affiliate. Capital Kids Radio has a letter of intent to sell its two Washington, DC market AMs, WKDL and WKDV, to **Alfredo Alonzo's** Mega Broadcasting.

An LMA, which will flip the kiddie stations to Spanish, is expected in late November. Capital Kids' only other station, WKDB-AM Baltimore, is for sale as well.

"Personally, for me, it has been very worthwhile," Capital Kids CEO **Virginia Carson** said of her five-year run with children's radio. Carson said she was disappointed that the format didn't develop better, both nationally and locally. For her, the final straw was Aahs' parent company, Children's Broadcasting Corp. (O:AAHS), deciding to sell its own station group (*RBR* 6/16, p. 14).

Carson said she spoke with Disney's (N:DIS) ABC Radio Networks about Radio Disney, but ABC didn't like her signals and she didn't like their six minutes an hour of local avails—"We can't make that work," she said. **Broker:** Blackburn & Co.

**RBR observation:** Capital Kids gave children's radio a valiant effort, but despite a live, energetic, local morning show (a feature absolutely forbidden by Radio Disney) which got lots of attention from kids, parents, schools and local media, the dual-AMs were no-shows in the Arbitron book. As we reported (*RBR* 9/8, p. 6), plenty of people in the radio industry think Aahs and Radio Disney are fighting tooth-and-nail over a business that isn't viable.

Paul Posen, President of  
**Classic Broadcasting**  
*has agreed to transfer the assets of*  
**KEZN-FM**  
**Palm Desert, California**

*for*  
**\$5,100,000**

*to*  
 Steve Dodge, Chairman and CEO of  
**American Radio Systems, Inc.**

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## Wall Street traders await opportunity to get Real

RealNetworks Inc., which until a few days ago was known as Progressive Networks, has filed with the SEC to sell \$34.5M worth of stock in an IPO.

"The company's objective is to be the leading streaming media company, providing software and services that enable the delivery of a broad range of multimedia over the Internet and intranets, thereby facilitating the evolution of the Internet into a mass communications and commerce medium," RealNetworks said in its filing.

So far, the company appears to be successful in pursuing that objective. As *RBR* reported last month (*RBR* 9/22, p. 8), RealAudio continues to be the overwhelming choice of radio stations streaming audio on the Web. BRS Radio Consultants counted 617 stations using RealAudio—an 88.9% market share. RealNetworks estimates that 150,000 Web pages use its RealAudio and RealVideo technologies to transmit more than 55,000 hours of content weekly.

To say that RealNetworks is a "growth" company is a bit of an understatement. The company has only existed since February 1994 and began generating sales in 1995. \$1.8M in 1995 revenues grew 673% to \$14M in 1996. For the first half of this year, revenues were 215% ahead of 1996 at \$13.4M. As a high-tech start-up, though, RealNetworks is still far from showing an operating profit.

Strangely, one of RealNetworks' biggest shareholders is a competitor in the streaming business—software giant Microsoft (O:MSFT), which bought a 10% stake for \$30M in July and holds warrants to buy more stock.

Not surprisingly, that drew the attention of the Department of Justice's Antitrust Division. DOJ subpoenaed documents from RealNetworks and other streaming companies in August and is currently investigating Microsoft's relationships with various companies in the streaming business.

Lots of blanks have to be filled in before RealNetworks sells its IPO. There's no indication yet how many shares will be sold, or at what price. The obvious choice for a Nasdaq stock symbol is REAL, but that was already taken, so RealNetworks had to settle for RNWK. Underwriters: Goldman, Sachs & Co.; Montgomery Securities; Robertson, Stevens & Co.

# SOLD!

KRNA-FM, Iowa City, Iowa from KRNA, Inc., Eliot A. Keller, President, to Capstar Broadcasting Partners, Inc., R. Steven Hicks, Chairman and CEO.

George I. Otwell  
and  
Randall E. Jeffery  
represented the buyer.

### Kiddie net ups TV stake

Children's Broadcasting Corp. (O:AAHS) has increased its stake in Harmony Holdings inc. (O:HAHO) from 24.7% to 40.7% through a series of stock and option purchases. In order to fund the deals, Children's increased its credit facility with Foothill Capital Corp. by \$5.8M. Harmony Holdings' primary business is producing TV commercials. It is also involved in creating music videos, Web sites, TV programs and films.

### Renda hits a triple

**Anthony Renda's** Renda Broadcasting is adding its third FM in the Ft. Myers-Naples market. Renda is buying **Bruce Timm's** WSSL-FM for \$3.65M. Broker: **George Reed & Scott Knoblauch**, Media Services Group

### Boise double-flip

**David Capps** is selling KSRV-AM & FM Ontario, OR to **Bruce Buzil's** American Cities Broadcasting for \$1.9M. But wait, there's more! Buzil

is immediately flipping the combo to **Anthony and Rogers Brandon's** American General Media for \$2.1M to add to AGM's Boise, ID superduopoly. Broker: (1st sale) **Terrill Fischer**, Norman Fischer & Associates; (2nd sale) **Greg Merrill**, Media Services Group

### RBR's deal digest

**Susan Patrick** is both broker and buyer (along with hubby **Larry**) on the \$1.5M sale of KZMQ-AM & FM Greybull, WY from **Frederick Forster's** Big Horn Communications... **Joel Fairman's** Faircom Inc. (O:FXCM) is adding to its recent Ohio acquisition with a \$1.25M buy of WSWR-FM Shelby, OH from **Timothy Moore's** The Petroleum V. Nasby Corp. (We doubt they want to be reminded, but this was once convicted communications attorney **Tom Root's** station.) Broker: The Crisler Co... Forever Broadcasting, owned by **Carol O'Leary, Kerby Confer & Donald Alt**, is growing to six stations in Johnstown, PA with a \$425,000 buy of **George H. Buck's** WZGO-AM & FM. Broker: **Michael Bergner**, Bergner & Co.

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# BROADCAST INVESTMENTS™

## October 1—RBR Stock Index 1997

Company	Mkt:Symbol	9/24 Close	10/1 Close	Net Chg	Pct Chg	10/1 Vol (00)	Company	Mkt:Symbol	9/24 Close	10/1 Close	Net Chg	Pct Chg	10/1 Vol (00)
Ackerley	A:AK	18.000	18.062	0.062	0.34%	76	HefTel Bcg.	O:HBCCA	75.250	75.000	-0.250	-0.33%	402
Alliance Bcg.	O:RADO	1.250	1.250	0.000	0.00%	0	Jacor	O:JCOR	45.500	44.500	-1.000	-2.20%	3143
Am. Radio Sys.	N:AFM	47.500	47.687	0.187	0.39%	4132	Jeff-Pilot	N:JP	74.687	81.125	6.438	8.62%	1961
AMSC	O:SKYC	9.750	10.125	0.375	3.85%	733	Jones Intercable	O:JOINA	12.500	12.562	0.062	0.50%	1007
CD Radio	O:CDRD	17.875	19.500	1.625	9.09%	1513	Katz Media Group	A:KTZ	10.562	10.250	-0.312	-2.95%	0
Ceridian	N:CEN	36.500	37.500	1.000	2.74%	3959	Metro Networks	O:MTNT	29.125	32.875	3.750	12.88%	2564
Chancellor	O:AMFM	53.000	51.562	-1.438	-2.71%	3372	New York Times	N:NYT	53.187	52.875	-0.312	-0.59%	1474
Childrens Bcg.	O:AAHS	4.000	4.062	0.062	1.55%	256	News Comm.	O:NCOM	1.500	1.562	0.062	4.13%	3
Clear Channel	N:CCU	63.562	64.625	1.063	1.67%	2461	Pacific R&E	A:PXE	3.375	3.250	-0.125	-3.70%	10
Cox Radio	N:CXR	29.500	30.312	0.812	2.75%	680	Paxson Commun.	A:PXN	10.937	11.625	0.688	6.29%	735
DG Systems	O:DGIT	4.687	4.500	-0.187	-3.99%	188	Pulitzer	N:PTZ	57.000	57.875	0.875	1.54%	127
Disney	N:DIS	78.687	82.000	3.313	4.21%	13972	Saga Commun.	A:SGA	23.125	24.375	1.250	5.41%	20
Emmis Bcg.	O:EMMS	47.500	47.000	-0.500	-1.05%	555	SFX Bcg.	O:SFXBA	73.875	73.875	0.000	0.00%	224
Faircom	O:FXCM	0.562	0.562	0.000	0.00%	0	Sinclair	O:SBGI	38.250	41.375	3.125	8.17%	2951
Fisher	O:FSCI	126.375	125.000	-1.375	-1.09%	5	TM Century	O:TMCI	0.437	0.437	0.000	0.00%	0
Gaylord	N:GET	25.500	25.812	0.312	1.22%	0	Triathlon	O:TBCOA	8.250	8.375	0.125	1.52%	547
Granite	O:GBTVK	12.375	11.750	-0.625	-5.05%	1109	Tribune	N:TRB	53.375	54.750	1.375	2.58%	3503
Harris Corp.	N:HRS	46.938	45.312	-1.626	-3.46%	1973	Westinghouse	N:WX	27.375	29.062	1.687	6.16%	97178
							Westwood One	O:WONE	29.750	32.000	2.250	7.56%	1220

### Emmis cash flow up 17%

Emmis Broadcasting (O:EMMS) reported that broadcast cash flow rose 17% to \$18.6M for its fiscal second quarter that ended August 31. Net broadcast revenues gained 21% to \$33.9M. Net income declined 23% to \$4.7M, largely due to a \$1.3M one-time write-off associated with exiting the company's previous debt facility in order to enter a new \$500M senior credit facility.

### IRS OKs Gaylord spin-off

Gaylord Entertainment (N:GET) completed its \$1.55B spin-off of two cable networks to Westinghouse (N:WX) last week (9/30) after receiving a IRS ruling that the stock-swap deal would be tax-free to Gaylord shareholders.

### For the record

Our story last issue (RBR 9/29, p. 11) omitted mention of Smith Barney Inc. as the lead underwriter for Sinclair Broadcast Group's (O:SBGI) sale of \$150M in common stock and \$150M in convertible exchangeable preferred stock. The five underwriters listed were co-managers of the offerings.

## Faircom Inc.

Joel M. Fairman, Chairman and CEO

*has agreed to purchase*

## WSWR-FM

Shelby, Ohio

*from*

## The Petroleum V. Nasby Corporation

*for*

# \$1,125,000

*The undersigned acted as financial advisor to Faircom in this transaction.*



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X 2.	WFAN	New York	35,100,000
3.	WINS	New York	29,300,000
X 4.	WXRK-F	New York	29,000,000
X	KIIS-AF	Los Angeles	29,000,000
X 6.	KRTH-F	Los Angeles	28,500,000
X 7.	KGO	San Francisco	27,800,000
X 8.	WCBS-F	New York	27,300,000
X 9.	KROQ-F	Los Angeles	26,700,000
X 10.	KABC	Los Angeles	26,600,000

NOTE: Revenue totals are gross with no trade. Network compensation is included if known. Estimates are based upon input from managers in each market, surveys sent to group CEO's and my own judgements and formulas.

5 DUNCAN'S RADIO MARKET GUIDE  
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**Transaction Digest**  
continued from page 18

casting Co. (Ray H. Lockhart) to Goodstar Broadcasting of Kansas L.L.C. (Alan Goodman), a subsidiary of 62nd Street Holding L.L.C. (Bain Capital). \$162.5K escrow, balance in cash at closing. Existing **duopoly**. Broker: Jody McCoy

**\$3,100,000—\* KXMX-FM Cedar Rapids IA** from KRNA Inc. (Eliot A. Keller) to Central Star Communications Inc. (Mary Quass, pres), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). Cash. **Superduopoly** with KDAT-FM, KHAK-FM, KTOF-AM, KRNA-FM (latter also being bought from KRNA Inc.). Brokers: Media Venture Partners (buyer), Gordon Rice Assocs. (seller)

**\$1,850,000—\* WFNR-AM, WNVR-AM, WRAD-AM, WBNK-FM & WRIQ-FM Blacksburg-Christiansburg** (Blacksburg-Narrows-Christiansburg-Radford VA) from Travis Broadcasting Corp., Valley Radio Corp., Travis Broadcasting LLC and Travis Radio Properties LLC (Robert Touchton-Travis) to Bocephus Broadcasting Inc. (A. Thomas Joyner, George G. Beasley). \$75K letter of credit as escrow, \$1.85M in cash at closing. **Superduopoly** with WNNI-AM, WVMJ-FM & WPSK-FM. LMA since Sept. 1. The buyer has requested a six-month **waiver** of local ownership limits to allow for divestiture of WNNI-AM. Broker: Don Sailors, Sailors & Associates

**\$1,500,000—WMJB-FM Evansville WI** from Seehafer Broadcasting Corp. (Don Seehafer) to TBK Communications (Thomas & Barbara Kwiatkowski). \$100K escrow, balance in cash at closing.

**\$1,200,000—\* WWLD-FM Tallahassee** from Tally Radio L.L.C. (Gisela Huberman, Adam Levinson, Bruce Timm) to Cumulus Licensing Corp. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$60K escrow, balance in cash at closing. **Superduopoly** with WHBT-AM, WBZE-FM, WHBX-FM (all being acquired from HVS) and LMA of WGLF-FM. LMA of WWLD since August 18.

**\$1,100,000—\* WWZQ-FM Aberdeen MS** from Buffington Broadcasting Corp.

(J.D. Buffington) to Broadcasters & Publishers Inc. (Houston L. Pearce). \$50K escrow, balance in cash at closing. **Duopoly** with WWKZ-FM New Albany MS. Note: Buffington will retain WWXQ-AM.

**\$1,000,000—WHCC-AM & WQNS-FM Waynesville NC** from Media Mart Inc. (Van Campbell) to Blue Dolphin Communications of North Carolina LLC (James C. Fort, Edward F. Seeger, William J. Pennington III). \$50K escrow, \$600K (less escrow) in cash at closing, \$400K note. Broker: Alderfer & Associates

**\$807,500—\* WQMT-FM Chatsworth GA** from The Annice Haygood Trevitt Support Trust (Charles Deck Trevitt & Carmen D. Trevitt Jr., trustees) to Radio Center Dalton Inc. (Paul Fink, Gilbert H. Watts Jr.). \$50K escrow, \$57.5K (less escrow) in cash at closing, \$750K in notes. **Superduopoly** with WBLJ-AM, WDAL-AM & WYYU-FM Dalton GA and WSGC-FM Ringgold GA. LMA since Sept. 1. Broker: John Willis, Media Services Group

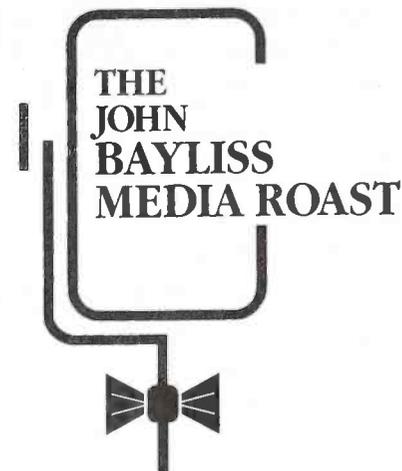
**\$800,000—WCSN-FM Pensacola** (Orange Beach AL) from Pleasure Island Broadcasting Inc. (Victor C. Bosiger) to Purchase Broadcasting Inc. (Robert Lee Hagan). \$40K escrow, balance in cash at closing. Broker: Ed Henson, Henson Media

**\$675,000—\* WNDT-FM Gainesville-Ocala** (Alachua FL), 100% voting stock sale of Alachua Broadcasting Company Inc. from Eve Ackerman to Ocala Broadcasting Corp. LLC, a subsidiary of Wooster Republican Printing Co. (G. Charles Dix II and other members of the Dix family), whose broadcasting group is known as Dix Communications. \$48K downpayment, additional \$627K in cash at closing. **Superduopoly** with WOGK-FM & WNDD-FM.

**\$450,000—\* KWYS-AM & KWWF-FM West Yellowstone MT** from Gary N. Petersen and GNP Inc. (Gary N. Petersen) to Alpine Broadcasting Ltd. (Scott Parker, Judith Davis). \$25K escrow, additional \$185K in cash at closing, \$150K note, \$90K under non-compete. **Duopoly** with application for new FM on 106.5 MHz at Island Park ID. LMA since Aug. 1.

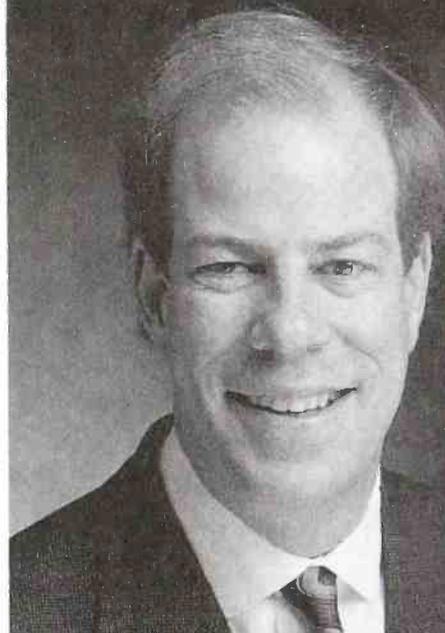
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**TRANSACTION DIGEST™**

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Sept. 24 through Tuesday, Sept. 30 RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

**\$15,400,000—\* WHBT-AM, WNBX-FM & WBZE-FM Tallahassee** from HVS Partners (Gisela Huberman) to Cumulus Licensing Corp. (William Bungeoth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$770K escrow, balance in cash at closing. Existing **duopoly**, plus LMA of WGLF-FM & WWLD-FM. **Broker:** The Whittle Agency

**\$10,000,000—WEJM-AM Chicago** from WVVX License Inc., a subsidiary of Douglas Broadcasting (Darryl Thompson, N. John Douglas) to One-on-One Sports Inc. (Christopher J. Brennan, Combined Insurance Co. of America and others). \$500K escrow, additional \$9.4M in cash at closing, \$200K in cash at closing for non-compete. The \$100K discrepancy is not explained.

**\$8,400,000—\* WKNR-AM Cleveland** from CV Radio Associates LP, a subsidiary of Cablevision (A:CVC), to Jacor Broadcasting Corp. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$840K escrow, balance in cash at closing. **Superduopoly** with WTAM-AM & WLTF-FM Cleveland and WKBN-AM Youngstown. **Broker:** Bill Steding, Star Media Group

**\$8,000,000—WNRB-AM Boston** from Communicom Co. of Massachusetts LP (Richard L. Kylberg Jr.) to One-on-One Sports Inc. (Christopher J. Brennan, Combined Insurance Co. of America and others). \$200K escrow, balance in cash at closing. **Broker:** Questcom

**\$7,000,000—\* KRNA-FM Cedar Rapids IA** (Iowa City) from KRNA Inc. (Eliot A. Keller) to Central Star Communications Inc. (Mary Quass, pres), a subsidiary of

Capstar Broadcasting Partners (Steve Hicks). Cash. **Superduopoly** with KDAT-FM, KHAK-FM, KTOF-AM, KXXM-FM (latter also being bought from KRNA Inc.). **Brokers:** Media Venture Partners (buyer), Gordon Rice Associates (seller)

**\$6,800,000—\* KOSO-FM Modesto** (Patterson CA) from KOSO Inc., a subsidiary of Space Center Inc. (Michael Urbanos), to Pacific Star Communications (Dex Allen), a subsidiary of Capstar Broadcasting Partners (Steve Hicks). \$400K letter of credit as escrow, \$6.8M in cash at closing. **Superduopoly** with KFIV-AM, KJSN-FM & KVFX-FM. **Broker:** Media Venture Partners

**\$4,500,000—\* WSUY-FM & WRFQ-FM Charleston** (Charleston-Mt. Pleasant SC) from Regent Licensee of Charleston Inc., a subsidiary of Regent Communications (Terry Jacobs, Bill Stakelin), to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$600K escrow, balance in cash at closing. **Superduopoly** with WXY-FM & WEZL-FM.

**\$3,450,000—\* WXZZ-FM Lexington** (Georgetown KY) from Regent Licensee of Lexington Inc. (Terry S. Jacobs, William L. Stakelin) to HMH Broadcasting Inc. (Ralph Hacker et al). Cash. **Superduopoly** with WVLK AM-FM and pending acquisition of WLRO/WLTO. LMA since August 19.

**\$3,400,000—\* WNIO-AM & WNCD-FM Youngstown** (Niles OH), 100% stock sale of WN Broadcasting Corp. from Dominic A. Baragona, Robert Doane, Barbara L. Baragona, Louis McQuaid, Gary Zocolo and Donna McQuaid to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$340K escrow, balance in cash at closing. **Superduopoly** with WKBN-AM & FM Youngstown and WTAM-AM Cleveland. LMA since Sept. 1. **Broker:** Blackburn & Co.

**\$3,250,000—\* KOGA AM-FM/KMCX-FM Ogallala NE** from Ogallala Broad-

*continued on page 17*

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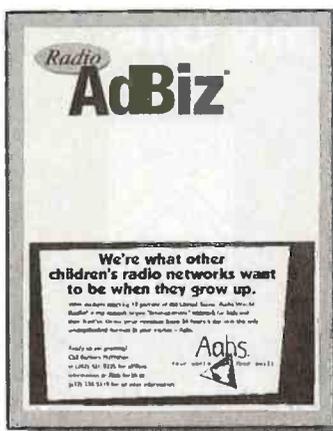
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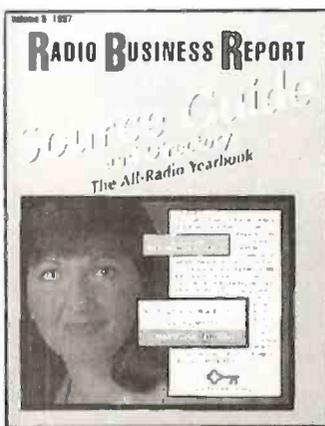


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