

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

October 30, 2000

Volume 17, Issue 44

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The actors strike which has been going on since May is coming to an end, promising renewed and vigorous ad production.

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Wiacom/Infinity managed to beat the street with Q3 revenues, not only avoiding a loss but actually realizing a gain with strong core business.

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AFTRA/SAG strike ending

Production of new TV and radio spots using union actors could resume as soon as today (10/30), following the expected ratification over the past week-end of a strike settlement reached 10/22.

Announcement of the tentative settlement of the AFTRA/SAG strike, which had halted production of many television and radio commercials since 5/1, came after the actors' unions finally reached agreement with the AAAA and ANA on the most volatile issues. The compromise will continue residuals for network TV spots, which the advertising groups had hoped to end. The unions got higher pay for actors in cable spots, but backed down on extending residual payments to spots which run on cable networks. The deal also includes an increase in radio ad payments (see p.2), although that was a minor issue in the protracted negotiations.

"I'm glad it's over," RAB President **Gary Fries** said of the AFTRA/SAG strike against major agencies and advertisers. Although the direct impact of the strike

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The tests are set to be finished by Christmas, with results delivered in January '01.—CM

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	Sales Target Tool	
	Yield Manager	
Sell It Right	Account List Manager	SalesMinder
	Productivity Enhancer	
	Activity Monitor	
Schedule It Right	Flexible Traffic Options	D32/Deltaflex Traffic Systems
	7,100 Client Stations	
	Revenue Maximization	
Play It Right	Totally Linear Audio	Digital Universe
	Flexible, Adaptable	
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Format focus: Adult Contemporary group

The Adult Contemporary group of formats ranks #2 in listenership in Arbitron-rated markets. Where most format groups favor one age demographic over another or are either large- or small-market oriented, AC is strong from top to bottom, ranking #2 in most categories, and #1 among stations on the FM dial and among the lucrative 25-54 age demo.

It is divided roughly into four strains: Straight AC, Soft AC, Hot AC and Modern AC. Soft AC, which falls between AC and Easy Listening formatically, tends to draw an older audience. Both Hot AC, which is between AC and CHR, and Modern AC, which verges toward Alternative format, draw a younger audience.

While Soft AC and Hot AC maintain a presence in even the smallest markets, Modern AC has

not yet penetrated into the boon-docks, and because of the lower number of available FMs per market, is not likely to.

The last chart shows the top five formats to which P1 listeners gravitate when not listening to the AC in question. (P1s are the segment of the audience which considers the station in question to be their favorite).

This study is based on the Arbitron Fall 1999 survey and information from the *RBR Source Guide* database, except for the P1 chart, which comes from a different Arbitron study released in August. RStn is the number of rated stations; UStn is the number of unrated stations and TStn is the total number of stations in each format.—DS

Persons 12+, all stations

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	273	64	337	9,434,028	6.7
	Hot	157	19	176	4,947,832	3.5
	Soft	131	18	149	4,130,506	2.9
	Mod	48	3	51	2,006,907	1.4
2	AC	609	98	707	20,519,273	14.5

Persons 12+, AM dial

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	14	28	42	141,363	0.7
	Soft	5	11	16	35,299	0.2
	Hot	2	3	5	4,126	0.0
	Mod	0	0	0	0	0.0
8	AC	21	42	63	180,788	0.6

Persons 12+, FM dial

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	259	36	295	9,292,665	8.4
	Hot	155	16	171	4,943,706	4.4
	Soft	126	7	133	4,095,207	3.7
	Mod	48	3	51	2,006,907	1.8
1	AC	588	56	644	20,338,485	18.2

Persons 18-34

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	247	90	337	2,564,329	6.1
	Hot	152	24	176	2,057,834	4.9
	Mod	48	3	51	1,034,088	2.5
	Soft	108	41	149	891,919	2.1
2	AC	555	158	713	6,548,170	15.5

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Persons 25-54

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	266	71	337	6,025,519	7.8
	Hot	153	23	176	3,447,312	4.5
	Soft	128	21	149	2,386,819	3.1
	Mod	48	3	51	1,287,353	1.7
1	AC	595	118	713	13,147,003	17.1

Persons 35-64

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	266	71	337	5,416,148	8.3
	Soft	129	20	149	2,430,209	3.7
	Hot	151	25	176	2,263,364	3.5
	Mod	48	3	51	685,114	1.0
2	AC	594	119	713	10,794,835	16.5

Markets 1-50

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	56	17	73	5,717,810	5.8
	Hot	39	7	46	3,410,139	3.5
	Soft	31	3	34	2,936,307	3.0
	Mod	18	1	19	1,579,437	1.6
2	AC	144	28	172	13,643,693	13.9

Markets 51-100

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	58	5	63	1,860,143	8.8
	Hot	31	2	33	753,416	3.6
	Soft	25	4	29	506,913	2.4
	Mod	9	1	10	217,129	1.0
2	AC	123	12	135	3,337,601	15.9

Markets 101-276

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	163	38	201	1,856,075	8.3
	Hot	87	10	97	784,277	3.5
	Soft	77	8	85	687,286	3.1
	Mod	21	1	22	210,341	0.9
2	AC	348	57	405	3,537,979	15.9

Source: Arbitron, *RBR Source Guide* database

Where the straying P1s go

AC	Soft	Hot	Mod
CHR 27.8%	AC 18.5%	CHR 32.4%	CHR 28.9%
Oldies 16.3%	CHR 18.3%	AC 20.4%	AltV 25.5%
N-T 11.4%	N-T 18.2%	AOR 15.4%	AC 19.6%
Ctry 10.3%	Old 17.5%	AltV 14.9%	AOR 18.4%
News 9.2%	Ctry 11.7%	Old 14.5%	HAC 14.3%



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The Adult Contemporary group of formats ranks #2 in listenership in Arbitron-rated markets. Where most format groups favor one age demographic over another or are either large- or small-market oriented, AC is strong from top to bottom, ranking #2 in most categories, and #1 among stations on the FM dial and among the lucrative 25-54 age demo.

It is divided roughly into four strains: Straight AC, Soft AC, Hot AC and Modern AC. Soft AC, which falls between AC and Easy Listening formatically, tends to draw an older audience. Both Hot AC, which is between AC and CHR, and Modern AC, which verges toward Alternative format, draw a younger audience.

While Soft AC and Hot AC maintain a presence in even the smallest markets, Modern AC has

not yet penetrated into the boon-docks, and because of the lower number of available FMs per market, is not likely to.

The last chart shows the top five formats to which P1 listeners gravitate when not listening to the AC in question. (P1s are the segment of the audience which considers the station in question to be their favorite).

This study is based on the Arbitron Fall 1999 survey and information from the *RBR Source Guide* database, except for the P1 chart, which comes from a different Arbitron study released in August. RStn is the number of rated stations; UStn is the number of unrated stations and TStn is the total number of stations in each format.—DS

Persons 12+, all stations

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	273	64	337	9,434,028	6.7
	Hot	157	19	176	4,947,832	3.5
	Soft	131	18	149	4,130,506	2.9
	Mod	48	3	51	2,006,907	1.4
2	AC	609	98	707	20,519,273	14.5

Persons 12+, AM dial

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	14	28	42	141,363	0.7
	Soft	5	11	16	35,299	0.2
	Hot	2	3	5	4,126	0.0
	Mod	0	0	0	0	0.0
8	AC	21	42	63	180,788	0.6

Persons 12+, FM dial

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	259	36	295	9,292,665	8.4
	Hot	155	16	171	4,943,706	4.4
	Soft	126	7	133	4,095,207	3.7
	Mod	48	3	51	2,006,907	1.8
1	AC	588	56	644	20,338,485	18.2

Persons 18-34

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	247	90	337	2,564,329	6.1
	Hot	152	24	176	2,057,834	4.9
	Mod	48	3	51	1,034,088	2.5
	Soft	108	41	149	891,919	2.1
2	AC	555	158	713	6,548,170	15.5

Persons 25-54

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	266	71	337	6,025,519	7.8
	Hot	153	23	176	3,447,312	4.5
	Soft	128	21	149	2,386,819	3.1
	Mod	48	3	51	1,287,353	1.7
1	AC	595	118	713	13,147,003	17.1

Persons 35-64

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	266	71	337	5,416,148	8.3
	Soft	129	20	149	2,430,209	3.7
	Hot	151	25	176	2,263,364	3.5
	Mod	48	3	51	685,114	1.0
2	AC	594	119	713	10,794,835	16.5

Markets 1-50

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	56	17	73	5,717,810	5.8
	Hot	39	7	46	3,410,139	3.5
	Soft	31	3	34	2,936,307	3.0
	Mod	18	1	19	1,579,437	1.6
2	AC	144	28	172	13,643,693	13.9

Markets 51-100

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	58	5	63	1,860,143	8.8
	Hot	31	2	33	753,416	3.6
	Soft	25	4	29	506,913	2.4
	Mod	9	1	10	217,129	1.0
2	AC	123	12	135	3,337,601	15.9

Markets 101-276

Rank	Fmt	RStn	UStn	TStn	Listeners	Pct.
	AC	163	38	201	1,856,075	8.3
	Hot	87	10	97	784,277	3.5
	Soft	77	8	85	687,286	3.1
	Mod	21	1	22	210,341	0.9
2	AC	348	57	405	3,537,979	15.9

Source: Arbitron, *RBR Source Guide* database

Where the straying P1s go

AC	Soft	Hot	Mod
CHR 27.8%	AC 18.5%	CHR 32.4%	CHR 28.9%
Oldies 16.3%	CHR 18.3%	AC 20.4%	AltV 25.5%
N-T 11.4%	N-T 18.2%	AOR 15.4%	AC 19.6%
Ctry 10.3%	Old 17.5%	AltV 14.9%	AOR 18.4%
News 9.2%	Ctry 11.7%	Old 14.5%	HAC 14.3%



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How do you buy a start-up?

by Matthew Simpson

By now, most of the larger advertising agencies should be aware of the anticipated 2001 launch of satellite radio services in the U.S. Both Sirius Satellite Radio and their competitor XM Satellite Radio have already moved to phase two of their introduction to the ad community, by meeting directly with many of the largest advertisers.

Clearly, there is a positive marketplace buzz about this new medium. I recently read a *Wall Street Journal* article that provided a detailed overview of the visionary concept, implementation and future of the service. After spending a considerable amount of time learning about satellite radio, it became clear to me that the article was missing something. It spoke more to the value to the consumer, than to agencies and their clients.

When speaking with clients and determining if satellite radio could be right for them, we have to answer two questions. Will this opportunity provide value to the client in terms of visibility and credibility, and will the measurable return support the investment?

Our answer to the first question is yes. In this instance, a first to market mentality may pay off. This is a chance for clients to be a part of something that's cutting-edge. A real opportunity to build image and credibility among this initial group of super-consumers. In addition, the media attention that this will attract will be amazing. The PR value alone could far outweigh the cost of a small schedule. Think of the news reporter that reports on this new service and mentions some of the pioneering advertisers.

As to the question about attaining an immediate measurable return on investment, the answer is an unfortunate, no. With all hype aside, this is going to be a slow process in 2001. Given the complexity of the system, there are bound to be signal issues that will need resolving.

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In addition, manufacturing delays from some of the signed automotive, retail and receiver partners should be expected. From my perspective, I'm not counting on significant market penetration to be made until 2002.

For now, one satellite network is offering some unconventional methodology for computing audience estimates by trying to translate the number of potential subscribers to actual audience. Almost everyone I've spoken to about the subject, including the company that will ultimately be responsible for determining audience estimates, has indicated it would be impossible to try and predict how many receivers will be sold, who will be listening, when they will be listening and what channels they will be listening to, making

any predictions by either company extremely unstable.

It is important to point out that although no comprehensive audience data will exist for some time, there is a great deal of psychographic information about these people (listeners) that Sirius and XM, the client, and we know. For instance, we will know who they are and what make and model car they own. We know they have and use their credit card, buy tires, batteries, etc. All of this information is very important and can assist in evaluating the subscriber base as it expands.

So how do we invest money in this new opportunity and protect our clients at the same time? I believe there are some creative ways to work around the lack of data. Schedules can be guaranteed on a "Cost per Point" or

"Cost per Thousand" over an extended period of time. After ratings data becomes available, current audience figures can be projected back to take into account the "subscription curve." Ultimately, there will be some way to post.

As I recently said to a client of mine, booking only the first year will pretty much guarantee we reach almost no audience. By locking in three years, with the commitment from all parties to consistently evaluate the progress of delivery, you stretch the investment to where it eventually pays off and protects your efficiencies at the same time. Yes, the audience is non-existent when you start, but by year three you may be quite pleased that you were in at the beginning. Again, we're

not talking huge out-of-pocket here. Compared to most "out of the box" opportunities I've seen over the years, this can be implemented for much less. If Dr. Evil were working for XM or Sirius, he would most likely position it as, "Come on people, throw me a bone here."

Eventually, there will be a market that develops over 2001, 2002 and into 2003. It will be a market that will give us every tool we need to be accountable to our clients. We will have the research base to measure qualitative and quantitative data, and the satellite companies will have enough of a customer base to be profitable. Isn't technology great?

Matthew Simpson is Director, National Radio at CARAT USA, Inc.

Two years later: Joel Hollander's Westwood One

by Carl Marcucci

Almost two years ago to the day, **Joel Hollander** took over the reins of a Westwood One (N:WON) that was in need of full-time leadership. Then-CBS/Infinity CEO **Mel Karmazin** didn't feel it was fair to himself or shareholders to add yet another entity to his day-to-day responsibilities. Instead, he appointed top-grossing WFAN-AM GM Hollander to be Westwood One President and CEO. Joel has since moved the company from Nasdaq to the NYSE and into the Billion-dollar club with the Metro Networks acquisition. On this two-year anniversary, we caught up with him for a few minutes to take a look back...and forward.

Why were you chosen by Mel to run Westwood One?

Well, you should probably call and ask him. Basically, I was running his biggest radio station for a number of years. It was the top grossing station and continues to be. Maybe I was looking for a little bit of a change. At that time, if you remember, his empire was growing tremendously. He had just taken over television and the network, along with the radio and outdoor. It needed a full-time CEO. That is kind of the genesis of what happened.

What weighed in your mind on taking the offer vs. not taking it?

I was at 'FAN for 11 years and it was obviously a tremendous job. It was a very high profile radio station, but I was looking to do something else. This was a huge opportunity to step up into the public sector and take over a company that was in the process of growing. It was a big decision. I could very easily have stayed at 'FAN for a very long time. I was very happy, but I wanted to do more. I thought I had already done what I could



do at 'FAN at that point. Westwood One was and remains an exciting and dynamic company with great growth potential. I looked at this as an outstanding challenge and an opportunity to work closer with Mel and **Farid [Suleman, CFO of WW1 and Infinity]**.

When you began at Westwood One, what problems did you need to solve?

I think there were a lot of internal, systematic problems that were really not anyone's fault at the time. It was a lot of different companies that merged together—Unistar, CBS Radio Networks, Westwood One, NBC Radio Network and Shadow Broadcast Services. It really needed to be sorted out and run on a full-time basis, more than anything. I think there needed to be a decision-maker on the premises every day. Looking at all that, I met with everybody

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over a 90-day period to see who had the goods and who didn't. Whether it was in the compliance area, affiliate sales or ad sales. Systems. Those are the kinds of things that we concentrated on first because we wanted to make the company a little bit more user-friendly to the advertisers and the radio stations.

How did you prioritize your attack? What were the first three things you focused on in getting the place in shape?

Sales, affiliate relations and compliance—and I could say that they've greatly improved. One of the first calls that I went out on was to an agency in Los Angeles. The information for an affiliate list wasn't correct. There is so much product here, over 150 products and line networks. They change every week. However, it is obviously very important when you are going out to talk to an advertiser, that your line-up is correct and your call letters are correct. I think one of the things that I found out almost immediately from the agencies and advertisers was that they were really never sure what they were getting. That is certainly not the case today. I think we're pretty buttoned up in that area.

What were Westwood One's strengths at the time; what are they now?

Programming and having Infinity behind it. The programming, products and services today are as strong as ever. We are just trying to constantly extend our brands. News, obviously, we are the preeminent news provider to radio stations in the country. We have most of the big, long-form sporting events. Obviously, traffic and information with Metro Networks/Shadow Broadcast Services. Our music and entertainment is basically unparalleled in the industry.

Two years later, what have you personally done to improve efficiency, organization and management structure?

I think obviously that there are many good department heads in the company that bring a lot to the table. The company has more than doubled in size since I've been here with the acquisition of Metro Networks. There are over 3,500 employees in the company. When I walked in there were 1,200 or 1,300. Obviously, you have to have a lot of good people working with you and making decisions on a daily basis. Again, going back to what I said earlier, systematically, organizationally, internally, making sure that communication is strong throughout the company.

Day-to-day, what is it like to run a network of this size?

The one thing about this job is we're dealing with over 7,500 radio stations. So we are dealing with top radio stations, top markets, middle markets, lower markets. The one thing that I really love about it is that I can be dealing with CNN News in

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one conversation and The Grammy Awards in another, or an NFL situation all within two or three hours. I think that you have to be pretty diverse with the people that you are talking to. Obviously, a good part of the job is dealing with the public markets—it's an ongoing process.

What do you think about the radio stocks dropping as of late? Where is this all going?

We are going to be back to a more normalized growth pattern over a longer period of time. The fundamentals in the radio business are still very strong and industry experts expect radio to outpace the advertising market in 2001.

You are going to have the situations where new categories come in, whether it's wireless or new technology. There has been a lot of talk about the dot-com category and obviously, it was very big. The way I look at it is that it is a new category that is here to stay. It just might not be as big as it was nine months ago, but the big players are going to be there and they are going to need to brand themselves moving forward.

What are you doing to keep Westwood One's stock strong?

The radio business has been an extremely strong growth business over a very long period of time. With good management, cutting-edge programming and servicing clients, we will bring strong results. The radio business has consolidated over the last four years and I think everybody has just started to get in the saddle of how to operate these huge companies. And that's why I think there will be normalized growth with strong results.

So you are keeping it optimistic.

Absolutely, I mean certainly the stocks have gone down and they went up for a long period of time. However, I think that

you have to view these things over a long period. And there have been some big swings over the last two years. Again, I think radio is a growth business.

Tell us about taking Westwood One from the Nasdaq to NYSE in '99.

We switched to the New York Stock Exchange because they're on the cutting edge of new technology and trading all the time. And they're competitively positioned to address challenges of markets at all times. We think being traded on the NYSE with blue chip companies is a big advantage.

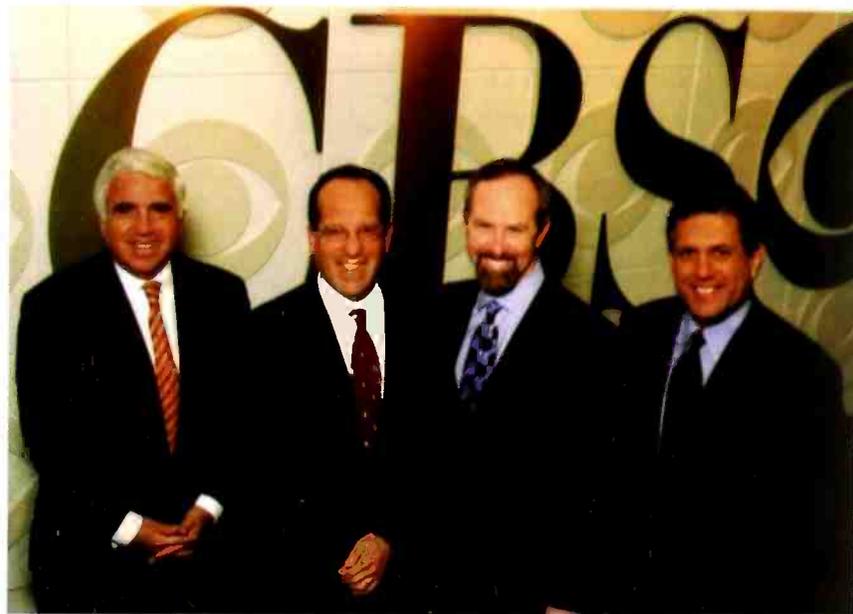
What are your future plans for Westwood One? How will you play on the synergies with Viacom?

We obviously want to operate our company and deliver great quarterly results. We want to continue to be the preeminent content provider, while creating new content. We are very excited that we just, in the last 60 days, launched the VH1 Radio Network through Viacom and have cleared 15 of the top 25 markets in just three weeks. The program extensions through Viacom, we believe will continue. We are looking for big things there.

Tom Martino—we have a great rollout of that show, including WABC in NY. We obviously want to continue to create new content. Creating content on network radio or local radio is no different from the movie, "Field of Dreams." If you build it and it's good, they come.

Let's talk a little bit about Metro Networks/Shadow Broadcast Services after the purchase last year.

It is just past our first year anniversary on the Metro Networks acquisition. We've obviously



At the 42nd Grammy Awards: Viacom President **Mel Karmazin**, Joel Hollander, Recording Academy President/CEO **Michael Greene** and CBS TV President/CEO **Les Moonves**.

realized a lot of synergies, cost-wise, and we will continue into the foreseeable future to realize some revenue synergies. We now supply traffic and information in 82 markets. It's obviously a very big piece of Westwood One's business. In some of the top markets, we have very large coverage of almost every major demo. So you can come to us for a 10-second traffic inventory, whether you want to reach 18-34s or 25-54s. We pretty much blanket every market with our 10-second inventory.

We know that Premiere/Clear Channel will be unveiling a new traffic strategy in January that takes advantage of Premiere's new 10-second inventory networks. How is Metro/Shadow planning for that and what observations do you have?

We have the leadership position in that industry, and a very solid position. We don't really know what is going to happen because they are not revved up quite a bit with the traffic actualities. And they don't have it in every market. What we have seen to this point is that

they've left it up to a lot of managers in their regions. In the last six months, we have actually renewed a number of Clear Channel markets for traffic. New York, Phoenix, and Providence come to mind. That is the gamut of the small, medium and large markets.

We think we will continue to have a relationship with Clear Channel moving forward. There are going to be some markets where they might test out and do some things by themselves. It's obviously a very expensive proposition to start traffic and we think, by far and away, we are the leader in that marketplace and we've obviously branded that market.

What will it take for Westwood One to begin allowing its shows to be streamed on the net? Do you have any strategies you're considering?

Nobody, I think, has really figured out what the big business streaming solution is. If I were to have figured it out, I would have done it already and we would have been making a lot of money, but I don't think anyone has figured that out yet.

Flipping out in St. Louis

Within the span of approximately one week, several changes occurred on the FM side of things in St. Louis. Emmis (O:EMMS), Clear Channel (N:CCU) and Bonneville are the players in what amounts to a total of four format changes.

Emmis' Classic Rock KXOK-FM is switching to Talk KFTK while Alternative WXTM-FM becomes 80s-oriented Classic Hits WMLL-FM, "The Mall." KFTK's lineup will include **Steve & D.C.**, **Clark Howard** and Dr. **Laura**. The addition of the FM Talker will be the biggest change for the five-FM cluster, which also boasts one AOR (KSHE), two shades of Classics (WMLL and KIHT) and an Alternative (KPNT).

Meanwhile, Bonneville is taking Emmis-divested WKKX-FM away from a tried and proven Country format and replacing it with Smooth Jazz as WSSM. WSSM PD **Mike Waterman** explained, "Bonneville already owns the number one Country station [WIL-FM.] It is a company that prefers formats that are unique to the market rather than duplicated. Rather than compete with ourselves, we decided to switch to some other format." Bonneville will try to transfer WKKX's audience to its flagship station. Waterman notes, "Yeah, we put liners on the air [at WKKX] that said, 'if you're looking for your favorite Country music, it's down the dial at 92.3 WIL!'"

But they won't go there if Clear Channel has anything to say about it. It jumped into the new Country hole with both feet, flipping its KSD-FM from Hot AC to "The Bull—The Better Country." In an ambitious campaign to kidnap the abandoned audience resulting from Bonneville's WKKX flip, KSD VP/GM **Rick Weinkauf** professes, "We certainly set our sights on being the top Country station in the marketplace within a reasonable period of time." When *RBR* noted that the old WKKX audience may very well switch to top Country rate-getter, WIL-FM, Weinkoff countered that, "With WKXX going away, why would the WKXX people now elect to go to WIL as opposed to going to 'The Bull?' If that was their preference in the past, they would have been on WIL's side and wouldn't have been listening to WKXX. So if we can replace the format and do it better than they were doing it at WKXX, then it stands to reason that we would be able to get all of the people that listened to WKXX plus certainly some from WIL."—KR

Radio Wars®

Albany FM ages its audience with niche switch

The far-flung Albany-Schenectady-Troy market is loaded with small Class A FMs (we figure 14 out of 21 which were rated Spring 2000). The resultant low ratings put a premium on the quality of each station's audience.

Albany Broadcasting took its WZMR-FM from Modern AC to Smooth Jazz last Fall. Starting with Spring 1999, the station has trended 0.9-1.3-1.8-2.1-1.5 P12+, a general improvement since the switch. Gone, however, are the youngsters which made up the bulk of the station's former audience. 18-34 demos have gone below half a share and teens are gone entirely.

Instead, numbers for all 25-54 and 35-64 demos are up, with the M35-64 demo making up the lion's share of the station's new audience. With a wealthier audience and no direct competitors, we'd have to call this flip a good one.—DS

Omaha FM finds an Alternative to Standards

Last fall, Waitt Radio took Standards KOTD-FM and flipped it to Adult Alternative as KCTY-FM. There are no other Alternative stations in the market, but there are two Album Rockers, two CHRs and one Hot AC from which KCTY will need to siphon off listeners. So far, there is not much indication that this is happening.

The predictable result of this flip did take place—the 35-64 audience basically packed their bags and went elsewhere—specifically, to Journal's KOMJ-AM (the

former WOW), which has surged in the ratings (from Spring 1999 to Spring 2000, it's P12+ rating has gone 1.7-5.3, apparently taking audience not only from the former KOTD-FM but from its former sister KOTD-AM, which also is slumping).

As KOTD-FM, Waitt's station pulled a 2.6-3.2 Spring-Summer 1999, dropped to 1.7 Fall 1999 during the flip to KCTY, and then went 0.8-1.2 Winter-Spring 2000. Also predictably, what success it has had has been in the 18-34 demos, and makes a very respectable showing among W18-34. But it still has a ways to go.—DS

Laying low in Laredo? Anything but

Marcos Rodriguez has found the cure for what was ailing KOYE-FM. The station abandoned its Country format last October in favor of Classic Hits as KQUR-FM "The Cure". The results were instantaneous and spectacular.

The station went from a 5.7 P12+ in the Spring 1999 survey to a 12.3 Fall 1999, then 12.0 Spring 2000. In a market with only seven stations listed above-the-line, that was good for a jump from 5th to 3rd place. The station is tied for second P25-54 and tied for first P35-64. Its greatest strength is among the male portion of those demos, where in both cases it pulls nearly double its overall 12+ rating and is #1 among Men 35-64.

Despite Laredo's 95% Hispanic population, the station broadcasts in English.—DS

Source: Arbitron data was used in all stories on this page


Satterfield & Perry, Inc.
Media Brokers Appraisers Consultants

Ron Swanson, V.P.

570/563-0900
SwansonRon@AOL.com



by Jack Messmer

Radio stocks: Trick or treat?

"Strong long-term fundamentals and historically low valuations should be enough to move radio stocks higher," analyst **Tim Wallace** of Banc of America Securities wrote in his "Broadcasting Monthly" report dated 10/16. "We believe the radio industry will continue to benefit from consolidation by gaining advertising market share against other media, and we anticipate that this will accelerate the industry's long-term growth trend from 8.5% to 10-12% during the next five years."

Wallace noted that radio stocks are currently selling at or near the multiples seen in October 1998 when the US markets were bracing for a recession which never materialized.

Viacom & Infinity beat The Street

The word was already out that they would top analysts' estimates, but we got the actual numbers 10/25

Analysts had expected Viacom (N:VIA) to report a net loss of two cents per share for the third quarter. Instead, the company did four cents better than that—not a loss, but a net profit of two cents per share. Revenues rose 79% to \$6B and EBITDA gained 167% to \$1.4B. A happy CEO **Sumner Redstone** declared that, "We have tremendous strength led by our core radio

and outdoor, cable and television segments."

In his conference call with Wall Street analysts, Viacom President **Mel Karmazin** said that he had not seen evidence of any major advertisers who'd stopped buying ads, with the single exception of the dot-com companies, whose money flow had been cut off by the IPO market drying up.

Infinity Broadcasting (N:INF), which is majority owned by Viacom, posted a 66% gain in third quarter revenues and topped \$1B for the first quarter ever—to \$1.03B. Radio revenues rose 13% to \$541M and outdoor was even stronger.

Operating cash flow gained 66% to \$468M and net free cash flow increased 52% to \$265M.

Clear Channel tops estimates

"The fundamentals of our business have never been better," CEO **Lowry Mays** declared as Clear Channel Communications (N:CCU) reported yet another quarter that exceeded the analysts' consensus estimate. Instead of the 69 cents per share in after-tax cash flow that The Street had been looking for, Clear Channel posted 72 cents for Q3. Looking ahead, Mays said he was "satisfied" with the current analysts' consensus of 75 cents for Q4 and \$3.16 for all of 2001.

"We hear a lot about the impending advertising recession," Mays said, then launched into a history lesson. In 19 of the last 20 downturns for the US economy, radio and outdoor [CCU's main businesses] managed to grow anyway. "The doomsayers might be wrong again, even if we do have a downturn."

For Q3, CCU saw net revenues grow 98% to \$1.6B. After-tax cash flow gained 55% to \$338.9M. Of course, those huge gains include the recent acquisitions of AMFM and SFX. On a "same store" basis, CFO **Randall Mays** said radio revenues rose 9% for Q3 and cash flow 13%. He also reported that CCU has closed on \$440M in deals from the cash it put into trust for tax-free reinvestment from the AMFM merger spin-offs, but couldn't say how much of the remaining \$800M would be spent by the 2/19/01 deadline.

CCU President **Mark Mays** told analysts that the company's top growth categories for radio advertising in Q3 were bever-



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ages, consumer products and telecommunications. Q4 pacsings so far show the biggest gains coming from telecommunications, automotive, consumer products and retail.

While some competitors, newspapers and a gadfly political candidate (see page 2) have been bashing CCU for running contests across multiple stations in several states, Mark Mays hailed "collective contesting" as one of the pluses for CCU's 1,100-station platform. "They drive ratings and they lower our costs," he noted.

Wall Street punishes Citadel

Citadel's (O:CITC) stock price plunged 46%—dropping \$7.375 to \$8.625 on 10/25—after reporting the previous evening that Q3 same station revenues and broadcast cash flow rose only 1%. The downside surprise quickly led to downgrades from several brokerage houses, including First Union, Banc of America, Prudential and Goldman Sachs. Including acquisitions, Citadel's net revenues rose 55% in Q3 to \$78.2M and BCF gained 65% to \$31.1M.

CEO **Larry Wilson** said the company suffered \$2M in ad cancellations in September. After analyzing the cancellations, President **Bob Profit** said "the one recurring theme" was the automotive sector, but otherwise there were cancellations from a variety of sectors. Wilson declared that Citadel was "back in good stead" for Q4, with automotive, furniture and groceries among the ad sectors showing strength. He also expressed confidence in his group's national rep, Interep's (O:IREP) McGavren Guild Radio.

"I can take the heat and I will take it," Wilson told analysts, and said he remained "very bullish" on the company's prospects. The CEO noted that he'd bought 20,000 additional shares of Citadel stock just a few weeks ago and planned to buy more just as soon as the company's SEC attorneys gave the green light following the Q3 report.

Saga on target

Saga Communications (A:SGA) saw revenues grow 6.7% in Q3 to \$25.5M. BCF gained 8.8% to \$10.6M. On a same-station basis, those gains were 2.7% and 5.2%, respectively. "We didn't see a lot of cancellations in September, we just saw a general malaise," said CEO **Ed Christian**. "We never had much dot-com advertising," he noted.

CRN pair to Salem

Continuing its station sell-off, Catholic Radio Network is dealing WWTC-AM Minneapolis-St. Paul and WZER-AM Milwaukee to Salem Communications (O:SALM) for \$7M. Salem already has two AMs in the Twin Cities, but Milwaukee is a new market for the nation's largest commercial Religious radio group.

Ironically, Catholic Radio Network was launched as a Roman Catholic alternative to Protestant Evangelical radio programming. Now it is selling two of its stations to the largest Religious broadcasting group which features primarily Protestant Evangelical programming. **Broker: Austin Walsh and Tom McKinley**, Media Services Group

RBR observation: CRN had originally

planned to sell the Milwaukee station to some of its investors, including Domino's Pizza founder **Tom Monaghan**. That deal fell apart, though, and CRN added WZER to the eight stations already listed with MSG.

Boise price: \$10M

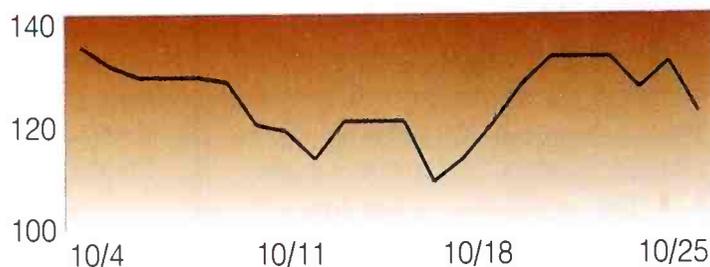
Paperwork filed with the FCC reveals that the sale price for FM Idaho's five stations is \$10M. **Bill Ackerley's** Horizon Broadcasting Group announced the deal several weeks ago (*RBR* 10/9, p. 13), but kept the price under wraps. Horizon will pay \$2.4M in cash, with the remaining \$7.6M in a note. Another bit of new information from the filing: Seller **Wendell Starke** will acquire an equity stake in Horizon. **Broker:** The Exline Co.

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Citadel's plunge cut the week's gain for The Radio Index™ to 2.36. It closed 10/25 at 121.81.



Bob Kelly of Kelly Communications

has agreed to transfer the assets of

WKSO-FM and WFXF-FM Peoria, Illinois

for

\$2,750,000

to

Peter Ottmar and John Maguire of
AAA Entertainment LLC



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The deals listed below were taken from recent FCC filings.

Transaction Digest[®]

by Dave Seyler & Jack Messmer

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.

Closed WHIR-FM

Danville, KY
\$1,600,000

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HOLT
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\$57,000,000 KGMY-AM/KXUS-FM, KGMY-FM, KGBX-FM & KYUZ-FM Springfield MO (Springfield, Aurora, Nixa, Pleasant Hope); **KKYS-FM & KAGG-FM** Bryan-College Station TX (Bryan, Madisonville); **KBBA-AM, KEAN AM & FM, KULL-FM, KEYJ-FM & KHYS-FM** Abilene TX from Sunburst Media LP (John M. Borders et al) to Clear Channel Communications Inc. (N:CCU) (Lowry Mays et al). \$3M escrow, \$1M non-compete, balance in cash at closing. Existing **superduopolies** in Springfield MO and Abilene TX, existing **duopoly** in Bryan-College Station. Broker: Salomon Smith Barney (seller)

\$3,000,000 WSVO-FM, WKDW-AM & WINF-AM Staunton-Waynesboro VA from Douglass Communications LLC (Michael L. Douglass) to Clear Channel Broadcasting Licenses, a subsidiary of Clear Channel Communications Inc. (N:CCU) (Lowry Mays et al). \$147,500 escrow, \$2,802,500 cash at closing, \$50,000 from post-closing escrow account subject to adjustments. Existing **duopoly** with some overlap with WCYK-FM Staunton VA and WVAO-FM Crozet VA, which are part of the Charlottesville VA Arbiton market. LMA starting 11/1. WINF-AM has been operating under a STA which was to expire 10/27. Financial burden of restoring station to full power rests with buyer, with seller responsible for expediting matters with the FCC. Broker: Media Services Group (seller)

\$2,700,000 WDXY-AM, WKHT-FM & WIBZ-FM Sumter SC (Sumter, Bishopville,

Wedgfield) from Reich Communications Inc. (Raymond F. Reich) to Miller Communications Inc. (Harold T. Miller, Frank H. Avent, William Duncan). \$50K escrow, balance in cash at closing, plus up to an additional \$69K for associated real estate. Existing **duopoly**

\$2,500,000 KSUV-FM Bakersfield (McFarland CA) from Tri-Caballero LLC (Eduardo Caballero et al) to Lotus Communications Corp. (Howard Kalmenson et al). \$250K escrow, balance in cash at closing. **Duopoly** with KIWI-FM, KCHJ-AM & KWAC-AM. Broker: Gary Stevens & Co. (seller)

\$1,000,000 WYEZ-FM Myrtle Beach SC (Murrells Inlet SC) from Myrtle Beach Stations Trust (John M. Ade, Trustee) to Fidelity Broadcasting Corp. (Jerome Bresson, David Hafler). \$50K escrow, balance in cash at closing. **Duopoly** with WYNA-FM. No overlap with WEZV-FM, WGTV-FM or WGSN-AM. LMA since 8/31. Stations sold on behalf of NextMedia Group II, which acquired them from Pinnacle (RBR 2/21, p.12) and had to spin selected stations after striking a subsequent deal with Hirsh Broadcasting (RBR 3/6, p.13). Seller is still holding and attempting to sell WYAK-FM Surfside Beach in the market.

\$750,000 KROR-FM Hastings NE from Three Eagles of Columbus Inc. (Rolland C. Johnson) to Eternal Broadcasting LLC (Dean Sorenson, R.W. Chapin). \$75K escrow, balance in cash at closing. LMA since 9/18.

\$500,000 KITZ-AM Seattle (Silverdale WA). 60% of the stock of KITZ Radio Inc. from Jamison W. White & Robert W. Tharrington to Citizens Committee for the Right to Keep and Bear Arms/Second Amendment Foundation (Alan Gottlieb et al). \$50K at contract signing, \$100K at closing, \$150K by 1/01, \$150K by 1/02, \$50K by 1/03. Sellers may receive additional compensation based on revenue performance or possible resale of station through 12/31/05.

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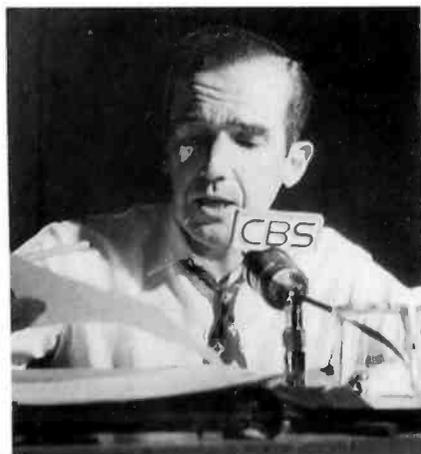
In a move designed to help busy executives keep up with the fast-changing radio business, *Radio Business Report* in the Spring of 2000 became the first radio trade publication to launch an Internet radio station." Radio news is breaking at an incredibly fast pace and

In addition to posting news on its Web site, www.rbr.com, RBR is also streaming 24 hours a day.

The "format" consists of a newscast of radio-specific business and industry news, interviews and commentaries, plus classic radio bits, jingles and Mercury Award-winning spots (with real paid spots to come). Veteran newscaster Jack Messmer, now Executive Editor of RBR, is back behind the mike for the audio updates.



just can't wait for the morning faxes," said Ken Lee, Associate Publisher and General Manager.



The new RBR Web "radio station" is still early in its development and radio executives are encouraged



to provide input on what they'd like to hear. (Please don't ask for Britney Spears, though!) You may email klee@rbr.com

so we can build the radio station you want.

"Another exciting aspect of the Internet radio station for RBR is that we can now offer advertisers a cross-platform vehicle to help to market their products," noted Lee. "Advertisers can now run audio spots on our Internet radio station, bundled with banner messages on the www.rbr.com web site, along with click-through messages on our daily email service, plus traditional advertising with *Radio Business Report* and *MBR*."



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- "The Bev Smith Show," the only national nightly talk show that explores today's issues affecting the African American community;
- Comprehensive sports coverage on the Black Collegiate scene.

WE ENTERTAIN

AURN is...

- "Coming Soon," daily movie reviews on the latest box office coming attractions;
- "USA Music Magazine" America's top urban entertainment program featuring the best in urban music, news and interviews on the industry's hottest stars;
- "Hollywood Live with Tanya Hart," a daily show that goes behind the scenes to bring listeners the juiciest gossip on Hollywood's celebrities.

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