

# Radio Business Report™

## The Management, Sales & Technology Journal

August, 2002

Volume 19, Issue 27

### Kagan revs up revenue predictions

Kagan World Media's **Robin Flynn**, at *RBR*'s request, fired off the latest chart (see page 4) on radio revenues past, present and future. The good news is that she has revised numbers released at the beginning of the year up (*RBR* 1/14, p.9). Originally expecting a gain in total radio revenues of 2.8%, Flynn is now calling for an overall gain of 4.3%.

The charge will be led by national spot, which she now thinks will gain 6% (as opposed to her earlier prediction of 1%). Flynn now expects network and local both to be up 4%—her earlier predictions were 3% and 3.1% respectively.

Looking further ahead, she sees a gain of 5.9% overall for 2003 with national spot again leading the charge. Full results are listed on the chart below.

**RBR observation:** National spot should lead the charge back to revenue respectability—it dropped the most precipitously during the dot-com crash of 2001.

By the end of 2002, local will have just about caught up with Y2K revenue levels and it will easily surpass it in 2003. Network will just about be caught up at the end of 2003. But national spot will still have quite a lot of ground to make up.



### Randy Michaels

#### Architect and Builder of the World's Largest Radio Group

As the dust settles after the stunning ouster of Randy Michaels from the helm of radio's largest group, and the industry buzzes about who, if anyone, can fill his shoes, it's a good time to step back and take stock of the man and his accomplishments.

In an industry that's seen its share of colorful characters, Michaels certainly ranks at or near the top. One observer likened him to Elvis. Once you got past the outward trappings; the cape and the sequined jumpsuits, the outrageous house and the pink

Cadillacs, the fact stood that Elvis was an incredibly gifted singer and a charismatic performer. People bought his records by the millions and flocked to his concerts.

Likewise with Michaels. Those who dwell only on the outrageous aspects of his persona and approach miss the fact that Michaels is a radio operational genius the likes of which this industry, or any other industry, rarely sees.

Randy's very persona—the savvy operator always ready for a format battle, always pushing the envelope, never shrinking from controversy—is the very thing which makes him a lightning rod in radio. Perhaps the Mays family is simply saying it's not comfortable with a management style that flamboyant or aggressive.

But let's look at "The Randy Record." And what a record it is.

While most of us were scratching our collective heads wondering how telecom dereg would affect our lives and businesses, Michaels knew instinctively that the new order would be "grow large or sellout." He had a platform (Jacor) and a deep-pockets backer (Sam Zell). Michaels and his tight band of Jacor dealmakers wasted absolutely no time in amassing hundreds of the best facilities in the best markets.

Only now is the rest of the industry realizing the caliber and breadth of signal infrastructure Michaels was able to amass in such an amazingly short period.

While most consolidators were preoccupied with the cashflow of potential acquisitions, Michaels went for the best facilities and markets. He wasn't too worried about how a station was doing at the time he bought it. He knew he had a hand-picked management and programming team which could handle just about any turnaround he threw their way.

Throughout the Jacor and Clear Channel growth pushes, Michaels relentlessly positioned his stations in younger and growth-oriented formats, to assure future growth.

As he planted the seeds, and tended the garden, analysts watched in amazement as deals others passed on quickly became Jacor, and later Clear Channel, success stories.

After Jacor went public, Michaels quickly realized that Wall Street demands operating margins even higher than the handsome profits radio has traditionally generated. He acted quickly to create new operational approaches to reach those margin goals without losing the core elements which made radio great.

*Continued on page 4*

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Account Executive .....June Barnes

**Editorial/Advertising Offices**

6208-B Old Franconia Road  
Alexandria, VA 22310  
PO Box 782 Springfield, VA 22150

Main Phone: .....703/719-9500  
Editorial Fax: .....703/719-7910  
Sales Fax: .....703/719-9509  
Subscription Phone: .....703/719-7721  
Subscription Fax: .....703/719-7725

**Email Addresses**

Publisher:.....JCarnegie@rbr.com  
Editorial:.....RadioNews@rbr.com  
Sales: .....KLee@rbr.com

**Bradenton, FL Office**

Jack Messmer

Phone: .....941/792-1631  
Fax: .....253/541-0070  
Email: .....JMessmer@rbr.com

**Bethesda, MD Sales Office**

John Neff

Phone: .....301/530-5749  
Email: .....JNeff@rbr.com

**Nashville, TN Sales Office**

June Barnes

Phone: .....615/360-7875  
Fax: .....615/361-6075  
Email: .....JBarnes@rbr.com

**Brookfield, CT Sales Office**

David Frankel

Phone: .....203/775-3928  
Email: .....dfrankel@rbr.com

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**RADIO NEWS®**

## Is WFAN really #1 in revenues? New revenue definitions could change a lot for 2002 rankings



Don Imus

An interesting comment was made on the 7/25 "Imus in the Morning" show by WFAN-AM NY PD **Mark Chernoff**, "WFAN would still be Number one in revenue if someone else didn't include concert revenues." Indeed,

WFAN was number #1 for years, but KISS-FM took the top spot in 2000 and 2001.

We wonder. KISS-FM does host the yearly "Wango Tango" concert in LA, and Miller Kaplan has changed the way revenues are calculated. We asked Miller Kaplan's **George Nadel-Rivin** if Chernoff's comment may be true, and if stations that benefit from concert ticket sales now have the leg up.

"As far as NTR is concerned, prior to three-four years ago, I could tell you pretty confidently that we had pretty much straight spot revenue included in the market revenue reports over 1999-2001," Nadel-Rivin told *RBR*. "More and more, we began to find where some of this non-spot NTR was creeping into the reports, and since there was nowhere else to put it, for the most part, it got classified into local spot."

Effective Jan. 2002, Miller-Kaplan began breaking NTR out into a separate category—the formal change in definition. Explained Nadel-Rivin: "The two purposes of that change were 1) to restore the integrity of the spot reporting so that we could determine what indeed a station's performance is on spot revenue in the market and 2) to include the NTR, which is

becoming increasingly a key component of radio revenue and can't be ignored. We're beginning a verification program to [audit these numbers]."

Nadel-Rivin was quick to point out that Miller-Kaplan only recognizes concert event revenue where the station assumes the "direct financial risk" for the event and contracts directly with the venue. What about CC Entertainment revenues? No crossover at all with local market station events? Are the values of ticket giveaways included in the revenue numbers? "I believe that's being included with this. And that just as we ask strictly for the total spot looking at cash only and not trade, we have the same thing that applies to the NTR," he said. "I wouldn't say the lines anywhere when you're dealing with any form of NTR are going to be black and white, and that's why we felt the need to do something with this. In this climate, our goal is to bring the most credibility possible to the numbers that are going out on behalf of this industry. I would caution you to draw any conclusions, in that there are some groups that rely primarily on the total spot revenue line; other that rely primarily on the total station revenues line and one person is using one number and another the other number, it can be very deceiving. It's a matter of achieving consistency, and I think everyone is looking to achieve that. The whole idea that the Radio Revenue Measurement Advisory Committee had in coming up with the reporting definitions was to make this uniform on a nationwide basis, and like anything it takes time to implement and to achieve the compliance."

**RBR observation:** Perhaps WFAN will once again retain the top mantle for revenues in 2002, considering all NTR will be put into a separate category. It will also be very interesting to see how the 2002 numbers change across the country as well, with the new definitions in place.

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## Earnings reports upbeat

Clear Channel (N:CCU), Viacom (N:VIA) and Cumulus (O:CMLS) all hosted conference calls to discuss their results for Q2 2002 within a couple of days. The results, coming on the heels of a bleak 18 months, are encouraging to say the least.

ClearChannel reported flat revenues year-to-year, but its earnings on that revenue amounted to \$238M/\$0.39 per diluted share. It had lost almost that much Q2 2001. It pulled in \$2.17B during Q2 2002. EBITDA was up from \$611M to \$627M among attributable holdings; including nonconsolidated affiliates during both periods, it was up from \$628M to \$645M.

Viacom was completely on the upbeat. Revenues for Q2 at multimedia giant Viacom (N:VIA) were \$5.85B, up from \$5.72B for the same period last year, and operating income increased to \$1.18B, more than double the \$586M it posted in Q2 2001. Free cash flow increased 22% to \$1.03B; EBITDA was up 4% to \$1.42B. Net earnings were \$547M, or \$0.31 per diluted share.

Viacom's cable, television and video operations led the charge in Q2. Radio had a slight gain in total revenue, moving from \$985.4M in Q2 2001 to \$989.2M this time around. Looking ahead, radio pacings are up.

As a pure radio play, Cumulus' results are especially encouraging. Although much of the company's gains were acquisition-driven, it also reported improved performance from its stations in general.

Cumulus brought in \$69.8M Q2 2002, a \$14.7M increase over the same period last year, amounting to a gain of 26.7%. The gain was a result of station acquisitions coupled with generally improved performance of the company's stations. Broadcast cash flow was up 57.8%, jumping from \$10.6M to \$29.0M. EBITDA went from \$14.7M Q2 2001 to \$25.5M this time, an increase of 73.8%.

## TRN launches new syndication model for groups

Talk Radio Network (TRN), known for developing Art Bell and now Michael Savage, recently launched a new division aimed at helping groups syndicate their talent, Talk Radio Syndication Services (TRSS). TRSS bills itself as a cost-effective subcontractor to groups who want to build their own network division but don't have the infrastructure or budget to do it in-house. TRSS will provide a branded, turnkey network division for the groups, funded by the groups.

Says TRN/TRSS CEO **Mark Masters**: "Right now, groups that don't have network divisions are becoming very leery of investing their signal into the talent division owned by a competing station group. They're standing back and saying, 'If I invest in my competitor's talent and that talent does well, they might pull it back from me to my competitor's station. And then, the time and effort I've spent investing in promoting this show all goes to my competitor.' More and more stations are moving to automation and syndication is a tool of automation to keep ratings high and costs low. And so a lot of groups are recognizing that they had better have their own talent division. But the question is how? And if they go out and try to build a talent division or network division ground-up, it's just too expensive. Why would they be doing it? To retain that talent."

So TRSS pitches the groups, telling them to subcontract their network division to them. TRSS will manage it under the groups' brand name. TRSS will also act as a recruiting tool for first intra-company syndication, and then syndication to other groups. Masters explains: "Right now, say you're a station group in Dallas and you want to get a big breakout talent, and the budget at your station is \$150K. That talent wants \$500K. What we'll do is under that group's network brand, we'll make a presentation to that talent after consulting with the group and we'll figure out how that group can afford that talent without spending any extra dollars."

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## Radio revenues: Revenues in millions

	1999	2000	2001	2002	2003
Network	\$878	\$1,000	\$865	\$900	\$967
Pct change	—	13.9%	-13.5%	4.0%	7.5%
National Spot	\$3,211	\$3,596	\$2,913	\$3,088	\$3,304
Pct change	—	12.0%	-19.0%	6.0%	7.0%
Local	\$13,592	\$15,223	\$14,614	\$15,199	\$16,050
Pct change	—	12.0%	-4.0%	4.0%	5.6%
Total	\$17,681	\$19,819	\$18,392	\$19,186	\$20,321
Pct change	—	12.1%	-7.2%	4.3%	5.9%

Source: Kagan World Media  
See page 1 for story

Randy Michaels, continued from page 1

Michaels conceived schemes like the "hub-and-spoke" programming concept, where programming originating at a major market cluster would be shared with co-owned stations in the region. He moved quickly to take advantage of voice-tracking technology. He pushed Arbitron to change its methods, so Clear Channel could get diary credit for listening that its huge signals receive outside of the standard metros. His team created several "repeatable" formats, like "Kiss," and "Mix" and "The Fox," where music is custom-tailored for the local market, but imaging and marketing concepts are repeated to save costs.

There are those who charge that Michaels has somehow "ruined radio." But radio will never be the same, Michaels or no Michaels. Blame deregulation. Blame Wall Street ownership, and its insistence upon very high operating profits. Michaels simply did what any smart CEO would have done — figured out new ways to do good radio as efficiently as possible.

As one observer put it soon after Michaels' ouster, "Randy did what he had to do. If people don't like what's happened to the business under a radio guy like him, wait until they see the changes coming when the MBAs are making all of the calls."

Thus ends another chapter in the saga of one of the most interesting characters RBR has had the pleasure of reporting on. Radio is his passion and his sport. Those who know him are constantly amazed at his energy, his enthusiasm for radio, his laser-like focus and his in-depth knowledge of stations across the country. His resume is so heavy he needs a wheelbarrow to haul it around.

## Adelstein closing in on fifth FCC seat

"America...is not just a place, but a unique set of ideas and aspirations. Broadband represents the most powerful means we have yet invented to communication the best that America has always offered the world: the promise of freedom and equality. Greater bandwidth and more competition will foster more freedom and more opportunity." So said **Jonathan S. Adelstein** in his opening remarks to the Senate Committee on Commerce, Science and Transportation's Communications Subcommittee Tuesday 7/16.

Under the gavel of **Dan Inouye** (D-HI), the subcommittee smoothed the to-date rocky road of Jonathan Adelstein toward a commissioner seat at the Federal Communications Commission.

Adelstein was suggested for the post by his boss, Senate Majority Leader **Tom Daschle** (D-SD), and President **George W. Bush** indicated that he would honor Daschle's request.

Then came a duel between Daschle and Senate Minority Leader **Trent Lott** (R-MS). When Democrats blocked the appointment to an appeals court bench of **Charles Pickering**, a favorite of Lott's, the Mississippi Senator turned around and blocked the nomination of Adelstein. Lott claimed that he questioned Adelstein's experience, and would have blocked the nomination anyway.

Adelstein may face opposition from Senator **John McCain** (R-AZ), who is attempting to block all confirmations until a candidate of his own is put into office at the Federal Elections Commission in support of his campaign finance reform proposals. However, a deal between majority leader Daschle and Lott is expected to provide the necessary 60 votes to override McCain's blocking tactics.

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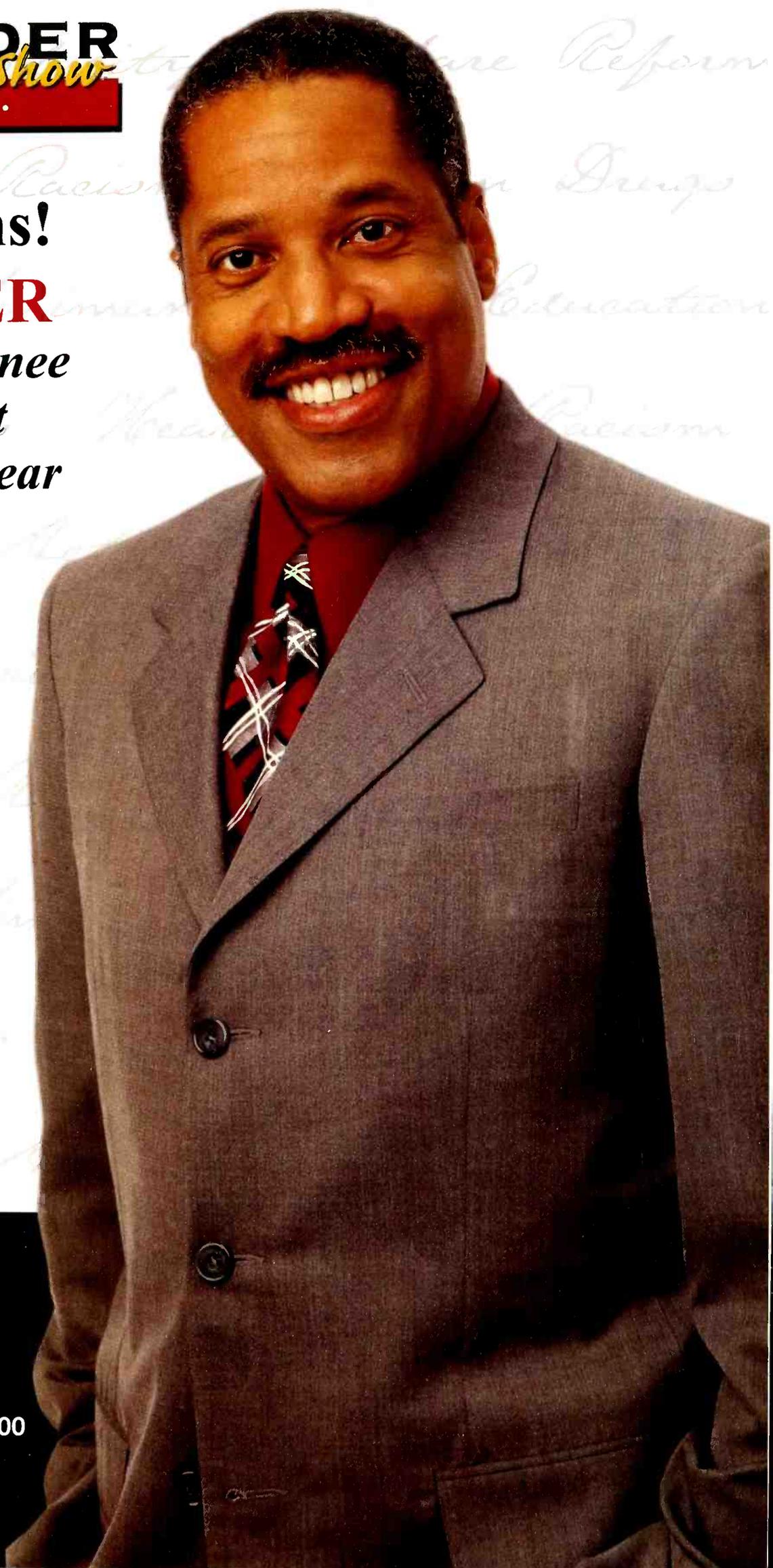
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# Radio buyers see flat-to-up Q3, Q4 spending

In this month's AdBiz, we ask radio buyers for their predictions and prognostications on Q3 and Q4 radio spending. In the wake of a record-breaking TV upfront and strong Q2, is radio set to finish the second half of the year on a strong note? On the other hand, there aren't many strong signs as of late that the economy is still improving—the stock market is a mess and consumer confidence is low.

## The participants:

- Irene Katsnelson**, VP, Director of Network Radio, MediaVest
- Reyn Leutz**, SVP, Director of Radio Negotiations, Mindshare USA
- Doug Alligood**, SVP, Special Markets, BBDO
- Matt Feinberg**, SVP/National Radio, Zenith Media Services
- Natalie Swed Stone**, Managing Partner/Director of National Radio Services, OMD USA



Reyn Leutz

### What are your predictions for Q3 and Q4 national network radio spending?

**Katsnelson:** Third quarter network radio is very, very active and I believe that it's going to carry over into fourth. Right now the next couple of weeks are kind of a lull before Q4 activity starts to kick in. Second,

as you know, was extremely active.

**Leutz:** Second quarter radio was strong. Third quarter radio looks equally as strong. Fourth quarter, typically, is a big time particularly for retailers. We're on a three quarter trend here and I think it's going to be equally as strong as it's been since probably March.

**Alligood:** For special markets/ethnic radio, it's such a big question mark. I think a lot of people are beginning to understand how important ethnic radio is on the Black and Hispanic side. Whether this is going to translate into an actual conversion this year is a big question mark. I think it's very slow in developing. I think it's going to come, but I'm not sure if it's going to happen third and fourth quarter this year. I think it's going to be pretty flat. Q2 was flat for us as well.

We experience a trickle-down effect from general market radio.

I think ethnic spending will lag the general market by a couple of quarters. In other words, if the general market is solid next year then things will happen.

**Feinberg:** I think it will be fairly consistent with last year's spending, maybe slightly up—very slightly. I think it reflects a very slow recovering economy. I don't see it going down, let's put it that way.

**Swed Stone:** I think the market is healthy and there are some encouraging signs short term, that is for 3<sup>rd</sup> and 4<sup>th</sup> quarters. However, we are still in a very volatile business climate overall and ad budgets can both appear and disappear.



Matt Feinberg

### What factors are influencing the marketplace right now?

**Feinberg:** The big headlines have been radio stocks are down, so I'm anxious to see if that's going to be reflected in the prices. Most of these companies are public and the major public companies are more beholden to the stockholders than they are the advertisers—some to the point where they're not advertiser-friendly at all. So I think if the stock prices go down, they may look to sell more to put more money on their books. It's a theory, and I'm anxious to see how it plays out. In a year from now, I will probably be able to speak to that.



Natalie Swed Stone

### Do you see TV's record-breaking upfront spending trickling down to radio's upfront?

**Swed Stone:** I think clients will continue to look for the most effective way to buy, based upon what transpired the previous year. In the case of TV, upfront proved to be a more efficient way to buy during the 2001-2002 broadcast year, so advertisers were looking to continue that strategy in 2002-2003. In the case of radio, upfront is always a good approach assuming the advertiser is able to commit the dollars upfront. Clients will continue to be cost-conscious but will be looking at other measures as well—effectiveness, with a keener eye on research and results. If that's the case, then even upfront commitments will necessitate change during the year. Generally, the radio upfronts are more stable than TV—there are fewer advertisers participating in radio, with significantly more advertisers going the scatter route (unlike TV, where most participate upfront).

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## Raising standards and revenues in Charleston

Ad sales have turned around and risen briskly for West Virginia Radio Corporation of Charleston, after the superduopoly's sales force began to focus on one basic tenant—professionalism.

Gregg Murray, Director of Sales & Marketing for the seven-station cluster, told *RBR* that he took his cue from the pharmaceutical salespeople he had observed.

"They're so well rehearsed. They're well dressed. They have great premiums that they take to the doctors. They always have to have a plan of attack when they go in," Murray said. "If one media company in our market took those principals and put them to use, imagine how much better off they would be than the competition."

West Virginia Radio Corp. (WVRC) reorganized management at its Charleston operation last August, putting one person—Murray—in charge of the entire sales force. To turn around declining sales, he set out to make his radio sales force as professional in appearance and preparation as the pharmaceutical salespeople who pitch drugs to doctors. He developed scripts for various scenarios—to get appointments, to do a customer needs analysis, etc. and got his sales force to rehearse and use them. Murray said he wanted the WVRC sales reps to look sharp, go in prepared and sound professional.

"It's amazing how much more respect you get from business people in the marketplace," he noted. "Doctors are used to it. The local guy at the flower shop isn't."

In the beginning, Murray didn't try to teach the old dogs new tricks, but focused on the new pups. "What was interesting was, we had nine people who'd been here for a while. We didn't try to go out and change everything that they were doing overnight. You have the veterans and they have their way of doing things—and so many of them are successful. What we tried to do was we brought in new people and those new people were the people that we really started from the ground up in terms of being scripted and doing business and marketing plans and being adamant about doing demo commercials and asking a lot of questions. We didn't bother the veterans so much about it," he explained. "What happened is that the new people started having so much success that the veterans started picking up on that. So then you end up with a staff where everybody is trying to do the same thing—because they see that it works."

What developed was that the new hires—who didn't know that advertisers don't sign annual contracts—started bringing in new business and signing long-term contracts with their clients. The veterans took notice and began working up business plans and pitching annual contracts to clients who'd never before made long-term commitments.

The result is that Murray expects total ad sales to be up 25% this year, with annual contract business running 33% ahead.

"All of a sudden you're holding to some rate integrity and you're doing some demo commercials. Before you know it it's January and you realize that we are at a higher percentage for the year than we were by the middle of the year last year because you've built all of that long-term business," he recalled.

More long-term business means tighter inventory and keeps upward pressure on rates. No more need to cut deals and offer specials to move inventory at the last minute. "Now you don't have to worry about selling specials. Now you don't have to worry about



*This cluster website—www.wvradioadvertising.com—is credited with helping to triple the number of inquiries from potential advertisers.*

giving up your rates to the local car dealer who wants your spots at one-third of what they should be. You don't have to take those deals anymore," Murray said.

Long-term contracts are also a morale booster for the sales force. "It's a lot easier to deal with a media sales job if you can look on the books and see that you already have business down seven months from now instead of looking three months from now and just seeing zeros down the column," Murray noted.

Sure, the occasional advertisers who always insisted on chiseling rates resisted for a while. "Sooner or later they have to come back and do some advertising. And they pay the rate," he noted. Meanwhile, the solid, long-term business being built was giving WVRC the strength to grow.

"The rates have gone up because we've booked longer-term business and because you're going into months knowing that you're going to hit your sales goal—you don't have to do all of the specials," Murray explained. He noted that it also helps the lesser stations—since not every station in a seven-station cluster can be a top biller. "They get the spill-over effect. When our Adult Contemporary station is sold out, all of a sudden our Oldies—which reaches baby-boomers—that starts to fill up, whereas that used to never fill up before."

There's also a positive impact on national sales, since Murray no longer has to take bad deals to fill up unsold inventory. He said he's been surprised, now that he has the ability to say no, at how often a national or regional advertiser comes back and pays the higher rate.

Murray laughs that his expectations are now so high that he's sometimes disappointed by results that would have been thrilling a year ago. "We've gone into half of our months this year already at goal," he noted. Although WVRC hit its July goal on 7/6, he was disappointed that the rest of the month didn't go gangbusters.

Murray's staff still rehearses their presentations every week—meeting for lunch on Tuesdays. "I don't make everybody come. I just make the people come who want to get the leads," he noted. "If a business calls up and wants to ask for advertising, the person I want to send out to them is the person who's been practicing the scripts and who's been doing these things—because I know that they are the ones who have the best opportunity to get long-term business from that advertiser, which will also make them more successful as well—the rep and the advertiser."

## Mid-Year Review:

### What Will You Do Differently in the Third and Fourth Quarters?

By Jeffrey Myers

At mid-year 2002, media forecasters, group heads and research companies are all stating they expect positive growth in the second half of 2002 advertising sales.

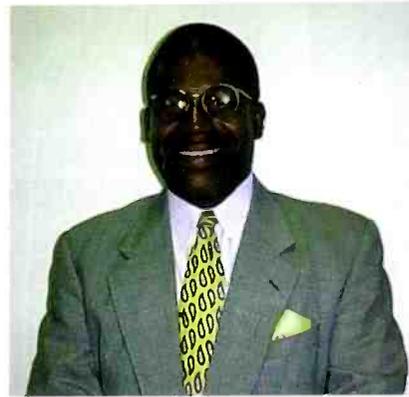
If your own expectation differs from these leaders, the question you should ask yourself is, "Year to date, has my sales effort been focused, consistent, effective, and efficient?"

The first quarter started slow, while the second quarter caught many managers unprepared to maximize the revenue upturn in May and June by selling out too early. Now is the time to ask, "What am I going to do differently to maximize the projected growth in the second half of this year?"

At Personal Selling Principles, we believe that in order to end 2002 on a solid growth pattern, now is the time to help your sellers to be focused, consistent, effective and efficient.

A comparison study was done on athletes who regularly won in their sport vs. those who occasionally won. Eight characteristics were found in those that regularly won, and one of those characteristics was focus. Focus is the base foundation upon which change is made. When the money is plentiful, our goal is "get the money—get the money—get the money." What happens when there's less money? That's when we find ourselves scrambling.

Management should also require consistency, which is the



Jeffrey Myers

single most difficult aspect of what we do to manage, train, and incorporate into our business acumen. Depending on your performance year-to-date, and your revenue expectation in the second half of 2002, consistency will be the second most important aspect of your sales effort. As radio marketers, we must accept that part of our dilemma has to do with how we manage and sell through the

economy's cycles. Focus and consistency will direct us away from slumping performances, regardless of the economy.

**Peter Drucker** defined efficiency as doing things right and effectiveness as doing the right thing. With regard to sales, doing things right and doing the right thing should be the goal of each company.

Sales effectiveness is the goal of each and every one of us—not just our top performers. If you have the client relationship, reframe the need for effectiveness as it relates to the clients' goals.

Revenues appear to be coming back and the difference between the winners and losers of 2002 will be sales marketing processes that are focused, consistent, effective and efficient.

To insure you'll be on the list of winners, require focus, consistency, effectiveness and efficiency from your greatest asset—your people.

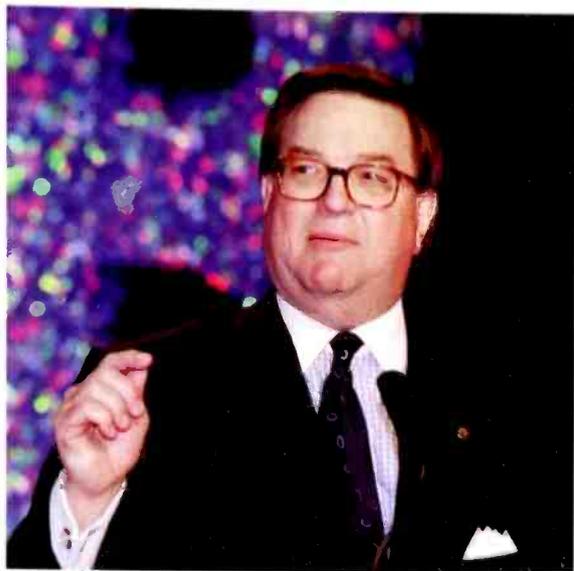
Jeffrey Myers can be reached at Personal Selling Principles 10817 Weeping Willow Lane #101 Beltsville, Md. 20705 Phone-301-595-1871 Fax-301-595-1871 E Mail-Myers@OLG.com

## IT PAYS TO KNOW WHO LIVES NEXT DOOR

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RBR's Jack Messmer and Ken Lee recently sat down with Eddie Fritts, President/CEO of the National Association of Broadcasters. Among their topics was the broadcast reregulation bill introduced by Senator Russ Feingold (D-WI).

## How much of an issue is this?

At the heart of this legislation is an attempt to get at turning back the clock on consolidation. If you look at where the marketplace is today versus where it was say in 1996, back during that period of time some 60% or so of our radio stations were reporting that they were losing money. That's because the government had overpopulated the nation with radio stations. Consolidation has allowed companies to stabilize themselves, to in fact provide better service to their communities than before. In doing so, we've been able to have a greater diversity of formats, more stability, more and better public service.

## Is Feingold only going after LMA's and JSA's, and leaving the basic O&O local ownership rules as they are?

Anytime legislation is introduced first you have to recognize that sometimes it's give me an inch and I'll take a mile type attitude. There has been a fair amount of discussion around the Washington community that there has been too much consolidation. And I think this is the first attempt at turning the clock back on consolidation. We as broad-

casters need to make our voices and our positions known.

## How much support do you see Sen. Feingold getting on Capitol Hill from members at this point?

Maybe a smattering. I don't see any widespread support for this.

## Why do you think the concert business has even gotten this much attention? That's something that has not been under FCC or any other government regulation.

I predict it won't be under any kind of regulation when it's all said and done. The concert business happens, in the case of Clear Channel, to be one of their main side businesses. I think it's one of those things that's used as a wedge to begin to open the issue of consolidation, quite frankly. Let's think about this for a second. Nowhere else in America does the government step in and try to regulate the ticket prices.

## What about payments from independent record promoters? Has NAB taken a position on that issue yet?

We've been very judicious in making sure that our members know what the law is and what the FCC rules and regulations require. But, more than that, at the Seattle Radio Show (9/12) we're having a big panel on independent record promotion. We'll have one of the nation's biggest firms engaged in independent record promotion represented along with Washington lawyers, including **Mitch Glasier**, who's the SVP for government relations and legislative counsel for the RIAA. We'll have **Ted Kaylow** who's with the office of Congressman **John Conyers** (D-MI). We think that the NAB Radio Show should be a forum wherein we can digest and discuss all of the various issues that effect our industry.

## Feingold seems to be acting on behalf of some broadcasters against others. How do you take that into account when trying to balance your lobbying efforts?

Well, to be very candid about it, no member of NAB has called and said we're for the Feingold bill. I have not heard one expression of support from any of our members.

So, I don't know who he's speaking for or purporting to speak for.

## The other thing he talked about was that if the groups do take the dollars from the record companies, they should say so on the air as announcements. The second thing was that they some artists and promoters are being denied access to the program directors to have their music played. They felt like that was the public's airwaves. Does the radio business as a group have a problem with that issue of being a business at the end of the day and also a caretaker of the airwaves?

Well, you can be a caretaker of the airwaves and not be beholden to any particular record company or not participate with them. I operated radio stations for a long time, many, many years, admittedly in smaller markets, and I've never had a record promoter come to my office and say I'd like to talk to your program director, or I'd like to sit down and talk to you about the music that you play. I know that, based on what we're hearing from our larger group members, that there is a relationship there. It sounds to me like the record companies are going to Capitol Hill and crying wolf. Let's put it this way, there are five major record companies. Count them. One is a US based company. The rest are all off-shore. How many radio stations are there? There are still over 4,000 separate owners in radio stations. So, I guess it's sort of like the Wendy's commercial, where's the beef?

## Do you think that a lot of these issues are also going to come up when the FCC does its consolidated ownership proceeding early next year?

Not really. My assumption is that the Commission will look at market definition, will look at consolidation. I think the whole issue of consolidation will be reviewed. But, the Congress has specifically set out in statute with no vagaries, at all, the number of stations that can be allocated to these various markets. There's a formula that all of us are very familiar with. Companies that go beyond that are subject to being held back. Stations that comply with that, my view is, make the case that that's appropriate and only Congress can change it.

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## News/Talk by the numbers

In Part III of our ongoing News/Talk series, we take a look at the format through shares, statistics and rankers. 410 stations strong, News/Talk radio reaches more than 36M mostly educated, affluent listeners weekly, according to Interep.

According to a study commissioned by the Radio and Television News Directors Foundation (RTNDF), nearly one-third of all US adults turn to radio for their news when they get up in the morning and get ready for their day. At work, the study found one-third of listeners use radio for most of their news. In the RTNDF survey, News ranks second after music as a reason why people tune into a radio station. Adults 18 to 64 reported listening to an average of three hours of radio per weekday. In terms of TSL for radio news, news followers who listen to radio report an average of just under 90 minutes of news/talk listening per weekday. Ironically, though, the study found across all groups, the most popular source of radio news is from music-intensive stations. Adults 18 to 64 spend as much time per weekday listening to news on music stations as they do listening to all-news stations, talk radio and public radio stations combined.

According to a recent Interep study, News/Talk dominates the share of the Adult radio listening audience; is almost equally popular among men and women (57% v. 43%); is a mass appeal format; and its audience is primarily comprised of educated, affluent adults employed in high profile occupations.

### Interep: News/Talk dominates Adult listening (Persons 18+, Top 25 markets)

News/Talk	17.6%
Hispanic	10.9%
Urban	10.8%
AC/Soft AC/Hot AC/Mod AC	10.8%
AOR/Classic Rock	7.5%
CHR	5.4%
Country	4.7%
Oldies	4.1%
New Rock/Alt.	3.8%
Jazz/NAC	3.3%
Classical	1.8%
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### Interep: News/Talk listeners broken down by age group (cume)

18-24	4.7%
25-34	13.9%
25-54	59%
35-44	22.3%
35-64	60%
45-54	22.6%
45+	59%
55-64	14.8%
65+	21.7%

### Interep: News/Talk Income Composition

\$100,000+	25%
\$75K-\$99,999	16%
\$60K-\$74,999	12%
\$40K-\$59,999	19%
\$20K-\$39,999	18%
Under \$20K	10%

### Interep: Media Reach Comparison

The News/Talk format's weekly reach exceeds that of any similarly formatted magazine or newspaper.

News/Talk Radio (avg. weekly cume)	35,995,000
Time (avg. issue audience)	22,855,000
Newsweek (avg. issue audience)	20,512,000
US News & World Report (avg. issue audience)	11,292,000
USA Today (avg. issue audience)	5,500,000
Wall Street Journal (avg. issue audience)	3,913,000
New York Times (avg. issue audience)	3,577,000

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## Deals, deals, deals

Although the station trading environment is still sluggish, there are a few deals going down this summer. But no blockbusters. All the action concerns fringe stations in large markets, stations in small markets, or stations trying to get a construction permit to move into a market. Here's a rundown of some of the deals we've seen this past June.

### Lieberman adds onto its house in Houston

Hispanic group Lieberman Broadcasting, which announced a \$30M deal for a pair of El Dorado Houston stations about two

months ago (*RBR* 5/6), is striking again. This time around, however, the splash will be but a tenth of the last one as it gets a pair of fringe FMs—KIOX-FM & KXGJ-FM—from Guajillo Investments LLC for \$3.15M.

The group will have four AMs and five FMs, not to mention a television station once this deal closes. However, the deal passes consolidation muster in that the only FM the pair has any contour overlap with is KJOJ-FM.

### Fink hoping to choo choo into Chattanooga

WOCE-FM Benton, TN (in the general vicinity of Chattanooga) is being sold, and

**Paul Fink** is among both the sellers and the buyers. East Tennessee Radio Group will get \$3.25M cash for the station. An LMA began 6/25. **Bert Watts** is the principal of record for the seller.

**RBR observation:** It would seem that the name of the buyer indicates a certain amount of optimism on their part—Benton is a good thirty miles east of Chattanooga, and the 4 kW put out by WOCE is not enough to bridge that gap. On the plus side, it has recently moved somewhat closer to the city. However, it still has not made a dent in the Chattanooga Arbitrons as of the Winter 2002 survey.

### Kovas claims third AM in Chicago

Kovas Communications, owned by **Frank Kovas**, has a deal to buy WCGO-AM Chicago for \$750K. The station, a 1kw daytimer on 1600 kHz, is licensed to Chicago Heights, IL, so it will fit right in with Kovas' existing suburban stations on 1580 and 1590. The seller is George Arroyo's Q Broadcasting Corp. **Broker:** **Doyle Hadden**, Hadden & Associates

### Metropolitan sell-off continues

**Mark Acker** is continuing the sell-off of properties from his late father's Metropolitan Radio Group. In the latest deal, Metropolitan is selling WCKO-AM Norfolk, VA and WOBS-AM Jacksonville, FL for \$1.25K. Both are 50kw daytimers. Their new owner will be Word Broadcasting Network, headed by President Robert Rodgers. **Broker:** **John Pierce**, John Pierce & Co.

### Michaels pins his hopes on Pinconning

**Vic Michaels**, who has been known to buy and sell radio stations in the Rocky Mountain area, and currently owns five signals there, has turned his attention a bit further east. He will spend \$195K to acquire the construction permit for WSAG-FM from Russell J. LaFavre, an area car dealer.

WSAG-FM is on the northern reaches of the Saginaw-Bay City-Midland market, about 25 miles up from Bay City. Licensed to Pinconning MI, it will have 4.1 kw beaming from a 367-foot tower to cover that distance.

A prior deal to sell the station to Roy Henderson's Fort Bend Broadcasting for \$250K (*RBR* 8/20 01) was never consummated. **Broker:** Hadden & Associates

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©1997-2001 Radio and TV deals as listed by Kagan World Media.

**Closed!**

Empire Broadcasting Corp.  
has conveyed the assets of

**KARA (AM)**  
San Jose, CA

to

Hispanic Broadcasting Corporation

for

**\$58,000,000**

Media Venture Partners represented Empire in this transaction

**Closed!**

Bahakel Communications  
has conveyed the assets of

**WKSI (FM) and WPET (AM)**  
Greensboro, NC

to

Entercom Communications Corporation

for

**\$20,750,000**

Media Venture Partners represented Bahakel in this transaction

**Closed!**

Entercom Communications Corp.  
has conveyed the assets of

**KQAM (AM)**  
Wichita, KS

to

ABC, Inc.

for

**\$2,000,000**

Media Venture Partners represented Entercom in this transaction

**Closed!**

Mapleton Communications LLC  
has acquired the assets of

**KBTU (FM), KPIG (FM), KCDU (FM), and KHIP (FM)**  
Monterey, CA

from

New Wave Broadcasting

for

**\$10,250,000**

Media Venture Partners represented Mapleton in this transaction

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