

Managers Business Report™

Radio Business Report, Inc. 15 Years

Jan/Feb 1998



SOLD

MBR Stats

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amfm
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Programming & Positioning

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**Feature
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REMOTE JACKPOT

with a **COMREX HOTLINE**

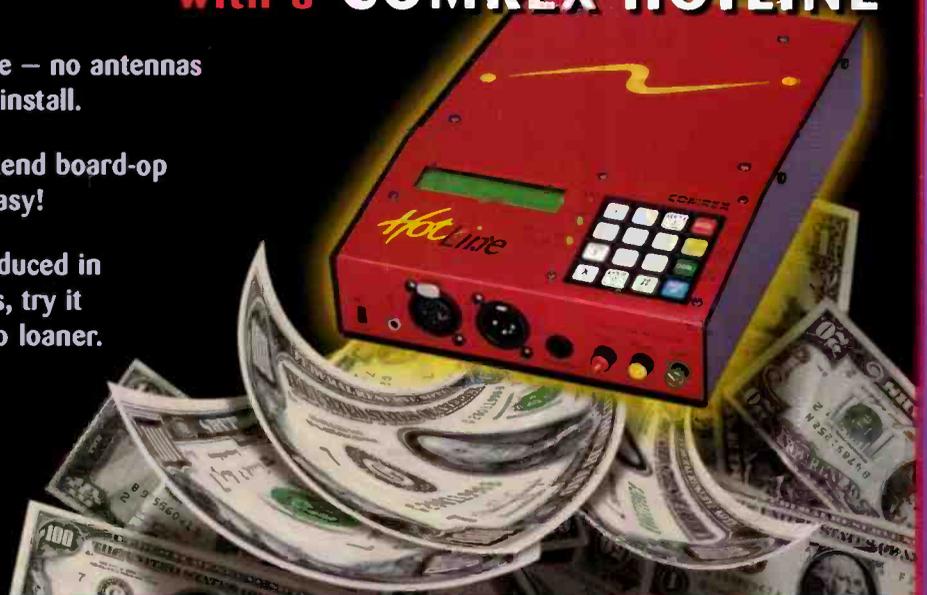
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*Fall 1997 Arbitron Share, Monday-Sunday 6AM-MID.

MBR Stats

1997 Will Be Radio's Best Year, Maybe For a Year

The radio industry enjoyed its best year ever in 1996, but when the final tally is in for 1997 it will likely beat that benchmark by 10-11%. Already spot pacing for the first quarter of 1998 is leaving 1997 in the dust. At press time, results from November pegged radio revenues at plus 10%, with national business enjoying a sparkling 16% improvement over the previous year.

Two thirds of stations in Arbitron-rated markets are now part of a consolidated operation (at least two same-band and no more than four total stations in a single market), and 42.6% are in a superduopoly (at least three same-band stations to a maximum of eight stations in a single market). The mega-mergers of the past two years may well constitute the heavy lifting of industry consolidation. Look for 1998 to feature smaller deals as owners smooth out the corners of their station portfolios.

The stock market in general had a fabulous year, and radio was at the head of the class. For a radio company, a 40% boost in stock value was only a modest gain. Chancellor Media shot up nearly 200%, while tiny Faircom almost made it to 400%.

More and more stations are taking advantage of the Internet. About 10% of commercial radio stations are now putting audio on the web, almost triple the number that began the year there.

— Dave Seyler

Radio Revenue Index

November Revenues Roll Ahead of Last Year Despite Election Lull

As in every odd-numbered year, most politicians kept their ad dollars in their pockets. Nevertheless, Nov. 1997 beat Nov. 1996 by a healthy 8%. Local was up the same 8%. As has been the case for most of 1997, national business registered a double-digit improvement, but its 11% gain was not enough to boost the overall total past 8%.

Locally, the gains were even throughout the country. While no region did better than 9%, none were worse than 6%. National business spiked 20% in the Southwest, and was up at least 9% everywhere.

1996 was a record year for radio revenues, and the performance during November kept the year-to-date gain in total revenue in plus double-digits at 10%. Looks like radio will set another record in 1997.

November 1997	Local	National
All Markets	8%	11%
East	9%	11%
Southeast	6%	9%
Midwest	9%	13%
Southwest	7%	20%
West	7%	9%

Local & Nat'l Revenue	November 1997 All Markets	8%
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Jan-Nov 1997	Local	National
All Markets	9%	15%
East	9%	16%
Southeast	9%	12%
Midwest	10%	16%
Southwest	10%	18%
West	8%	16%

Local & Nat'l Revenue	Jan-Nov 1997 All Markets	10%
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Forward Pacing Report

Sales are Off and Running for 1998

While many were opening gifts, the radio sales force has apparently been knocking on doors. Spot sales for the entire first quarter of 1998 are pacing well ahead of last year. Miller, Kaplan's George Nadel-Rivin believes the numbers indicate a trend away from the seasonality of radio sales, marked by a lessening of the traditional post-holiday drop-off.



Superduopoly Dimensions

Radio consolidation
(as of January 12, 1998)

Market	# of stns	percent
Superduopoly: 42.6%		
1 to 50	688	47.7
51 to 100	493	45.1
101 to 150	290	37.5
151 to 200	314	39.5
201 to 265	292	37.6
All markets	2,077	42.6
Total Industry: 66.6%		
Market	# of stns	percent
1 to 50	1,031	71.5
51 to 100	751	68.8
101 to 150	457	59.1
151 to 200	512	64.5
201 to 265	494	63.7
All markets	3,245	66.6

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Note: The "# of stns" shows the total count for stations in either a superduopoly or, in the case of total industry consolidation, in an LMA, duopoly or superduopoly. The "percent" column shows the extent of consolidation for each market segment.

1997 Year-End Stock Performance

What a year 1997 was! Investors almost couldn't go wrong, with the S&P 500 gaining 31% and the Dow Industrials up nearly 23%. Investors in radio stocks generally did even better. Among the big 10 radio groups, the nine public companies posted gains ranging from 39.31% for Emmis to 198.5% for Chancellor Media. Beating them all though, was tiny Faircom Inc., which is merging with Regent Communications. Faircom shot up an astounding 395.88%. The year's other mega-mover was satellite radio wannabe CD Radio, which rose 310.59% although the launch of its first satellite is still about two years away.

Company	12/31/97 Close	YTD Gain/Loss	Pct.
Ackerley	16.938	5.188	44.15%
Alliance Bcg.*	0.250	-4.125	-94.29%
Am. Radio Sys.	53.313	26.063	95.64%
AMSC	7.000	-5.250	-42.86%
Belo Corp.	56.125	21.250	60.93%
Big City Radio****	8.125	1.125	16.07%
CBS Corp.	29.438	9.563	48.11%
CD Radio	16.937	12.812	310.59%
Ceridian	45.813	5.313	13.12%
Chancellor	74.625	49.625	198.50%
Childrens Bcg.	4.062	-0.563	-12.17%
Clear Channel	79.438	43.313	119.90%
Cox Radio	40.250	22.750	130.00%
DG Systems	2.500	-5.875	-70.15%
Disney	99.000	29.250	41.94%
Emmis Bcg.	45.625	12.875	39.31%
Faircom	0.843	0.673	395.88%
Fisher	120.000	22.000	22.45%
Gaylord	31.938	6.913	27.62%
Granite	9.062	-1.563	-14.71%
Harris Corp.	45.875	11.563	33.70%
Heftel Bcg.	46.750	31.000	196.83%
Jacor	53.125	25.750	94.06%
Jeff-Pilot	77.875	21.250	37.53%
Jones Intercable	17.438	7.063	68.07%
Metro Networks	32.750	7.500	29.70%
New York Times	66.125	28.125	74.01%
News Comm.	1.437	-1.188	-45.26%
Otter Tail Power	37.875	5.750	17.90%
Pacific R&E	3.375	1.000	42.11%
Paxson Commun.	7.500	-0.250	-3.23%
Pulitzer	62.813	16.438	35.44%
RealNetworks***	13.875	1.375	11.00%
Saga Commun.	21.250	5.650	36.22%
SFX Bcg.	80.250	50.500	169.75%
Sinclair	46.625	20.625	79.33%
Sportsline USA**	10.750	2.750	34.38%
TM Century	0.625	-0.063	-9.09%
Triathlon	10.500	2.375	29.23%
Tribune	62.250	22.813	57.84%
Westwood One	37.125	20.500	123.31%
WinStar Comm.	24.937	4.812	23.91%

*Trading since 5/7/97
IPO 1997 - **11/13 ***11/20 ****12/19

Major Stock Market Indices	12/31/97	YTD Gain/Loss	Pct.
Dow Industrials	7908.25	1459.980	22.64%
Nasdaq composite	1570.37	279.340	21.64%
S&P 500	970.43	229.690	31.01%

The Media Audit

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MRC accreditation is about research reliability...a point advertising agencies are becoming more concerned about. What you see isn't always what you get. Thus the need for MRC accreditation. It starts with disclosure. What is the scope and limitations of THE MEDIA AUDIT study? How is the sample constructed? What verification procedures are followed in the coding, editing and data tabulation process? Every procedure must be documented and ultimately audited to make sure that we did everything we say we are doing. The process helps ensure that minimum standards governing the quality and integrity of the study have been met. It's a test of reliability that no single media, agency or advertiser could afford to undertake on their own. The time and cost would be prohibitive. Yet there is no other way to be assured that what you see is everything there is to see. That's the importance of the MRC. They do it for you. Every year for every service willing to step up to the plate. THE MEDIA AUDIT stepped up to the plate...and passed the test. Today it is the only local market qualitative service accredited by the MRC. If accurate and reliable qualitative data is important to your sales team, call us: 1-800-324-9921. We would like to talk to you.

MBR

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MBR Stats

Radio on Track to Post Double-Digit Ad Increase in '97

Don't pop the cork on the champagne yet, but get it ready. Radio is on track to post its sixth consecutive year of advertising growth. While the forecasts vary, the general consensus is that radio revenues will gain 11% in 1997 to about \$13.77B.

Much of the boost came from a robust national spot market, which, if November levels hold steady, will end the year up 16% to about \$2.43B. By all accounts, the performance of national is directly related to consolidation and radio group's new ability to package a critical mass of stations for advertising campaigns.

Below, radio's revenue performance since 1992. For 1997, we've estimated revenue performance based on YTD November increases.

	Local	Spot	Network	Total	%Change
1992	6,899	1,479	377	8,755	1.9%
1993	7,532	1,629	407	9,568	9.3%
1994	8,374	1,867	411	10,652	11.3%
1995	9,124	1,920	426	11,470	7.7%
1996	9,854	2,093	465	12,412	8.2%



Web Stats

Webcasters by Format as of January 1, 1998

544 radio stations (488 commercial) are now putting audio on the Internet. There were a total of 185 webcasting stations at the beginning of 1996, representing a gain of 194.1% during 1997.

Country, with 52 webcasting stations, is the leading format as broken out by BRS Consultants. However, if you add the various permutations of News-Talk-Sports together, they total 104 and ac-

count for more than 20% of all commercial webcasting activity.

RealAudio remains the streaming platform of choice with over 85% of the business. Microsoft NetShow, while still trying to attain the 10% mark, is by far the fastest-growing competitor. StreamWorks remains an alternative for 4.5% of all webcasters.

Format	Stns	Pct.	Format	Stns	Pct.
Non-commercial	56	10.3%	Adult Altern.	18	3.3%
Country	52	9.6%	Ethnic	15	2.8%
Rock	45	8.3%	Urban	14	2.6%
News/Talk	42	7.7%	Soft AC	11	2.0%
Religion	41	7.5%	News	10	1.8%
CHR	35	6.4%	Standards	9	1.7%
Alternative	28	5.1%	New AC-Jazz	8	1.5%
Sports	28	5.1%	Classical	7	1.3%
Talk	24	4.4%	AC-Spanish	4	0.7%
AC	24	4.4%	CHR-Spanish	3	0.6%
Classic Rock	23	4.2%	Talk-Spanish	3	0.6%
Hot AC	22	4.0%	70's Oldies	1	0.2%
Oldies	20	3.7%	Easy List.	1	0.2%
Audio on the Internet			Streaming Players		
Medium	No.	Pct.	RealAudio	844	85.9%
Radio Stations	544	55.3%	Microsoft NetShow	83	8.4%
International	322	32.8%	StreamWorks	44	4.5%
Networks	30	3.1%	AudioActive	7	0.7%
Internet Only	87	8.9%	Netscape Media	1	0.1%
TOTAL	983	100.0%	Interflix	1	0.1%
			GTS Audio	1	0.1%
			Vosaic	1	0.1%
			Radio Destiny	1	0.1%
			TOTAL	983	100.0%

Source: BRS Radio Consultants



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Final '97 Tally: \$15.29B

Radio station trading set a record in 1997 as \$15.29B worth of radio stations changed hands. The previous record had been \$14.4B, set just a year earlier, the first year of superduopoly consolidation under the Telcom Act.

Will 1998 make it three record years in a row? That's tough to predict. There are fewer big groups available to be acquired. However, any purchase of a top 10 group would carry a multi-billion-dollar price tag. A couple of those deals and the record could be threatened again.

In any case, look for more consolidation this year in medium and small markets as small broadcast companies bulk up to remain competitive—and the giants move into ever smaller markets. ♦

Groups Rush Into Network, Related Businesses

Radio groups are looking more and more like TV networks combining programming with distribution. Now that Chancellor has its AMFM Radio Networks up and running, six of the top 10 groups have radio network and/or syndication arms.

Diversification isn't even limited to the radio business. Even as they're spending hundreds of millions to acquire radio stations, more and more groups are also buying non-station assets that have some synergy with the radio business. To the right, a look at some of last year's examples. ♦

Non-Radio Station Deals 1997

Price in millions	Buyer
\$1,700.0	Universal Outdoor (billboards) to Clear Channel
\$1,150.0	Eller Media (billboards) to Clear Channel
\$373.0	Katz Media (rep) to Chancellor Media
\$185.0	Premiere Radio Networks to Jacor Communications
\$117.3	ARS' American Tower Systems buys tower assets from several sellers
\$100.0	Hicks, Muse backs OmniAmerica Wireless in launch of new tower company
\$71.5	Multiverse Networks (rep) and "Dr. Laura Schlessinger Show" to Jacor Communications
\$70.3	Micronet Inc. (towers) to ARS' American Tower Systems
\$50.0	EFM Media (programming) to Jacor Communications
\$20.0	Emmis wins bid for Hungarian FM
\$11.0	NSN Network Services (satellite links) to Jacor
\$1.5	Illinois Radio Network to Saga Communications
\$0.8	Network Indiana to Emmis Broadcasting
Group Sale	Paxson state networks to Clear Channel

Source: Radio Business Report

What's Hot, What's Not

What do chardonnay and pine cleaner have in common? They're both on the list of items expected to be advertising hot spots in 1998. Telecommunications is also bubbling, says Chuck Armstrong, Chancellor Media's EVP/national sales, "Nextel just dropped \$2M into two markets, including New York."

RAB EVP Judy Carlough agrees, adding business-to-business to the list. While that category has been dominated by yellow pages and trade publications, many computer companies are now hitting News and Talk formats.

Other hot categories include TV nets, prescription drugs, packaged goods, household products plus beer and wine. "We're competing more with cable than anything else. They're seeing cost per thousand going up higher than audience—and brand managers are only seeing modest budget increases," says Traug Keller, SVP/Advertising, Sales & Marketing, ABC Radio Network.

So what will fall off in '98? Armstrong says automotive and retail are the only possibilities. Most expect radio advertising to keep going strong in the coming months. Keller adds, "Its looking like the least amount of attrition in years." ♦

1998 Hot Categories

- Business-to-Business
- Employment & Recruitment
- Long distance & PCS
- Media, TV, Entertainment
- Packaged & Household Goods
- Prescription Drugs

Radio Salaries Stagnant

Consolidation was supposed to cut the number of people on the payroll, with those left making more money. However, NAB's latest salary survey shows that is not yet the case. The average radio GM made \$550 more last year, while PD's checks were \$154 smaller. Radio's biggest increases went to research directors and morning drive producers, both saw their paychecks grow by 9.7%. An across-the-board increase for TV came despite declining viewership. Mark Fratnik, NAB's VP/Economist says he is "surprised by the low numbers, considering how strong radio was (in 1997)."

The radio salary survey is based on stations in the top 150 markets with at least a 2.0 share, compiled by Miller, Kaplan, Arase & Co. The TV figures are based on the average of the NAB's bi-annual survey of 538 commercial stations. ♦

Position	Radio	Television
General Manager	+0.4%	+4.0%
GSM	+3.7%	+4.1%
Chief Engineer	+2.3%	+3.1%
Program Director	-0.2%	+5.0%
News Director	+2.5%	+4.4%
Sports Director	-4.2%	+4.3%

Source: NAB

Washington News in Review

■ Several lawmakers on Capitol Hill are asking the FCC to move forward with a review of liquor ads on radio and TV. In November, Chairman Bill Kennard (D) said he felt the FCC should consider reviewing the affects of alcohol advertising on underage drinking.

■ Assistant Secretary of Commerce Larry Irving says radio consolidation has gone too far, and it has hurt minority ownership, citing statistics which show the top ten groups doubled in size from 1996 to 1997 while minority ownership slipped 10%. Irving supports increasing capital to minority owners.

■ A towering debate looms over tower siting issues. The FCC is reviewing its policy, while two Vermont senators have introduced a bill that would specifically give state and local agencies the final say in where a tower will be placed.

■ The Gore Commission continues its review of DTV and public interest obligations, while one member says radio is off the hook. Gigi Sohn, executive director, Media Access Project, says radio broadcasters should "cool their jets," although an NAB spokesman says its too soon for radio owners to look the other way.

■ The FCC's proposed move to the Portals office building in southwest Washington, DC may be delayed. House Telecommunications subcommittee chair Rep. Billy Tauzin (R-LA) has raised questions of illegal campaign contributions, influence peddling and kickbacks. ♦



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MBR's Advertising Hot Spots

by Frank Saxe

Prescription Drugs Are No Bitter Pill

Prescription drug makers have been freed of the FDA's regulatory shackles and are able to widely market their drugs via radio and TV. In August, the feds made it easier for drug makers to take to the airwaves (*RBR* 8/18/97, p. 3) and in doing so gave radio stations a new source of revenue.

"It's an across-the-board opportunity," says Judy Carlough, EVP/National Marketing, Radio Advertising Bureau.

"By the year 2000, direct-to-consumer prescription ad product spending is expected to exceed \$1.5 billion annually, surpassing such traditional big spenders as fast food and soft-drink marketers," says Beth Miller, a senior vice president at Campbell Mithun Esty.

While many in radio may be scratching their heads trying to figure out how to sell to a new industry, Carlough says the tried and true is best, "Targetability and reach are number one." The RAB is jumping past agencies and directly touting radio's benefits to pharmaceutical firms. "We can't always count on ad agencies to sell radio with enthusiasm. We have to create an appetite for radio at the manufacturer level," says Carlough. Packets of information were mailed in August to the top 20 drug makers, followed by a telemarketing effort.

Few expect drug companies to buy local spot radio at first, but analysts predict a trickle-down could occur if network and group buys pay off. Look for targeted time slotting—most prescriptions are purchased between 6am and 6pm. Miller, whose agency buys radio for Kmart and USWest, says News/Talk formats, syndicated health shows, and female-skewing formats will probably see the first

Just because radio revenues are posting double-digit increases doesn't mean radio is about to break the 7% advertising barrier. Radio still lags behind TV and newspapers in ad dollars, and both are also experiencing strong revenue increases in this year's booming economy.

As radio sales execs look to 1998, they will have to continue to convince new and current radio advertisers to spend even more in the medium. Three advertising categories offer new and lucrative new business opportunities for radio—prescription drugs, classifieds/recruitment, and, despite the controversy that comes with it, liquor. ♦

buys. "Radio is a great way to reach working women," and Miller says drug makers know women make a family's drug-buying decisions.

Interep's Stewart Yaguda says "it just makes so much sense for radio." With radio's targeted formats and audiences, drug companies could easily tailor their products and their message. What better place to put an ulcer medication's ad than during a traffic report? But Yaguda advises wasting no time, saying radio must "go after the dollars before all the money ends up in TV."

"Radio is part of our overall direct-to-consumer campaign," says Claritin's Bob

"We're not just taking money from newspapers—we're opening up bigger and bigger budgets."

Consalvo. The New Jersey-based company is making big media buys to inform consumers who may not know there are new non-drowsy allergy medications. Consalvo says most of their money goes to magazines, because they can be targeted toward certain consumer groups—the same reason he says Claritin scheduled a new radio campaign. The FDA must approve the spots, and while it is a relatively small buy, Consalvo calls it a test of their advertising strategy.

An MBR review of Competitive Media Reporting data shows drug companies have already been beefing up their ad budgets. In fact, the tables at [left] show a definitive climb. Spending for the most of 1997 already exceeds the bottom line for 1996's ad expenditures. While broadcasters will see a bigger piece of the pie, Miller says print will always be key for pharmaceutical firms, since companies will need to provide a lot of detailed information to consumers.

Fearing they'll lose one of the hottest ad categories, the Magazine Publishers of America is stepping up its marketing to drug companies. The Sunday magazines are also telling agencies they're a good companion buy to radio and TV, since broadcast spots

\$595.5M was spent by drug companies in 1996. Less than \$1M went to radio — RAB

can refer consumers to print ads for more information.

Doctors are not happy with the flood of broadcast ads, which have sent millions of Americans into their doctor's office asking for specific brand-name drugs. A recent survey of 5,000 physicians by IMS America and the Internet service Physicians Online found more than 60% want drug makers to cut back or stop TV and radio advertising altogether.

Deja vu

Of course, this is not the first time radio has seen a big change in the rules of advertising. In 1994, auto leasing regulations were changed, opening a new category in ad dollars. Predictions were the change could bring \$20-50M dollars to radio. Those predictions are born out in a review of auto sales and leasing advertiser spending. In 1994 auto ad spending was up a mere 4%, until the President signed the bill, and car ad spending shot up 51%, compared to the previous year. While that coincided with the new model year, over time, from 1994 to 1996, spending has also risen 34%, from \$119M to \$159M.

So does this mean radio will see another boost in ad revenue? Yaguda feels the car leasing and prescription drug categories are analogous, "But more important, we're not just taking money from newspapers—we're opening up bigger and bigger budgets." It may just take a bit longer, since car companies were already using radio; drug makers must first be convinced it's a good buy. It is a category that may be slower to build.

Many of the largest manufacturers are preparing for a marketing free-for-all, with the impending expiration of several of the top-selling drugs' trademarks. Yaguda forecasts more ad spending because drug companies will want to protect their products from other brands or generics. "I think radio can be a powerful tool," says Miller. ♦

What better place to put an ulcer medication's ad than during a traffic report?

Top 50 Drug Company Spending

	1993	1994	1995	1996	1997*
Magazines	81,789	146,466	212,602	370,183	417,657
Newspapers	3,165	14,056	30,455	46,773	79,816
Network TV	3,861	13,704	10,022	52,890	109,726
Spot TV	511	1,047	1,504	6,697	25,192
Syndicated TV	729	0	2,271	1,997	9,475
Network Radio	0	158	183	0	2,625
Nat'l Spot Radio	286	639	408	749	3,594
TOTAL	103,947	223,132	312,258	595,18	804,024

*Jan - Sep

What's Being Advertised

- Claritin Allergy
- Norplant Contraceptives
- Rogaine Hair Growth
- Caverject Impotence
- Emetrol Nausea
- Habitrol Nicotine
- Colon Chicken Pox Vaccine
- Accutane Acne
- Salonpas-Muscle Spasm Patch

Source: Competitive Media Reporting, Interep



Classified: Radio After Newspaper's Job Ads

It is an old sore spot for GMs and GSMs—losing a buy to the newspaper. But many broadcasters are beginning to fight back, and they're going after the bread-and-butter business of help wanted ads. Some stations are putting classifieds on their web sites, while others are airing employment ads.

Top National Spot Recruitment Sponsors

(\$000)

Century 21	348.4
MCI	159.6
Northrup Grumman	156.2
Target Stores	146.0
Dean Witter Reynolds	140.6
Southwest Airlines	140.0
IBM	123.6
Merck & Co.	103.9
Bell South	101.7
Intel	95.0
American Online	68.7
Lockheed-Sanders	58.2
Barnett Bank	49.6
Raytheon	41.2
Boeing	37.1
Gateway 2000	37.0
Northwest Airlines	35.9
Ameritech	33.1
Hewlett-Packard	32.9
Autonation	29.5
American Express	28.9

Source: Competitive Media Reporting, Jan-Sep 97 figures

Each year, \$15B is spent on classified ads, and the Newspaper Association of America is forecasting an 10.2% increase for 1998 to \$1.7B. So it is easy to understand why broadcasters would like to dig into newspaper's piece of the pie.

Jacor's Cincinnati stations have been going after classified ad dollars for the past three years with resounding success. They won't confirm numbers, but MBR has learned recruitment ads bill seven figures annually. Jacor CEO Randy Michaels has said in the past that newspapers are only relevant to people training a puppy.

"There's definitely money there," says Liz Grizmer, Jacor's recruitment specialist for the Cin-

Radio recruitment jumped 164% last year

cinnati market. There have been several hundred advertisers since they began, and Grizmer says it continues to gain in popularity. The *Cincinnati Enquirer* has started placing classifieds on-line, but a recent rate increase may give companies even more reason to give radio a try.

Employment recruitment and business propositions national spot and network spending jumped 164% in 1997, rising from \$1.1M in the first half of 1996 to \$2.8M in first half of 1997. Competitive Media Reporting says the biggest national spenders include Target, Bell South and Dean Witter Reynolds.

At Boston's WEEI-AM, they're cashing in on Massachusetts' lowest unemployment rate in 15 years. The Sports station forecasted to bill roughly \$300,000 in 1997 from recruitment advertising. "The opportunity is out there, especially in markets where the unemployment rate is so low," says Local Sales Manager Jim Rushton. He says they're going after companies that are buying big ads in the *Boston Globe*, which ran a 157-page special Fall employment section. For instance, a firm which buys a full page \$50,000 ad in the Sunday paper can put half that to radio, and get a five frequency. Rushton says many spots even refer potential employees to a newspaper ad. A Boston business association liked

the idea enough to make a two week, \$30,000 buy to plug an upcoming open house.

While conventional wisdom may say the more people out of work, the more opportunity there is for radio: Wrong, say Grizmer and Rushton. They say the fewer available workers forces corporations to get more creative in their recruiting. Moreover, newspaper becomes less effective, since few of us with a job browse the Sunday employment section.

Alene Grevey, GM at Jacor's WEBN-FM and WOFX-FM Cincinnati, says radio recruitment ads reach a totally different segment of the population—those with jobs who may not be thinking of jumping ship until they hear the radio spot.

Most often, recruitment ads are straight read :30's written in-house, that run three weeks in different dayparts since today's 24-hour society means everyone's drive time isn't the same (11% of workers pull the graveyard shift).

While WEEI's Rushton thinks you still need a high frequency to convince people to leave a job they may love, Grizmer says, "You don't need to do a high frequency

"There's definitely money there."

because you're making people an offer, instead of getting them to buy something."

Many stations and groups are reluctant to hire another sales person to hit the streets in search of recruitment ad dollars, but that may be what's needed to ensure

"Radio will always work, but in tighter job markets, newspaper becomes less effective."

success since most human resource departments have no experience with buying radio. "You have to hold their hand through the whole thing," says Grizmer.

To fight back, many newspapers are putting their classifieds on-line. Radio stations are also

Top 5 Sunday Newspapers

	Avg Daily Circ	%chg
New York Times	1,654,258	-5.8
Los Angeles Times	1,369,126	-2.1
Washington Post	1,126,774	-1.4
Chicago Tribune	1,048,453	-2.0
NY Daily News	855,415	-15.4

Source: Audit Bureau of Circulations

placing recruitment ads on their homepages, with the help of companies like classifieds2000. Rushton says WEEI makes their web site part of a buy—and they even run contests to attract listeners to give it a look.

Sani El-Fishawy, president and CEO of classifieds2000, says radio and TV stations can use their broadcast outlets for reach and frequency to bring people into their website, so performance is measured by resumes. One Texas TV station makes "well over" \$100K a month, according to El-Fishawy, but he says that's on the high end; "The idea is to make additional money that you did not get before." He says radio stations should go after the "meaty, low-hanging fruit," by taking classified ad dollars from the Fortune 500 companies. ♦

Newspapers Pressed

The "Help Wanted" section of most newspapers has been thicker in recent months, as the tight job market has forced employers to place even bigger ads, more frequently. Classified advertising is expected to grow by 10.2% in 1998, following a 12.5% increase in the first half of 1997, to \$7.6B, according to the Newspaper Association of America (NAA). Tentative tallies for 1996 show recruitment ads were up nearly 15%, the biggest increase in a decade. 70% of all classified dollars came from papers in the Pacific, Atlantic, and Mountain regions.

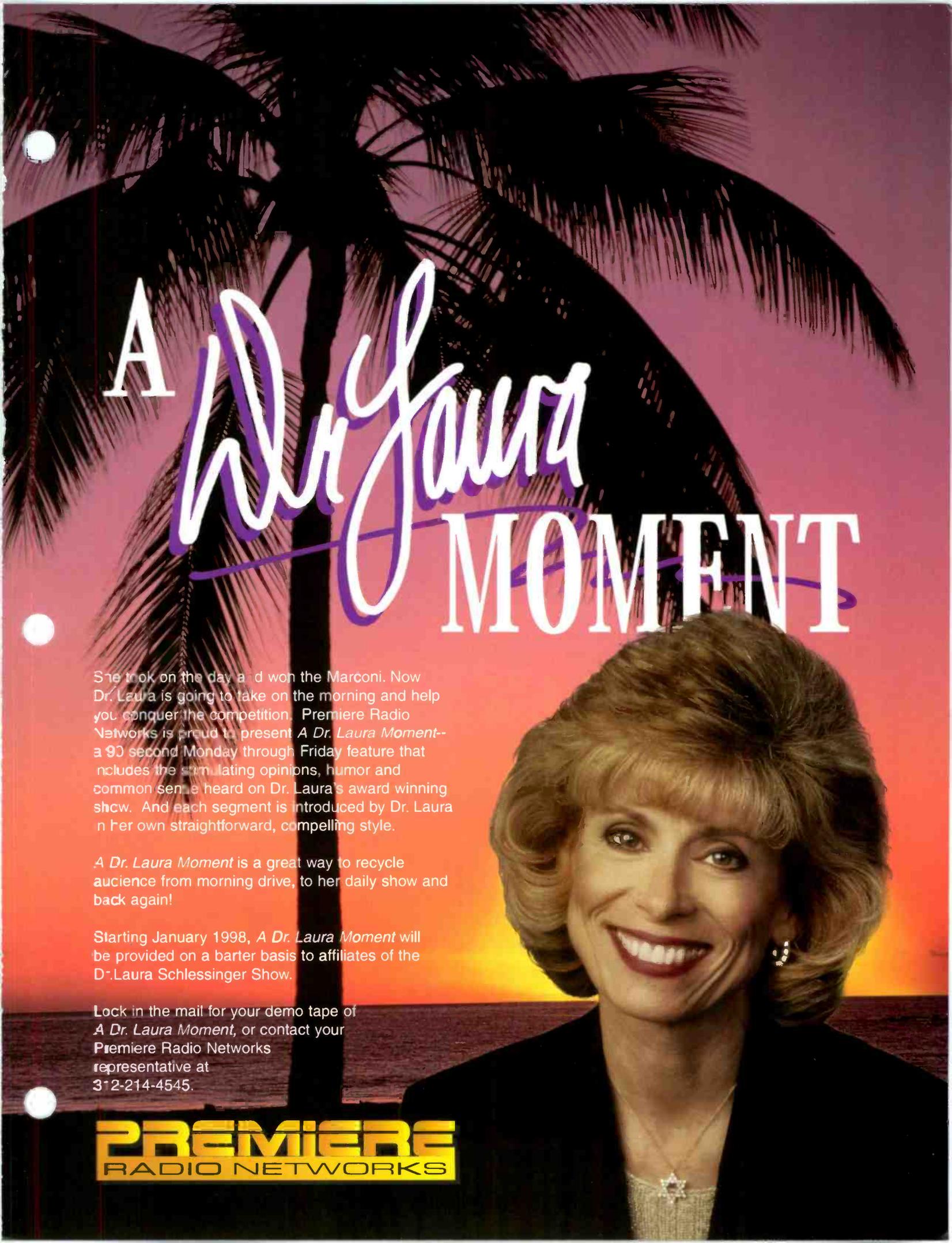
But the readership hemorrhage continues. Circulation was down

again in 1997, although the rate of decline has dropped to just two percent. Sunday papers, where most recruitment ads are placed, are seeing an even larger circulation decline. Much of that loss came at the biggest circulation papers including the *New York Daily News*, *Wall Street Journal*, *Chicago Tribune* and *Chicago Sun-Times*.

In September, NAA launched a TV and print advertising effort promoting newspaper reading. The seven week, \$6M campaign was aimed at young people, many of whom have yet to form the newspaper habit. *USA Today* also ran \$2.2M TV and outdoor campaign last Fall in 16 markets, including New York, Atlanta, Washington, Denver and Minneapolis. *The*

New York Times and the *Financial Times* placed TV and outdoor ads. That seems to be money well spent.

Jim Conaghan, Director of Market and Business Analysis for the NAA, says classifieds account for 40 to 50% of a newspaper's revenue. With so much money riding on their success, he says many papers are taking steps to protect that revenue stream. From 1996 to the end of this year, the number of papers offering classifieds on-line will double to nearly 900. They compete against such sites as CyberHomes and MonsterBoard. Even so, Conaghan says newspapers main competitor remains the free niche market publications. Found outside the supermarket, the freebies mainly focus on auto and real estate listings.



A *Dr. Laura* MOMENT

She took on the day and won the Marconi. Now Dr. Laura is going to take on the morning and help you conquer the competition. Premiere Radio Networks is proud to present *A Dr. Laura Moment*—a 90 second Monday through Friday feature that includes the stimulating opinions, humor and common sense heard on Dr. Laura's award winning show. And each segment is introduced by Dr. Laura in her own straightforward, compelling style.

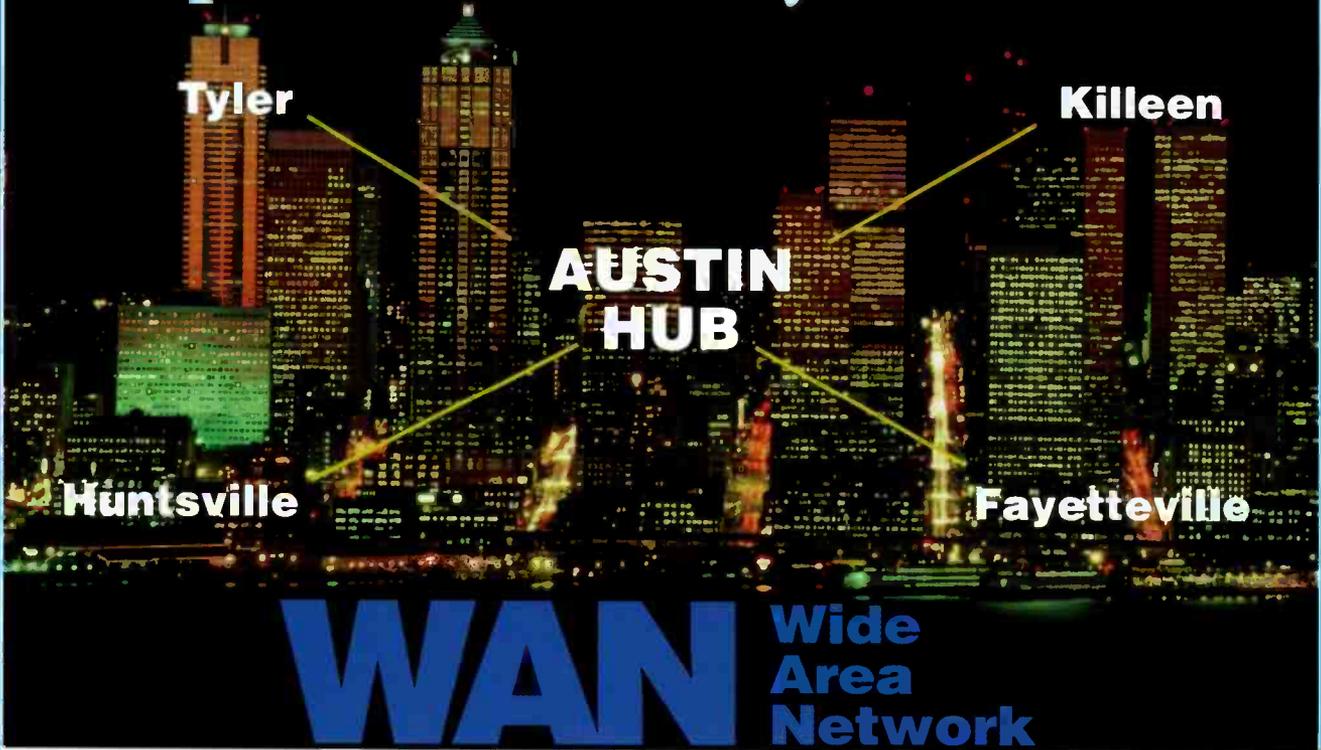
A Dr. Laura Moment is a great way to recycle audience from morning drive, to her daily show and back again!

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Liquor Wants Shot at Airtime

With Gen-Xers rediscovering the "cocktail culture" and martini bars dotting most urban settings, it is no wonder hard liquor sales are up for the first time in 15 years. With a renewed interest, many marketers are looking at raising their product awareness levels. In March, a new consumer magazine called *Spirits & Cocktails* will hit newsstands. But broadcast is where many marketers are now looking to make their mark.

Seagram began an all out campaign last year to get its advertisements on radio and television. The Montreal-based liquor company has placed ads in trade magazines such as *MBR's* sister publication, *Radio Business Report*, urging broadcasters to air their spots.

To make those ads more palatable, Seagram spots included a statement urging responsible drinking. Each :60 will begin with this: "People of legal drinking age should enjoy alcohol responsibly, but don't drink if you're under 21." Seagram makes Royal Canadian wiskey and Chivas Regal Scotch.

Washington Worries

Just moments after being sworn in on the Bible his father carried through Europe during World War II, FCC Chair Bill Kennard said a review of alcohol advertis-

ing should be undertaken by the new Commission. "It is too important an issue for America to put in the closet and say that government can't do anything about it," Kennard told reporters, although he conceded there may be "legal and Constitutional problems." The previous Commission deadlocked on the issue last July (*RBR* 7/14/97, p.2).

"The FCC does not have jurisdiction over alcohol advertising. It's a mystery why he is singling out distilled spirits while ignoring beer and wine," says Lisa Hawkins, spokesperson for the Distilled Spirits Council. She says the Council gets dozens of phone calls from broadcasters each week, and estimates there are 100 stations already airing liquor ads.

"We can target our message to adults, so radio is a key strategy for us."

—Seagram's Bevin Gove

"There has been absolutely no public outcry in markets where they have run," says Hawkins.

Congressman Joe Kennedy (D-MA) sent a letter Dec. 3 to Kennard urging him to move forward with a review of liquor ads on radio and TV. "We believe the FCC has a critical role to play within its own jurisdiction to safeguard the public airwaves. The FCC's review...would produce a factual record on the topic of liquor advertising," Kennedy wrote.

Alternate Strategy

Hiram Walker Inc. launched a radio campaign in Denver and Knoxville, TN for its repackaged Canadian Club whiskey. The "Club Rules" campaign will be tested in the two cities until April, when it will be expanded to other markets.

Hiram Walker's Cutty Sark scotch has found a way to steer its ships clear of the controversy surrounding alcohol advertising. They are using radio to promote a brand-sponsored yacht race instead of what's inside their bottles.

That has opened up groups long nervous about running li-



quor commercials. Some of Cutty Sark's ads will air on CBS radio stations. CBS' policy book still includes a "longstanding prohibition against the airing of advertising for hard liquor," but VP Helene Bleiberg says because the spots are for a sponsored sporting event, they don't violate that policy.

"We're still getting a lot of questions from liquor companies, but not a lot of radio stations are taking it," says Stewart Yaguda, president, Interep's Radio 2000. He sees more willingness to take the spots in smaller markets and among second tier stations. Radio One is the largest of the groups accepting alcohol ads.

Greg Zegras, an account executive for Scaros & Casselman, says they are "out promoting an event. This is not a brand-first advertisement about Cutty Sark scotch." Their targeted demo is men 30-45, so :60 spots will air on Rock, Sports and AC stations in Florida, California and Texas, plus Chicago and Boston.

Carl Casselman, the agency's creative director, says the excitement and adventure "just doesn't come off in print" but radio "does that very well." Cutty Sark's positioning statement has long been "The Spirit of Adventure."

While they do place print ads in magazines like *Sports Illustrated*, Casselman says it is "very hard to get on TV," since many television stations won't air liquor ads. Zegras adds that radio hits their demo and "gets into markets more efficiently" than TV.

The radio spots will be supported by print and outdoor ads, plus point-of-purchase and pro-

motional materials in bars and restaurants. Cutty Sark's Race Week will

be held in Miami, February 25 through March 1.

This is the second big radio ad campaign for Cutty Sark. In 1996, the company spent \$161,000 on radio promoting a tall ship race in Europe. They ran ads dramatizing the adventure and to recruit eight "crew" members from the United States—asking listeners why they should be aboard the 200-foot Brigantine.

"Heed the call" may be Moosehead beer's marketing slogan, but it is also the message the Canadian brewery is sending to advertisers. Half the budget went to print and outdoor, which were supported by radio in six core markets like Chicago and Philadelphia, and along highways to getaways in upstate New York and New England. Marketing Director Ron Christesson says they fo-

"We have been more successful in running radio spots."

—Seagram's Bevin Gove

cused on images of skiing, mountain biking and fly fishing to position Moosehead as an "escape from the day-to-day routine." The ads, from Puskar Gibbon Chapin, broke in early October.

Seagram has also taken alternative approaches to get its ads onto radio. The brand sponsored a Black History Month art program along with six museums around the country. To help promote it, Seagram used Urban radio. And last Fall, Crown Royal Canadian whiskey co-sponsored a 44-city Country music tour. It featured radio promotions such as ticket giveaways, and radio spots placed by local promoters. ♦

1997 National Spot Radio

Bacardi Rum	\$1,424,500
Cutty Sark	\$867,300
Kahlua Mudslide	\$865,700
Kahlua Cocktails	\$827,500
Seagrams Gin	\$504,200
Tanqueray London Gin	\$463,500
Captain Morgan Rum	\$453,100
Chivas Regal Scotch	\$92,200
Seagrams Canadian Whiskey	\$57,500
Jack Daniels Country Cocktail	\$51,200
Southern Comfort Cocktails	\$40,700
Martell Cognac	\$38,700
TGI Fridays frozen drinks	\$10,300
Yukon Jack Canadian Liqueur	\$5,200
Jose Cuervo Tequila	\$2,600
George Dickel Whiskey	\$100
TOTAL	\$5,704,300

Source: Competitive Media Reporting, Interep, Jan-Sep '97

AMFM Joins Net Ranks

Radio got its first new RADAR®-rated network in 20 years when Chancellor Media (O:AMFM) debuted AMFM Radio Networks on Jan. 5. Chancellor's 99 stations and 159 Capstar stations clear one minute of commercial time each hour 5A-Mid, Monday to Sunday on two networks, Adult and Youth.

Before July, AMFM plans to enter the syndication business by syndicating talent within the company or by acquisition of existing shows or talent. It also intends to enter the news and information biz, maybe even looking to purchase major market AMs to round-out Chancellor's strength in FMs. ♦



ProStar Entertainment Opens for Business

Yet another new syndicator is hoping to ride the demand wave for more programming. Clearing three programs, Alexandria, VA-based ProStar Entertainment opened for business December 12. Former Westwood One Senior Director of Affiliate Relations Bob Dane is the President and founder of ProStar.

Specializing in Talk programming, Dane's company is handling clearances for Burns Media Strategy's "The Dr. Gabe Mirkin Show," Sweet Talk Productions' "The Best of Debbie Nigro" and "The Debbie Nigro Show."

Look for the company's first syndicated launch in March or April. ♦

Perry to

OneOnOne

OneOnOne Sports hired Damon Perry to host the network's morning show (6-10A ET) on December 29. Perry comes to OneOnOne from a morning show slot at Sports Radio WDFN-AM Detroit, with previous experience at ESPN, KJR-AM Seattle and KNBR-AM San Francisco. ♦



Damon Perry

Syndication Launches for 1998

Syndicator	Program	Planned Launch Date/Time
ABC	The Doug Banks Morning Show	March 2
AMFM	Youth Network	Jan 5
	Adult Network	Jan 5
ESPN	The Tony Kornheiser Show	Jan 5/Daily 1-4P
	Play-by-play major league baseball	April
	Expansion of overnight prog. to 7 days	Jan 5/Daily 7P-9A
Fisher Ent.	Long-form personality	Jan/Late evening
HG Radio	Home & Garden Network	Q1/20 Weekend hrs.
Jones Radio Ntwk.	Country Show	Q1/Daily 7P-Mid.
MannGroup	World Chart Show	Jan/Weekends
NBG	Hip Hop feature with top NFL wide receiver	Q1/Daily
	Sports & Fitness w/ Olympic gold medal gymnast	Q1/Daily vignette
	Health & Fitness with high profile health guru	Q1/Daily vignette
	Fashion feature hosted by top model	Q1/Daily
	Women's Issues with editor of top womens' mag.	Q1/Daily
Salem Radio Ntwk.	The Michael Medved Show	March/Daily 3-6P
Superadio	Retro Country USA	Jan 10/2hr Weekends
	Hit Classical Radio	Jan 13/24hr
SW Networks	Entertainment news network	Jan
SportsFan	Daily vignette with Fox Sports' James Brown	Feb
Westwood One	NCAA play-by-play	Jan 10

New Feature for SportsFan

"Just a Minute, With Keith Olbermann" debuted Feb. 2 in the SportsFan lineup as a daily 60 second feature. Clearance is handled by Winstar Affiliate Sales. Olbermann is a member of the NBC News and Sports staff and currently hosts MSNBC's "The Big Show With Keith Olbermann," airing weeknights.

"Just A Minute" is somewhat unique to SportsFan's programming in that the topicality is not limited to sports. "The folks at SportsFan have granted me a blank palette on which to paint every day," said Olbermann. ♦

JRN LaunchesLive

Entertainment Report

Jones Radio Network announced "The Jimmy Carter Entertainment Reports," featuring the Emmy-award winning entertainment and gossip reporter. Available Jan. 8 for call-ins with morning drive hosts, the reports are live, interactive and customized with two separate reports—news and celeb gossip from Hollywood or Nashville. ♦

American View Acquires

Ken Hamblin Show

"The Ken Hamblin Show," syndicated with Premiere since Sept. '96, has been picked up by newbie syndicator American View Jan. 1, carried on 99 existing affiliates. The show will continue as barter only, with ad sales cleared by Global Media.

Hamblin—author, *New York Times* columnist and three-year national talk show veteran, a.k.a. "The Black Avenger"—is well-known for speaking his mind on some very volatile racial and political issues. While some despise him, others consider him an American hero. "Everyone calls me a hero and all I am is a pissed off American because I see the quality of our country going down the toilet. We're hurting—our kids can't read, the streets aren't safe. When I was a young kid the notion was that black kids couldn't read because they were stupid. Well, guess what—thanks to groups like the NEA and the whole liberal agenda inside the Beltway, white, Asian and Hispanic kids are too stupid to read now, too."

"Like all great personalities, Ken has something to say. He is magnetic, charming and very direct. I've heard him on the air many times, and have read his *New York Times* columns. How fortunate we are to have him," said Kent Burkhardt, Director, AVI. ♦



Ken Hamblin

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Programming & Positioning

Listeners Unite to Keep Their Station in the Pink

by Carl Marcucci

It's often easy to forget who really owns the radio station in the midst of merger mania. One homegrown example is KPIG-FM Freedom, CA (Monterey-Salinas-Santa Cruz). Bought and sold twice, forced to switch formats once, KPIG endured the latest ownership transition thanks to the rallied support of listeners, advertisers and the press.

New Wave Broadcasting, which purchased KPIG in June as part of a three station group buy (\$5.2M), decided not to change the format based largely on listener support and the ratings that went with it.

From Winter to Spring, 12+ listener shares jumped from 2.7 to 4.0; A25-54 increased from 4.3 to 6.5, and KPIG is still #1 with Men 25-54 through the Summer book. "The ownership change had a big impact. With so much previous publicity surrounding that, the loyalty of the listeners jumped," said Laura Hopper, PD KPIG.

Hopper was right—after the 12+ jump to 4.0, the station settled back in the Summer book to 3.2, very close to the 4-book average of 3.3.

KPIG's in-house programming is an eclectic mix of Triple A (Adult Alternative), "Americana," and whatever moves the DJ at the time. "The Americana format is sort of a combination of organically grown Country and American roots music—Bluegrass, Zydeco, Country, Folk, and Blues. KPIG runs the gamut—we have a consistency of style, but not a consistency of musical definition," said Hopper.

The same goes for the DJs, whose spontaneous and humor-



KPIG listeners at Fat Fry Festival 1997—a colorful bunch. Finalists for the "Ugly Hawaiian Shirt Contest."

ous style is an integral part of the programming. "A lot of people listen to us because they don't know what's going to come up next," said Frank Caprista, GM, KPIG.

CHR Catastrophe

KPIG began squealing in 1987, under owner Radio Ranch, Inc. In Sept. 1995 it was sold to Elettra Broadcasting. In June 1997 KPIG was sold to New Jersey-based New Wave.

First owner Radio Ranch tried a format switch to CHR for eight months. "An unmitigated disaster," said Hopper. "Ratings plummeted, dollars plummeted."

According to Caprista, much of the reason for the 1991 switch was the late '89 earthquake that leveled local businesses. "Most of KPIG's advertising was local. Radio Ranch switched us to CHR to try and get more national buys with a more national format," he said.

KPIG went back to its original format. Soon after, it achieved break-even numbers and by 1994, KPIG was making a profit and continues to do so.



A Market Squeals

When New Wave was purchasing KPIG, the media and listeners rallied. One headline from a *Monterey Herald* story read: "In a Piggie's ear: It's irreverent, unique and under new ownership—and KPIG fans warn 'Don't mess with the Pig!'"

This quote from a listener is typical of the loyalty KPIG generates: "We think of [the DJs] as friends, as family. Now don't screw up—leave the pig as it is, because it could not be better."

Even the advertisers joined the cause: "Being such a locally-oriented station, we pull people into their businesses. They wrote letters and contacted New Wave," said Hopper. In meetings with New Wave management and KPIG sales staff, regional and national agencies gave KPIG "glowing reports."

"We got a lot of letters and e-mail from both fans and advertisers. I just made copies of everything and sent it to [New Wave]," said Caprista.

New Wave owns three other market stations—KMBY-FM (AOR), KXDC-FM (NAC) and KCDU (Modern Rock)—and JSAs KBOQ-FM (Classical). While it changed one format in the group and [former owner] Elettra had changed two—KPIG was left alone.

"KPIG is unlike any other radio station in the country. Santa Cruz and Monterey are unlike any other market in the country. They match up well together. We're very proud to be associated with a radio station that breaks all the rules and still gets the ratings," said Will Douglas, VP/GM, New Wave Monterey Group and managing partner. "Its progressive radio how it [used to be] done and it definitely grabs that share of the audience. We soon realized that KPIG was like a franchise—a radio station with a following that nobody else could compete with."

Soirees in the Style

KPIG's marketing bolsters its loyal, eclectic following through effective promotions and remotes. The station has been known to hold "parties for the people"—pig roasts with free food for the first 300, live bands and giveaways, "Fat Fry" music festivals and ugly Hawaiian shirt contests. "We like to make it an event, rather than just set up a booth and sit there. We don't have a van—I don't want a van," Hopper stressed.

In addition, KPIG pushes its radio brand on its web site (www.kpig.com), in print ads and on bus tails.

"This station is built around a lifestyle," said Hopper. "That doesn't happen overnight. It's hard work—more than putting on a cookie-cutter format. In the long run, this will be longer lasting. We've done all the ground work and I'm just hoping in two years we don't go the way of the rest of them and get sold at a profit and have to do this all over again." ♦

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