MBR Stats
Radio's share of the advertising pie is growing. 1999 ad sales already in the bank are well ahead of year-ago levels and pacing is continuing strong. Could it get any better than this?
Page 3

GM Talkback™
A letter from Cousin Brucie got Tony Yoken into radio—and 34 years later he's still loving the business. Find out why and also why radio is getting a big boost from the Internet.
Page 8

Programming & Positioning
This GM/owner has been buried repeatedly, but he keeps returning to the surface to do battle with the titans of Indianapolis radio.
Page 20

Radio pitches in to help, whether it's to raise money or goods to help disaster victims, boost local charities or promote community or ethnic pride. Radio stations have always been known for community involvement, but now for some group owners it's also a company-wide policy.

Remote Jackpot
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Radio Business Report, Inc. 16 Years
June 1999

16.04%
15.5%

Radio pitches in to help, whether it's to raise money or goods to help disaster victims, boost local charities or promote community or ethnic pride. Radio stations have always been known for community involvement, but now for some group owners it's also a company-wide policy.

Feature
Page 14
ENCO + Orban + Harris = DADPRO32
The Only Complete Digital Audio Delivery Solution

ENCO and Orban have combined the best features and technology of their digital audio products, and Harris now exclusively represents the new and improved DADPRO32 Digital Audio Delivery System.

DADPRO32 offers all of the features and functionality demanded by today's progressive broadcast facilities. Utilizing standard off the shelf non-proprietary hardware, network architecture, and operating systems, DAD is the logical choice for both Automated and Live Assist On-Air operations, Production, News, and Inventory Management. DAD supports Orban Sound Cube Technology, transparent links to the Orban Audicy Multitrack Editing System, sharing of data with other software applications for Wire Capture & Editing, Scheduling & Billing, and the Internet, as well as interface to other professional broadcast control and switching equipment. And DAD comes with free software upgrades for the first year, permitting immediate access to all of the latest features supported by rapidly emerging technology and evolving broadcast industry requirements.

Integrated LAN and WAN capabilities make DADPRO32 the logical choice for groupwide, nationwide, or worldwide sharing of Audio, remote VoiceTracking, News, Schedules, and other data.

Call Harris today to discuss how the DADPRO32 Digital Audio Delivery System will permit you to realize the operational efficiencies and cost savings available with the latest technology.
Regardless of format, radio continues to Rock 'n' Roll

Radio revenues continue to soar, and this is still what was expected to be the slow part of the year. Companies are supposed to be preparing goods and services for the new millennium, which are to be announced with great fanfare (and equally great advertising budgets) much later in the year. They aren't supposed to be going nuts on the advertising front yet. If anything, you'd think they'd be squeezing away their promotional dollars for later.

But that does not seem to be the case, at least as far as radio is concerned. With a 13% gain in revenues over last year, March kept the 1999 double-digit gain parade on track. The extra helping of black ink was made possible by the continued strong showing of local business. So far in 1999, not one of RAB's five reporting regions has had anything less than a double-digit gain for any of the three months. Our forward pacing report shows no sign of any let-down on Wall Street, traders were getting ready to say hello to 11,000 as they approached yet another Dow-Jones benchmark. They also said goodbye to now former radio group Triathlon, which finally folded into Capstar.

The worst! If revenues have bottomed out at plus 13%, there is no telling what will happen when the much anticipated millennium advertising boom really gets going later in the year. All five market segments are supposed to be preparing goods and services for the new millennium, which are to be announced with the UPI Radio Network!

3

WHERE CAN YOU FIND A RADIO NETWORK WITHOUT COMMERCIALS, AFFIDAVITS, AND MUST CARRIES?

Answer: the UPI Radio Network!

Manager's Business Report  June 1999

Ben Avery, National Sales Manager  800 503 9993 or bavery@UPI.com
Slicing and dicing the formats

MBR has compared the database of the RBR Information Services group to Arbitron's Fall 1998 ratings survey to get an idea how the various formats are doing. Below are the results. Total listeners is Arbitron 12+ share, M-F 6A-12M adjusted for market population (Puerto Rico was excluded).

The News-Talk group remains the largest both in terms of listeners and total stations. Adult contemporary remains second. Country holds third despite losing almost a full percent of its listener base from Fall97 to Fall98. The biggest gainers were Urban (up 0.8%), which in part ride the rapid success of the new Rhythmic format. CHR, which gained 0.5% and Spanish, also up 0.5%. The biggest loser besides Country was Rock, which lost 0.6%.

**News-Talk-Sports**

<table>
<thead>
<tr>
<th>Format</th>
<th>Total Listeners</th>
<th>Unrated Stations</th>
<th>Chng</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Listeners</td>
<td>21,423,945</td>
<td>270</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Listeners</td>
<td>16,181,000</td>
<td>175</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Rated Stations</td>
<td>16,181,000</td>
<td>175</td>
<td>+0.5%</td>
</tr>
</tbody>
</table>

**Adult Contemporary**

<table>
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<th>Unrated Stations</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Listeners</td>
<td>20,669,446</td>
<td>82</td>
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</tr>
<tr>
<td>Listeners</td>
<td>16,292,806</td>
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<tr>
<td>Rated Stations</td>
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**Contemporary Hit Radio**

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</thead>
<tbody>
<tr>
<td>Total Listeners</td>
<td>14,804,181</td>
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<td>+0.5%</td>
</tr>
<tr>
<td>Listeners</td>
<td>11,939,105</td>
<td>17</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Rated Stations</td>
<td>11,939,105</td>
<td>17</td>
<td>+0.5%</td>
</tr>
</tbody>
</table>

**Urban**

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<th>Unrated Stations</th>
<th>Chng</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Listeners</td>
<td>13,558,366</td>
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<td>+0.6%</td>
</tr>
<tr>
<td>Listeners</td>
<td>10,585,096</td>
<td>31</td>
<td>+0.6%</td>
</tr>
<tr>
<td>Rated Stations</td>
<td>10,585,096</td>
<td>31</td>
<td>+0.6%</td>
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</tbody>
</table>

**Spanish-Spanish**

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<th>Unrated Stations</th>
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</thead>
<tbody>
<tr>
<td>Total Listeners</td>
<td>8,576,924</td>
<td>152</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Listeners</td>
<td>6,629,326</td>
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<td>+0.5%</td>
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<tr>
<td>Rated Stations</td>
<td>6,629,326</td>
<td>141</td>
<td>+0.5%</td>
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</table>

**Oldies**

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</thead>
<tbody>
<tr>
<td>Total Listeners</td>
<td>8,307,927</td>
<td>50</td>
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<tr>
<td>Listeners</td>
<td>7,223,503</td>
<td>41</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Rated Stations</td>
<td>7,223,503</td>
<td>41</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

**Non-Traditional Revenue Track**

'Tis the season for home improvement
Seasonality is the obvious explanation for the only major movement in March among the non-traditional revenue (NTR) categories tracked by Revenue Development Systems (RDS). Home improvement moved up in March along with the arrival of warmer weather. Recruiting, which was separated from Office for 1999, settled into a range of 9-10% of total NTR after January's big New Year's boost. —JM
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Big News From Chancellor: Name Change; Outdoor For Sale; Launching Internet Units

Chancellor Media (O:AMFM) is mutating, metamorphosing with the times as it gets closer to the Capstar (N:CRB) merger in mid-July. If shareholders give their OK at the 7/13 meeting, which will also feature a vote on the Capstar merger, the combined company will be renamed AMFM Inc. That will encompass all Chancellor holdings, including AMFM Radio and Outdoor Group, AMFM Network—all under CEO Jimmy de Castro—and AMFM New Media Group, headed by CEO Steve Hicks. Simultaneous with the Capstar merger, the company will move to the NYSE and change its symbol to "AFM."

The Outdoor Group may not be staying long though. Citing flat growth rates expected for Q2, Chancellor has hired Morgan Stanley Dean Witter and Greenhill & Co. to conduct a possible sale of that unit. This will improve its debt leverage ratio, and consequently, stock price. Chancellor paid a total of $1.54B for Whitcou (RBR 9/7/98, p.15) and Martin Media (RBR 2/29/98, p.12).

The AMFM New Media Group includes Katz Media Group and three new Internet business units. Hicks, former Capstar CEO, had only two months to strategize his unit after coming into the Chancellor fold 3/15. "One of the criteria that we had in trying to develop an Internet strategy was we didn’t want to do anything that would detract from, but rather enhance the value of the radio stations—and that’s hard to do," Hicks told MBR.

AMFM, or AMFM Interactive, will be the group’s Internet platform for all 465 Chancellor/Capstar radio stations. It will partner with six major e-commerce destinations, including an Internet service provider (ISP), search engine, long distance carrier, music fulfillment house, movie/VHS fulfillment house and e-mail server, to create a more dynamic, “consumer-centric” experience. Because of the sheer critical mass of listeners Chancellor can drive to its sites, these partners pay for the links.

AMFM.com, labeled Chancellor's online broadcasting company, will be responsible for providing streaming radio audio to the stations’ web sites, selling audio and video streaming commercials, creating and managing Internet-only stations, and providing streaming services to other companies and clients. Says Hicks: "If I can go to Z-100 in New York and they are streaming their station, that can be very powerful. But to have that staff create and sell some local, Internet-only stations with their content and talent, to me is pretty exciting."

AMFM Equities, like CBS has done with Marketwatch.com and Sportsline, will leverage inventory and promotional sponsorships across the radio stations in exchange for equity interest in selected Internet and new media companies.—CM

Arbitron Goes "Top Secret"

New this Spring—Arbitron to conduct ExitPoll studies in ten markets. This study will reinterview the diarykeepers of 89 stations in New York, Los Angeles, Chicago, San Francisco, Philadelphia, St. Louis, Miami, Boston, Seattle and Phoenix. In the Fall of 1998, some diarykeepers were already asked to detail their attitudes and perceptions towards music-formatted stations in six markets.

What’s different about this ExitPoll is that results of the survey will not be made available to the press and consequently the public. “Image data directly from diarykeepers is much different than the quantitative and qualitative data that Arbitron usually sells. ExitPoll clients don’t want non-clients to get insights from forms created from the research that the ExitPoll subscribers invest in,” said Bill Rose, VP Marketing, Arbitron Radio.

The study will also include, for the first time, the reinterview of diarykeepers of Spanish language stations in New York, Los Angeles, Chicago and Miami.—KM

Dille and Hicks To Keep Licenses

An FCC administrative law judge has cleared the way for veteran broadcasters John Dille and David Hicks to keep their licenses after they were accused of misrepresentation to the FCC concerning Hicks’ WRBB-FM South Bend, IN (Dille tried to finance his control of WRBB through his children’s interest in the station).

Chief Administrative Law Judge Joseph Chachkin has accepted the deal proposed by the Mass Media Bureau under which Dille’s Pathfinder will pay a fine of $30K and Hicks Broadcasting $20K. The judge also ruled that the two are qualified to retain their broadcast licenses.—TS

First Broadcast Auctions Set For This Fall

The FCC has proposed minimum bids and corresponding deposits for its first auctions of broadcast CPs, set for 9/28. All are for long-pending CP awards and no new bidders are permitted.

Of the 144 FM CPs to be auctioned, the highest minimum bids are $260K for a Class C in Bingham City (Salt Lake City), UT; $250K for a Class A in Oro Valley (Tucson), AZ; $160K for each of two CPs (Class C & C2) for Agana, Guam (go figure); $130K for a Class A in Biltmore Forest (Asheville), NC; and $130K for a Class A in Etrick (Richmond), VA.

Only one of the six AM CPs going on the auction block has a minimum bid over $100K. $150K for competing upgrade applications in California—KIOQ-AM (1050 kHz) Folsom (Sacramento) or KTCT-AM (1050 kHz) San Mateo (San Francisco).—JM

LPFM Deadline Extended

The FCC agreed with NAB’s request and extended the filing deadline for low-power FM (LPFM) comments to allow time for more engineering studies. Comments on the LPFM proposal (Docket 98-25) are now due 8/2, with reply comments due 9/1.—JM

Failure To Notify Results In Fine

A reminder from the FCC to Sinclair Radio’s (O:SBGI) WFBC-FM Greenville, SC: before recording a telephone conversation intended for broadcast, inform the speaker of the plan first.

The Commission has ordered the station to pay a $4K fine for DJ Skip Church’s failure to notify the managing editor of a weekly newspaper that he was going to record and broadcast their conversation. Church apparently called the Creative Loafing editor to discuss an article concerning WFBC-FM.

The managing editor contends he was never informed that the call was being broadcast or taped for a later broadcast. Sinclair now has 30 days to challenge the fine or pay it.—TS

Richland Towers Building In Dallas, Other Markets

Tampa-based Richland Towers has announced construction of a new 1,553-ft. (449 ft. above sea level) super tower near the Dallas-Ft. Worth Cedar Hill antenna farm. Under negotiations, it will house all the FM stations (primary and auxiliary space) of an unnamed major broadcast group, three TV stations and other telecommunications operations. The candelabra-top design will provide open aperture transmission space for up to nine separate analog and digital television signals.

Included in the initial phase of the project is a 10,000 sq. ft. transmitter equipment building. Kline Iron and Steel is fabricating the steel for the 810-ton tower, targeted for completion in November. The total cost is estimated at $8-$10M. Stay tuned—seven other super tower sites are planned in large markets, two of which will be announced in the very near future.—CM
AAF Conducts Benchmark Survey
The nation's largest advertisers, advertising agencies, media companies and AAF's corporate membership received survey packets last month. In total, 550 organizations were asked to provide information about minorities in their advertising and marketing divisions. They were also asked to describe ongoing diversity initiatives in their organizations.

An FCC study had indicated a bias on the part of advertisers against minority-targeted and minority-owned stations. The survey will set a baseline for evaluating future advertising practices. The results will also help develop plans and policies to combat ad bias. The AAF expects survey findings to be out no later than September.—KM

**Church Leaders Endorse Non-comm LPFM**
During the first meeting of its kind, a national coalition of religious leaders urged FCC Chairman Bill Kennard to authorize low-powered FM (LPFM) stations and license them as widely as possible throughout the US. That is, with one catch: The new LPFM stations should be licensed as non-commercial broadcasters.

"In our view, the present concentration of control of radio stations in a handful of powerful corporations is a threat to our democratic institutions. For commercial purposes, audiences are deliberately segmented by age, sex, race and ethnic origin, even by political bias," said Rev. Dr. Joan Campbell, General Secretary of the National Council of Churches.

While all of the leaders present during the roundtable discussions 5/13 in Washington, DC supported LPFM, they cited varied reasons, including educational opportunities, community outreach to homebound citizens, networking with other local denominations and providing local news in languages other than English.

"We're finding fewer outlets, yet a greater need to convey information," said Catherine Grincewich, Assistant General Counsel, U.S. Catholic Conference. "Low-power radio could be that voice."

Though Kennard seemed thrilled to hear the positive comments, he did say more details need to be worked out, such as non-commercial vs. commercial, how to license the stations and how to maximize their usage.

"We must do it [LPFM] in a way that protects existing broadcast signals and does not impede the conversion to digital radio," said Kennard. "We need to work together, and together with existing broadcasters, to make this work for everyone."—TS

**Radio's share of ad spending rising**
by Jack Messmer
Radio's strong growth, which has been outpacing all other major media, means that radio's share of total ad dollars is creeping higher. With our second year-to-year comparison of figures from the MBR/Miller Kaplan Total Media Index, we can see some evidence of where the gains are coming from.

Overall, radio's share of spending in the top 25 ad categories rose to 16.04% in February, up slightly more than a half percentage point from 15.5% a year earlier. Two categories actually saw radio's share of ad dollars fall sharply—Specialty Retail to 16.02% from 30.7% and Publications to 7.38% from 33.8%.

Those declines were more than offset by gains in two much larger categories—Television to 68.91% from 60.9% and Automotive, the grandaddy of all ad categories, to 8.59% from 7.7%. Radio also gained significantly with Restaurants, to 21.2% from 10.4%.

<table>
<thead>
<tr>
<th>Category</th>
<th>Newspaper</th>
<th>TV</th>
<th>Radio</th>
<th>Total Media</th>
<th>Total Media % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>161,303</td>
<td>113,033</td>
<td>25,764</td>
<td>300,100</td>
<td>8.59%</td>
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<tr>
<td>Restaurants</td>
<td>3,550</td>
<td>30,967</td>
<td>9,289</td>
<td>43,806</td>
<td>21.20%</td>
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<tr>
<td>Department Stores</td>
<td>56,832</td>
<td>10,171</td>
<td>6,335</td>
<td>73,383</td>
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<td>Foods</td>
<td>1,300</td>
<td>30,486</td>
<td>5,268</td>
<td>37,054</td>
<td>14.22%</td>
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<td>Communications/Cell</td>
<td>34,524</td>
<td>26,767</td>
<td>13,976</td>
<td>75,267</td>
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<tr>
<td>Furniture</td>
<td>25,300</td>
<td>16,587</td>
<td>5,946</td>
<td>47,833</td>
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<tr>
<td>Financial Services</td>
<td>29,956</td>
<td>14,537</td>
<td>10,773</td>
<td>55,266</td>
<td>19.49%</td>
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<td>Movies/Theater/Concerts</td>
<td>20,756</td>
<td>16,863</td>
<td>6,098</td>
<td>43,717</td>
<td>13.95%</td>
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<td>Grocery Stores</td>
<td>12,420</td>
<td>6,388</td>
<td>5,965</td>
<td>24,773</td>
<td>24.06%</td>
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<tr>
<td>Appliances &amp; Electrons</td>
<td>26,519</td>
<td>6,410</td>
<td>2,625</td>
<td>35,554</td>
<td>7.38%</td>
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<tr>
<td>Hotel/Resorts/Tours</td>
<td>33,380</td>
<td>7,975</td>
<td>3,522</td>
<td>44,877</td>
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<td>Drug Stores/Products</td>
<td>6,958</td>
<td>12,513</td>
<td>3,376</td>
<td>22,847</td>
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<td>Computers/Office Equipment</td>
<td>18,392</td>
<td>4,426</td>
<td>4,156</td>
<td>26,974</td>
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<td>Specialty Retail</td>
<td>22,178</td>
<td>10,857</td>
<td>7,259</td>
<td>40,294</td>
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<td>Health Care</td>
<td>9,133</td>
<td>12,801</td>
<td>6,189</td>
<td>28,123</td>
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<td>Auto Parts/Service</td>
<td>4,789</td>
<td>5,266</td>
<td>2,960</td>
<td>13,015</td>
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<td>Music Stores/CDs/Videos</td>
<td>3,656</td>
<td>6,714</td>
<td>3,310</td>
<td>13,680</td>
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<td>Transportation</td>
<td>9,234</td>
<td>5,612</td>
<td>3,858</td>
<td>18,704</td>
<td>20.63%</td>
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<td>Entertainment-Other/lottery</td>
<td>2,553</td>
<td>5,199</td>
<td>5,135</td>
<td>12,888</td>
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<td>Home Improvement</td>
<td>9,512</td>
<td>4,907</td>
<td>2,491</td>
<td>16,910</td>
<td>14.73%</td>
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<td>Professional Services</td>
<td>7,332</td>
<td>7,862</td>
<td>5,259</td>
<td>20,453</td>
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<td>Beverages</td>
<td>1,650</td>
<td>6,781</td>
<td>5,461</td>
<td>13,892</td>
<td>39.31%</td>
</tr>
<tr>
<td>Television</td>
<td>8,927</td>
<td>2,730</td>
<td>25,834</td>
<td>37,491</td>
<td>68.91%</td>
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<td>Personal Fitness/Weight Ctrs.</td>
<td>1,176</td>
<td>5,852</td>
<td>1,005</td>
<td>8,033</td>
<td>12.51%</td>
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<td>Publications</td>
<td>25,007</td>
<td>2,715</td>
<td>2,201</td>
<td>29,923</td>
<td>7.36%</td>
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</tbody>
</table>

**MBR/Miller Kaplan Total Media Index - February 1999 (Expenditures in 000)**

Each month we ask a few general managers from around the country to share with us, and you, their views of the industry. This month we quizzed: Jacor’s Mike Ginsburg of KFMS-FM, KQOL-FM, KSNE-FM and KWNK-FM Las Vegas, NV; Strauss Communications’ Eric Straus of WRNQ-FM, WTND-FM, WKIP-AM, WCTW-FM, WTHN-FM, WELV-AM, WCKL-AM, WTHK-FM and WHUC-AM Poughkeepsie, NY and Memphis Radio Group’s Tony Yoken of WGKK-FM, WSRR-FM and WRBO-FM Memphis, TN.

Here are this month’s GM Talkback questions and the responses:

1. **Many experts are saying that radio has become the dominant medium for computer users and, thus, has the advertising ability to drive traffic to web sites. Is this the case with your community and your station(s)?**

Mike Ginsburg:
Radio drives listeners to products, and the web is certainly no exception as a product. The web is a risk-reward deal. The risk is erosion of listenership, possible if broadcasters in mass stream their audio. Stations with higher name recognition in talent and product will attract listeners from other lesser stations on the web. Ratings reduction and fragmentation may result. I think the true reward of the web for broadcasters is in developing it as a new advertising and entertainment media, rather than as an extension of our signals.

Eric Straus:
Absolutely. Radio gets the majority of the Internet advertising revenues in this market. As a group of radio stations, we offer Internet businesses the www.package. With this package, an Internet advertiser gets to sponsor weather forecasts across our whole group of nine stations. They get just a five-second mention, "...brought to you by dot-com," and we get nice additional revenues without giving up even a minute of inventory. The Internet advertisers participating have all seen major improvements in their "hits" on their advertised sites.

Tony Yoken:
We know through Scarborough and Media Audit qualitative that our target audiences for our three 25-54 market-leading stations are big PC and Internet users. In Memphis, we can offer a natural fit for our advertisers to reach our listeners/consumers and market their info and retail web sites to the huge cume available with heritage Country, Classic Hit Rock & Roll and Classic Soul Oldies.

2. **Is Internet-related advertising growing in your market?**

Mike Ginsburg:
Internet advertising in Las Vegas is growing geometrically! Not only through radio, but in television, print and retailer "self-webbing". With our recent consolidation into Clear Channel Communications, Inc., I’m pleased to be joining a radio group that is at the cutting edge of radio’s involvement with the Internet.

Eric Straus:
Of course. It’s an explosive category. Web site designers, ISPs, purveyors of various modem technology (cable modems, satellite modems, etc.) as well as owners of Internet sites are all starting to spend big dollars in the market. I think that within five years, this will be one of our 10 biggest categories.

Tony Yoken:
Internet-related advertising is growing exponentially in Memphis. We have created and participated in winning campaigns for Ebay, Comp USA, Time Warner Cable’s RoadRunner and Anheuser-Busch as well as several local and regional e-commerce companies. Two years ago the local marketplace had very little radio advertising driving consumers to the Internet. Now, when you punch up a stop set on any Memphis radio station, you will hear at least a commercial or two selling and/or tagging web sites and Internet addresses.

3. **How did you get into radio and why did you stay?**

Mike Ginsburg:
Like most of us in broadcasting, my parents expected me to be a doctor or lawyer, or at the very worst, a hippie with a micro-bus and 40 pounds of weed to sell on the coast of Big Sur. But accidentalism prevailed and I discovered the joys of radio. I stay in it because it’s filled with intelligent, creative, energized people who have total integrity. The industry is in an exciting period of fundamental change and visionary leadership. Radio is the ultimate learning center, whether learning from our advertising clients, listeners, competitors or leadership.

Eric Straus:
I’m a third generation radio station owner. My family owned WMCA in New York for years. Soon after they sold the station in 1986, I went into the investment banking business at a small media mergers and acquisitions firm and had great fun brokering 14 media properties over the next two years. But, I missed the community involvement, the challenges and the people of the radio business. So, I bought some small stations in 1989 and haven’t looked back.

Tony Yoken:
The big breakthrough came on a Sunday night in 1965; I heard Bruce Morrow interviewed on Howard Cosell’s "Speaking of Everything". Cousin Brucie said he always personally answered mail from listeners. I believed him, and sent a letter asking what university would help me get started with a career in radio. He wrote back, and shortly after I started pushing a broom and hanging with the weekend jock/first phone at WFAS in White Plains, NY. Radio is still the only industry I know where you can rethink a strategy today, and execute the tactics within hours.
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A buyer's perspective: The Media Edge's Natalie Swed Stone

In this MBR interview, we asked The Media Edge's VP/Manager Network Radio Natalie Swed Stone what she likes about network radio and what can be improved—to get more buys and better serve her clients into the next millennium.

Natalie buys for AT&T, Xerox, Clorox, The U.S. Army and Showtime, among others. She is no stranger to radio, and has come full circle from buyer to seller to buyer: She began her career in research at the CBS Television Network in 1977 before joining NW Ayer in a similar capacity. She began buying network radio for the U.S. Army and AT&T in 1980. Natalie then became Manager of network radio at BBDO in 1982, and then sold at ABC Radio Networks from 1988-90. She then spend eight years in sales at MediaAmerica, spending most of her time with the Rush Limbaugh Show. Natalie returned to buying for clients AT&T and The U.S. Army in Sept. '98 at The Media Edge, and here presents her unique perspective.

What has network radio done to help to make your buying decisions easier?

Well let me say, "Not enough!" It needs to become more sophisticated. We at The Media Edge have been in the forefront in trying to convey this to the networks.

The use of RADAR® helps because we can obtain audience research on our own. And that is important, because the agencies can do that for other national media, but for network radio, when we use Arbitron, we have to rely to a large degree on what the networks give us. We can’t do anything on our own. We have to be kind of spoon-fed this information which is not good when you are planning and buying. It’s not an efficient tool.

RADAR helps by bringing software to the agencies and making it easier for us to plan, buy, and quantify for our clients. Agencies are more comfortable and they are getting what they think they are getting. Rather than, "I thought I was getting X, but I got Y, now I’m not comfortable or smart enough to use this medium." Anytime accountability goes up, it helps.

What more needs to be done: the systems need to be improved. There needs to be a way for agencies to access the information on all available properties. And you probably know how many there are—hundreds, hund-
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enue and agencies are allocating more to ra-
dio. More attention is being paid to radio in
general. Hopefully the networks will respond
now, and realize that since great things are
happening in radio and network radio it’s time
to get sophisticated. Let’s move up.

Has consolidation affected your
business?
We think that consolidation is good. Stronger
stations, stronger programming. We’re hop-
ing that the consolidation will bring econo-
 mies of scale and save us money, obviously
not the other way around, that is a couple of
operators controlling the medium and charg-
ing more. We are certainly going to be sen-
tive to the pricing, but it seems to us that
streamlining costs will help the medium.

Also, if consolidation continues into cross-
media consolidation, then TV/cable owners
will expect “electronic data systems.” We ex-
pect cross media sales to increase.

Has radio become a better reach
vehicle?
Network radio has upgraded the size and rank
of its affiliated stations. AMFM is a very good
example of this. They have top-ranked sta-
tions in major markets. Years ago, network
radio affiliated the middle station in a market.
You could just look and people would just
present that way. But that has all changed. And
with that comes better reach.

Also, syndication has forced the networks
to go for quality. Syndication has changed the
game, because syndicators were able to go to
a top station and say, “I’ll give you this service
for five minutes of inventory, rather than a
hundred minutes.” Therefore they were able
to bring in top stations and that helped also.

Tell us a little bit about your job.
My job at The Media Edge is to oversee all
radio networks and investments and to provide
knowledge to the entire agency and our cli-
ients on all aspects of network radio. This in-
cludes comprehensive knowledge of how the
medium works, how it fits into a plan, mar-
ketplace issues, research issues, trends, etc.

What trends, coming into the new
millennium, are you seeing in
network radio?
I think it is hotter. It is a hotter medium be-
cause of its relative value. The halo is coming
off of network TV. Television is becoming more
difficult to buy, and cable buys are increasing.
Reach is harder to generate, so in terms of rela-
tive value, network radio and radio are look-
ing stronger. It is still targetable. Its portabil-
ity is a unique strength. It is the only medium
that has that.

Network radio had the lowest advertiser
attrition rate it has ever had this year. With
the advent of AMFM, a better medium over-
all, and the medium providing results for ad-
vertisers, agencies are beginning to use it more.
Because of the additional attention and reve-
 nue being given, it will be bought and sold
better. There will be better tools and it will
become a more sophisticated medium.

What do you think about the .com business?
The .com business has been a great thing for
network radio. It has infused the medium with
vitality. I do believe that had it not been for the
.com business, we would not have seen
this medium doing as well as it has so quickly.
The cable tune-in business is another huge
category for the medium.

Why don’t some clients
like to use radio?
I think radio is a complex medium. It’s not al-
ways sold properly. It is not always bought pro-
perly. The creative isn’t necessarily produced with
radio in mind. It is often produced for television.
Radio is its own medium with its own par-
 ticular qualities. Agencies need to pay more at-
tention to all aspects of it. But again, it is a com-
plex medium and needs radio specialists.

Which network buys consistently
seem to do the best for your clients?
I think that we all know that Paul Harvey and
Rush and the Talk properties have been suc-
cessful because they’ve been used exclusively by
clients and can include the personalities.
It is very unusual for a Westwood Net to be
used exclusively. Buyers normally buy a com-
 bination of networks, or a combination of
networks and programs. Snapple and Clean
Shower are good examples.

It is important that we do a lot of research.
And again, I think that clients and agencies
are becoming more sophisticated. They are
doing a lot of market research and are finding
out exactly who is using this product. As we
move into the millennium, we want to match
these specifications with what we can glean
from various networks. How sophisticated can
they be in telling us who is listening to their
networks? We’re not there yet.

Do you do any Hispanic buying and
how does that growing population
sector affect your decisions?
We have actually encouraged some of the net-
works to incorporate some Hispanic into their
networks, because we know that the popu-
lation is going in that direction. We at The Me-
dia Edge are very much aware that the popu-
lation has changed, and is changing, and it’s
important for us to deliver the entire popula-
tion to our clients. And if we are under-deliv-
ering Hispanic where we shouldn’t be, that is
an issue for us. We also have a Hispanic agency.
So, as things are specialized, it’s whose area
can best make the buy. If ABC, for example,
adds some Hispanic stations to their network,
we would applaud that.

What about groups now owning
the networks? Has that changed
anything?
There is always room for quality. Of course, is
definitely much more competitive. If you don’t
own a station, and you’ve got a syndicated prop-
erty, and the company who does own the
station has its own syndicated property, you’re
just going to have to be a lot better to get on.

Can you go through a typical cycle of
a buy, as an example for our readers?
Say Xerox wants a 25-54 male buy.
Natalie says, “Who are these men? 25-54? There
are a lot of men 25-54 out there. Tell me more.
I want to know where they live, what they do,
what they read, what they watch.” They then
give me that information. They live in the north-
east, they live here, they live there; they are
younger than they are older. Any psychographic
information, anything I can get from that. Then
try to match to what I can get from RADAR,
for example, in terms of socioeconomics, au-
dience composition, and things like that There
are so many networks and stations out there
and so many properties, we have to be able to
distinguish them, separate them and say, “This
is better than this for this client, this makes
more sense.” Otherwise, I could close my eyes,
and pick 1, 2, or 3.

Then you basically let the networks know
what you are planning to do, a little bit about
your target, what your goals are, and hope
that they can help you to meet those goals.
And then the negotiation starts, which is “I
don’t want to sell you what you want. I want
to sell you something else.” And then we pro-
cceed from there.

We hope that the networks want to work
with us, because our goal, we believe, is to pro-
vide the client with something that will work,
so that they will come back. Rather than have
a short-term view such as, “I need more money
against this one property tomorrow,” we hope
the network says “Let’s work with The Media
Edge and their client, because I think they will
come back if we really make it work.”
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FROM DISASTERS TO PARADES, RADIO OPENS THE AIRWAVES FOR GROUPWIDE PUBLIC SERVICE CAMPAIGNS

It's an act millions of us perform daily: we hop into our cars, strap ourselves in, start the engine and turn on the radio. A habit we usually don't think twice about, until something out of the ordinary catches our attention. A former Army general is enough to perk up the ears, especially with the current troubles in Kosovo. But that was not the case when retired Army General and former Chairman of the Joint Chiefs of Staff Colin Powell hit the airwaves earlier this year.

Known for his television briefings during the 1991 Gulf War, Gen. Powell made the switch from Army officer to radio talent in order to lobby for an issue much closer to home, the Children's Health Insurance Program (CHIP), a $24 billion federal and state partnership to provide free or low-cost health insurance for America's uninsured children.

But we don't turn the dial because Gen. Powell is someone important, saying something important. That's a ploy many advertisers use to gain attention and recognition. And if it works for marketing products, why not promote groupwide public service campaigns the same way? That's just what Bonneville Communications (BC) did earlier this year with its "heart sell" strategy—emotional advertising that stimulates response.

Campaigns vary from group to group

BC, a division of Mormon Church-owned radio giant Bonneville International Corporation (BIC), has been called one of the pioneers of high-quality public service advertising, earning nearly 300 national and international awards. With that kind of background, it seemed only natural that the tradition would continue. So Bonneville Communications kicked off its "Insure Kids Now" campaign as part of their three-year, $7 million commitment to "America's Promise", the Alliance for Youth chaired by Gen. Powell (to clarify: the "Insure Kids Now" campaign trumpets CHIP, which falls under "America's Promise").

According to BIC's CEO/President, Bruce Reese, Bonneville's radio and TV sectors alone donated $6 million of public service time, expected to last through the year 2000. That figure includes the value of airtime and production (such as was used to record Powell's six CHIP PSAs).

"This was something we could all get together on, meaning TV and radio," said Reese. "We adopted America's Promise as a company-wide effort and picked it for various reasons, including its high profile, flexibility and the fact that all the living presidents participate."

But the groupwide public service efforts are not stopping with Bonneville. Other radio corporations as well have solicited famous names to back their campaigns. Joaquin Blaya, Chairman/CEO of Radio Unica, said his company chose a high profile name because a celebrity "lends weight and credibility to the campaign."

Radio Unica, practically a new kid on the block when it comes to radio corporations, has gone from zero to 12 stations, four to over 200 employees and 50 affiliates in little over a year. "Not to brag or anything, but we've done a lot in the last few months," laughs Blaya. That track record also includes the launching of an aggressive anti-dropout campaign, "Saber es Poder," in April.

Broadcast nationwide on the Radio Unica Network, the campaign, which takes an in-depth look at the state of education and the dropout rate among US Hispanics, is anchored by Marta Elena Salinas, host of En Contact. Salinas is also known for hosting Univision's nightly national network newscast, Noticiero Univision, the most watched Spanish-language news program in the US.

"Education is the most important issue affecting the US Hispanic community," said Blaya. "In an age of technology and global economics, education is at the core of developing the skills Hispanic students need to fulfill their potential and ultimately, secure and maintain productive employment in the 21st century."

He added: "Maria Elena's influence in the Hispanic community as a role model, and the most recognized and respected journalist on Spanish-language television, distinguishes our efforts in addressing the high dropout rate among US Hispanics."

While Gen. Powell and Salinas helped bring the spotlight to their groupwide public service campaigns, other radio corporations have used and continue to use the "celebrities" that they already employ: on-air talent. These guys (and gals), plus station executives, have made appearances at local events and served on boards and commissions, they've helped to build homes and gather clothes for the less fortunate.

Such was the case when disaster struck Oklahoma City last month. More than 50 torna-
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that we form this union, a natural marriage."

"We heard about the disaster and called other stations owned by Clear Channel in the Oklahoma City area," said Robert Fraser, Promotions Director at WRXL-FM and WRRQ-FM. The sister stations told Fraser that they were fine, but that other areas of the city resembled a "war zone".

"Our stations are famous for helping neighbors we do not even know," said Fraser. "My next logical step was to get these people some help." So he opened the phonebook, randomly selected Overnite Transportation Co. and called them.

"We do have a history of providing service to disasters (unbeknownst to Fraser at the time)," said Steve Rossie, spokesperson for Overnite. On numerous occasions, the company has been involved with other radio stations, allowing them to solicit the support, and then supplying the trailers and the manpower.

"On such short notice we, including the radio stations, have done as much as we possibly can," he added. Clear Channel's Richmond stations were able to raise enough donations to fill half a trailer. Rossie said he attributed the success of the campaign to the media's coverage (including some television stations and a local newspaper) and the spots that the radio stations ran during the weekend.

"All we had to do was open the mic, and we had a campaign started," said Fraser. "It was as simple as telling our people what to say."

But it's not only disasters or catastrophes that are driving forces behind public service campaigns. Ethnic pride was reason enough for Spanish Broadcasting System (SBS) to become the official voice of the National Puerto Rican Day Parade said Ruben Estrada, SBS Vice President for Government Relations.

According to Estrada, the Puerto Rican Day Parade has been held in New York City for 38 consecutive years, but just became a national event in 1995. "Though the event has been around for years, and we've been covering it for the last decade, we just became the first national media partnership this year," he said.

"The success of the parade was tremendous so it was time to expand the parade and remind Puerto Ricans of their heritage. The Puerto Rican community has made our stations what they are today, so it was only fitting that we form this union, a natural marriage."

Under the terms of the partnership, all of SBS's 15 radio markets across the US (including 5 stations recently bought in Puerto Rico), will provide live broadcasts of the 14 parades, each in different cities on different days, plus talent and entertainment at parade sites.

Though it may seem on the surface that SBS, which is the nation's largest Hispanic-owned communications company, is only sponsoring a parade, there's more. The broadcasting company is committed to providing ongoing support to the National Puerto Rican Day Parade's 1,000 Children Project (it's actually 1,500 children, aged six to 10, says Estrada). The project provides mentors, leadership training and college educations for children of Puerto Rican heritage, plus added funding for a multi-cultural, multi-ethnic cultural center in the South Bronx. The center will feature a museum, an amphitheater, a library, a gallery, plus meeting rooms and a first-class restaurant.

In order to help fund the project and the buildings, various recording artists contributed songs to a CD, which SBS will promote by running free spots. There are also 2,000 volunteers, committed to raising $2,000 each per year for the next 10 years.

"This is not just a parade or a big party. SBS is looking at these events as a long-term investment. For example, students will graduate college with our help," Estrada said. "As we crest upon a new millennium, our new national collaboration is an important recognition of the Hispanic force in this country, and a significant example of Hispanic corporate America helping Hispanics." SBS also helps to promote the Dominican Day Parade, the Colombian Day Parade and the Mexican Day Parade.

There is yet another group-wide approach to public service campaigns. Asking each of its stations to personalize its community outreach is the approach that Capstar Broadcasting has taken for its 75 markets across the nation.

"It has become clear that we at Capstar have a golden opportunity to make a real difference in many lives," said President/CEO Steve Hicks. "Positive change in local communities must be made by citizens who care about these communities. Our goal is to use our radio stations to help make this possible."

There are as many different approaches to volunteering as there are different stations that serve different audiences. That's why Capstar (one of the nation's largest broadcasting companies in terms of revenues and number of stations owned) partnered with Project America, a national service organization, to sponsor Radio Reaching Out, a nationwide volunteer initiative.

Hicks said Capstar created the service program using Capstar's 350-plus radio stations as a tool to help local volunteer agencies recruit and educate volunteers. Britt Dunaway, Executive Director of Project America, further explains: "This program is different from what we have seen in many other corporate service efforts. Capstar is not simply throwing money..."
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at a problem. The company is going to great lengths to teach its employees how to use their resources to empower local volunteers."

While many of Capstar's stations have already formed relationships with local volunteer organizations, others are just beginning their outreach programs. But the goals remain the same: to create interest in volunteerism on a national and local scale, to provide numerous recruitment opportunities and to increase awareness of the importance of volunteerism among Capstar's employees and listeners.

"We are so proud of our employees and of the initiative that each market has taken in creating new and innovative ways to reach out to their communities and promote volunteerism as a way of life," said Lisa Dollinger, Director of Corporate Communications. Those unique ideas include:

* The Beaumont, TX Rubber Ducky Derby, which raised over $50K for a local children's rehabilitation center. Over 400 PSAs aired on Capstar's stations in the area.

* Atlantic Star's six radio stations in Huntington, WV exceeded their goal of collecting 10K cans of food to donate to the River Cities Harvest Organization. "After a blitzkrieg of on-air promotion, live remotes and giveaways for t-shirts, CDs and concert tickets, Atlantic Star-Huntington collected 11,380 cans," noted Dollinger.

* Four of GulfStar's radio stations in Tyler, TX volunteered manpower to build the first-ever Habitat home for Kilgore, TX Habitat for Humanity. According to Dollinger, three of the stations broadcast live from the building site, encouraging listeners to stop by and help build the new home as well as emphasizing Radio Reaching Out's commitment to volunteerism.

In addition, Capstar has actively promoted volunteerism through their alliance with ImpactOnline, Inc. and its on-line volunteer matching service, VolunteerMatch. Added Dollinger: "This nationwide project was managed virtually through our web site... and an Intranet site for all Radio Reaching Out managers."

A year of service by the numbers

According to a national report released by the National Association of Broadcasters (NAB), the typical radio station runs an average of 122 PSAs per week. That translates into almost $400K in donated air time per radio station per year (at an average of $63 per spot). But as Radio Unica's Blaya said, "My experience has been that true public service is good business" and you cannot always put a price tag on that.

The NAB survey also reports more than nine out of 10 stations have helped charities, charitable causes or needy individuals by fundraising or other support. And among those radio stations, the average annual amount raised was over $163K. The projected amount raised for charities in 1998 by all radio stations (not just those surveyed) totals more than $1.2B. These figures are up from 1997. Ad Council Chairman Robert Wehling announced this past spring that the preliminary figures represent a 21% increase from the $995.8M received from radio stations in 1997.

Local issues, such as the tornadoes in Oklahoma City, seem to top the chart when radio stations decide to launch PSAs. Six in 10 PSAs run by all broadcasters who received the NAB survey are either locally produced or deal with local issues (such as the case with Capstar Broadcasting). Two-thirds of the broadcast stations say they were involved in either on-air community service campaigns or off-air activities to aid disaster victims.

The report's conclusion is that community service, on behalf of both radio and television stations, amounted to over $6.8B in 12 months.
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Three FM stations ought to be enough for anyone to compete in market #38. That’s how many Emmis Communications (O:EMMS) has in its home market, Indianapolis. It’s also the number of FMs Susquehanna has in the Hoosier capital and it’s one more than either Capstar (N:CRB) or locally-owned MyStar Communications.

Not all signals are created equal, though, and while he does indeed have three FM stations in Indianapolis, Bill Shirk’s Shirk Inc. has three Class A signals, only one of which is licensed to the city, while his competitors have mostly Class Bs. “I do have the weak puppies, so to speak,” he admits.

“If you have a heavyweight in the boxing ring and you put three lightweights in with him, you’d better know what you’re doing if you want to live,” Shirk noted. “I didn’t say beat him, just live!”

All three stations, plus a non-commercial FM (WIRE-FM, which Shirk built to continue community programming when he bought Lebanon, IN’s only commercial station to create Smooth Jazz WYJZ-FM) and a low-power TV station, are housed in a 17,000 square-foot facility in northern Indianapolis. Shirk readily admits that his “warehouse concept” doesn’t compare to the grandeur of Emmis new headquarters on Monument Circle in the heart of downtown, “but I’m only paying $4.50 per square foot.”

Keeping overhead low is key to keeping Shirk’s operation on the air. In the Indianapolis radio landscape that’s been built since the 1996 Telcom Act, he figures Emmis, Susquehanna and Capstar each take 27% to 30% of each dollar spent in the market on radio advertising, with MyStar Communications claiming 10% or so. That leaves Shirk fighting to hang onto 34% to 54%. “It’s a never-ending battle.”

How does he stay in the game?

“I feel I have to stay five-to-seven years ahead of my fellow broadcasters just to stay on an even keel,” Shirk told MBR. To operate four radio stations (including the non-comm), he figures his staff is about the size most companies would use for 1 1/2 stations. All of the stations run off ENCO Systems computerized on-air systems, utilizing lots of hard drive capacity. “I’ve got enough hard drive to do 10 stations,” Shirk claims.

Shirk himself and other on-air personalities do a mix of live and virtual programs, with most of them appearing on more than one station. One female staffer airs on three stations at the same time—as DJ, sidekick and news-caster—and only one is taped. Breaks are carefully timed to allow her to do the other two shows live.

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Indianapolis: Shirk’s “Puppies” Take On the Big Dogs

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Escaping disaster—for fun

If there’s one thing Shirk doesn’t have to worry about is a threat from any competitor to “bury” him. He’ll do it himself.

A lifelong fan of Harry Houdini, Shirk became a serious student of escape artistry in the late 1970s, after the rise of FM forced him to flip WXLW-AM Indianapolis from Top 40 to Religion—taking his “Super Shirk” persona off the air and even evicting himself from the GM office.

It wasn’t until Docket 80-90 came along, that Shirk—with a daytimer preference and an investor to pay settlements to other applicants—was able to return to music-intensive radio with an FM, “Hoosier Hot 96, WHHH.” He later sold WXLW and, with deregulation, was able to buy two additional FMs licensed to nearby communities, Smooth Jazz WYJZ-FM, Lebanon and Urban AC WBKS-FM, Greenwood.

Despite being a beneficiary of Docket 80-90, Shirk is no supporter of the FCC’s current low-power FM (LPFM) proposal. “I think the unfortunate thing is it will hurt minority broadcasters,” he said, since the most likely targets for LPFMs will be Spanish and Urban stations. “I think they will hurt the people that the FCC doesn’t want to have hurt.”

While Shirk is White, his 49% partner, local businessman Bill Mays, is Black and their stations’ staff and audience are likewise split about 50/50 Black and White.

When it comes to station promotions, Shirk frequently puts his escape artistry to use—a unique attention getter that costs him nothing, except perhaps occasionally risking his life.

“On October 31 I always do something to commemorate Houdini [the famed escape artist died on Halloween] and the anniversary of Hoosier Hot 96,” Shirk says.

Two years ago that something was a fund-raiser to send an inner city Boy Scout troop to camp, completely outfitted with tents and gear. Shirk had himself buried for 96 hours, with a couple of “friends” who shared his coffin: a 14-foot python and a Venezuelan Goliath bird-eating spider, the world’s largest spider.

“After about 40 hours and trying to sleep, I woke up with this unbelievably bad headache,” Shirk recalled. It turned out that the air pump which was supposed to send fresh air down a tube into his coffin had gotten shut off. Somewhat panicked, Shirk contacted staff on the surface and had emergency oxygen pumped down the tube. “If I’d gone a couple of hours breathing carbon dioxide, I’d have been dead.”

Shirk’s escape artistry is also put to use at sponsored remotes and draws especially well for his biggest client, 500-pound “Crazy Micky, The Beeper King.” The broadcaster/escape artist is also likely to show up at public events, hanging upside-down by a burning rope as he freezes himself from a straightjacket (see photo, below).

That may look tough, but Shirk says the most difficult thing he’s ever done didn’t involve escapes or radio—it was getting cable systems to carry his low-power TV station. Against all odds, he convinced most of the cable systems in Marion County to clear the station and it now attracts a measurable share of the local TV audience, especially for play-by-play sports—Cincinnati Reds baseball, Butler University women’s basketball and Notre Dame sports.

“You have to realize what it is,” Shirk says of TV 53. “It is not a competitor to other television stations. Some people just can’t afford $3,000 spots or even $300 spots, but they can afford $25 spots.”

One thing the low-power TV station is, though, is a free promotional outlet for three radio stations and Shirk believes in heavy cross-promoting. “You can’t miss my radio stations on my TV station.”

Battling in the trenches every day for ad dollars with three of the smallest radio stations and the smallest TV station in his market sounds like the definition of a high-stress life. We wonder if Shirk took up escape artistry for relaxation. That 96-hour break underground—with no client calls or staff crisis to deal with—could start to look rather attractive to modern radio GMs.
You've faced some battles in this changing radio marketplace and there are more challenges on the horizon. How do you get the most from your leaner staff? What efficiencies can be made to meet the ambitious profit goals set before you? How can you compete with the duopoly across town? It is a given that virtual radio must be part of your arsenal if you are to compete. How do you choose which digital automation system to depend upon? What if we assure you of no off-air time? Let us give you a system that can accommodate growth from one or two workstations reassigning workstations or adding station group? This is real user-friendly something so scalable that big groups, small groups and single stations will find us affordable. And it is flexible enough to meet your most specific demands. What is it? We have taken our AudioWizard—the current industry leader—to the next generation. Call us or visit us on the web at www.prophetsys.com.

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