As the Internet grows in popularity, radio's unique ability to drive listeners to it becomes more important. The end result: Radio station websites are one hot commodity. We look at the companies that help radio websites attain their goals — whether it be greater brand recognition, audio streaming, NTR, site management or all of the above.
The demands of today's fast paced broadcast marketplace require maximum utilization of resources to achieve cost effective performance. Thanks to the latest advances in digital technologies, multiple broadcast facilities can now seamlessly share audio inventories, news, scheduling and billing data, and often consolidate other redundant functions.

All of this is possible by combining the advantages of non-proprietary products such as the ENCO DADpro32 Digital Audio Delivery System with Wide Area Network (WAN) architecture. Audio production may now occur from virtually anywhere within a group, information flow is automatically managed between multiple remote locations, and transfer schedules are configured to take advantage of varying tariffs for maximum efficiency and cost control.

The ENCO DADpro32 Digital Audio Delivery System provides a powerful professional audio management tool for both live assist and automated on-air operations, production, and inventory control. Support of Wide Area Networking is inherent with DADpro32, providing capabilities to take full advantage of distributed data and group interconnectivity.

next level solutions
WIRELESS
BROADCAST
GOVERNMENT
NETWORK SUPPORT
HARRIS
Revenue growth slows: The pause that fails to refresh

Well, it's not all that bad or anything. Radio revenues grew 6% in April 1999 compared to the same month a year ago. That number only seems bad because it comes on the heels of several months of double-digit growth. National sales slipped the most, dipping into the red ink to record a loss of 1%. Nonetheless, April was the 80th consecutive month of positive growth.

The real gains in 1999 are expected to come later in the year anyway, as Y2K fever (and a multitude of new product launches) make for hot competition for spot time. Our forward pacing report shows that this may be beginning in earnest as the Summer approaches.

Station trading is clipping along at a modest pace, far below the extremely sluggish pace of late 1998. Finally, we have a Top 40 chart on the next page, but you will see no hot new titles or artists. Rather, you will find MBR's list of the top 40 radio station owners ranked by total listeners. —Dave Seyler

Radio's revenue streak hits 80

The RAB's April revenue results are in, and the overall gain of 6% over the same period a year ago constitutes the 80th consecutive month in which the number has been written in black ink. April did feature a brief (and of late, rare) visit to the red inkwell, as national sales constituted the 80th consecutive month in which the number has slipped the most, dipping into the red ink to record a loss of 1%. Nonetheless, April was the 80th consecutive month of positive growth.

The Radio Index™ moved ahead of broader stock market performance as it increased 6% over the same period a year ago, as Y2K fever (and a multitude of new product launches) make for hot competition for spot time. Our forward pacing report shows that this may be beginning in earnest as the Summer approaches.

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Congress wants to give the FCC a makeover. What suggestions do GMs have for Sen. John McCain and his Commerce Committee? Find out on Page 8

GM Talkback™
Lend me your ears: Top 40 owners by audience size

Chancellor enjoys a sizable lead over large-market-oriented Infinity in audience size, based on its 98-to-34 advantage in total Arbitron markets served. Clear Channel, operating a slightly smaller group than Chancellor and with a somewhat smaller presence in the very largest markets, rounds out the big three. HBC stands for Hispanic Broadcasting Corp., the new name of the Heftel group.

Total listeners is based on Arbitron's Fall 1998 survey MF 6A-12M 12+, adjusted for market size, and includes only stations in Arbitron-rated markets. The columns headed S, D, C, and A refer to the number of superduopolies, duopolies, combos and standalones operated by each group. BIA rank refers to the recently-released revenue rankings from Broadcast Impact Analysis (see RBR 5/31/99, p. 5)

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Sources: Arbitron, BIA, RBR Information Services Group

Non-Traditional Revenue Track

April showers bring clothing buyers?

Who wants a job when spring is just around the corner? How about a new wardrobe instead? You can't fight the flow, so just go with it. That would explain why Recruiting fell off dramatically in April as a source of non-traditional revenue for radio stations, but the seasonal Clothing segment picked up some of the slack—JM

% of Vendor/New Business by Category
(April1999)

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Source: Revenue Development Systems; based on revenues from 76 stations in 32 markets.
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WorldSpace sells XM interest; XM gets new investors, including Clear Channel

Returning XM Satellite Radio to a wholly-owned subsidiary, American Mobile Satellite Corp. (O-SKYTE), announced (6/8) it will purchase the equity interest held by WorldSpace for 8.6M shares of AMSC common stock, following the retirement of $75M of WorldSpace debt by XM. This, six months after WorldSpace filed with the FCC to increase its ownership in XM from 20% to 82%. (RBR 12/21/98, p. 6)

Adding the investment dollars it needs to continue towards commercial launch in early 2001, a $250M convertible debt commitment was pledged by Clear Channel Communications (N-CCU-$75M), DirecTV (for $50M), General Motors ($50M), Telcom Ventures LLC, Columbia Capital and Madison Dearborn Partners (all three $75M). Assuming all of the convertible debt is converted into XM shares ($250M plus the $21.5M Baring Capital investment in January), American Mobile’s interest would be reduced to 40%, but retains 60% of the voting power. After the $250M, an additional $672M is needed for launch.

"During the past few months, I’ve talked quite a bit about XM's 'best of brands' philosophy. This theme could not have been played out more powerfully than with the announcement of this quarter billion dollar funding commitment from what is truly a dream team of strategic investors," said AMSC and XM Chairman Gary Parsons in XM’s investor conference last week.

GM owns Hughes; Hughes owns DirecTV, is building XM’s satellites

The synergistic "dream team" investments supply more than money. DirecTV and Clear Channel will work with XM to provide "powerful and differentiated" programming. DirecTV (which is owned by GM Hughes, the company building XM’s satellites) will assist XM with its customer service, billing, distribution and conditional access expertise and Telecom Ventures, with its relationship with LCC International (LCC is building a terrestrial repeater network for XM) and experience with wireless communications.

Clear Channel, with 459 stations worth of talent and Premiere Radio Networks, is sure to get distribution when the birds launch. "At the end of the day, once this service is in front of consumers, it is the compelling programming that will drive subscribership and revenues," said Parsons. "For Clear Channel, this strategic partnership also provides a truly unique national platform, with which they can complement their other local media assets."

And, as predicted in CD Radio’s (O-CRDR) 8-K filing over a month ago (RBR 4/26, p. 15), GM has entered into a long term distribution agreement with XM to exclusively distribute, market and factory install AM/FM/XM receivers beginning with its 2002 model year cars and trucks. As stated above, GM Hughes has XM’s half billion dollar satellite contract, so CD’s prediction was a likely one. "We do agree with CD Radio’s basic assessment that this action on the part of GM is clearly a positive validation of the satellite radio industry," said Parsons. "I think there’s a reasonable expectation that other car manufacturers will follow along and make this move as well—either on an exclusive basis or with both CD Radio and XM."—CM

Clear Channel picks StarGuide Digital for store & forward

Its official: all Clear Channel stations (N-CCU) and Premiere Radio Networks will go with StarGuide Digital, which has beaten Wegener in the RFP to replace the outdated SEDAT satellite technology with its digital store and forward system. This adds 459 stations to StarGuide’s current stable of 163 Infinity (N-INF) stations, plus Westwood One (N-WON).

The proposals have been under review since 1/8 (RBR 3/1, p. 8). "We’re looking forward to the advantages of using the new digital technology, the improved quality and extra flexibility it can give us. We’re considering it state-of-the-art," said Bill Sufia, VP Strategic Development, Clear Channel.

StarGuide’s "StarGuide Express" allows multiple platforms, last-minute delivery and changes of programming, localized ad inserts, and localized voice-trackable opens and closes for syndicated programming over satellite and Internet.

Says StarGuide President Jeff Dankworth: "We’re excited about Clear Channel’s and Jacor/Premiere’s decision to use StarGuide’s technology. Combined with our relationship with CBS/ Westwood One and others, we now have a new digital standard for the radio industry."

The transition over to the StarGuide receiver box for Premiere affiliates will be gradual—none of the systems are close to being in place for the transition. "We’ve developed a plan two years in advance of the departure of our SEDAT delivery systems, so as to give affiliates and our network plenty of time to absorb a new delivery system that’s clearly superior," said Premiere President/CEO Kraig Kitchin. "Giving affiliates more than a year’s advance knowledge gives them the ability of planning for it in next year’s budget so there are no surprises." Premiere will be giving all affiliates a barter option for the new equipment when the time comes.—CM

The Lizard is big winner at the Radio Mercury Awards

Goodby, Silverstein & Partners bagged the grand prize of $100K at the 8th Annual Radio-Mercury Awards (6/10 in New York. Their winning entry for the Best Radio Commercial category was "Selling Out," developed for Anheuser-Busch as part of "Louie The Lizard" campaign. The second time grand prize winner also picked up an additional $10K in the general category for a Hewlett Packard spot.

A total of $210K in cash prizes was awarded to winners in the general, Hispanic and station-produced categories in the richest competition in advertising. Non-cash prize winner for the Best Public Announcement went to Lowe & Partners for The President’s Council on Physical Fitness & Sports and The Ad Council.

The event also honored Charles Osgood, CBS Radio and TV news anchor with the 1999 Lifetime Achievement Award.—KM
Free speech reigns for casino advertisers

The decision is in and its unanimous: broadcasters do have the right to run legal casino advertisements. The Supreme Court ruled 6/14 that a ban on television and radio advertising violates free speech rights. Earlier this spring the high court heard oral arguments from the Greater New Orleans Broadcasters Association (GNOBA), challenging federal and FCC regulations that banned radio stations from airing commercials which specifically mention games of chance, such as slot machines, but allowed ads that mention hotel rates, meal specials or entertainment (RBR 5/3, p. 2). GNOBA attorney Bruce Ennis also argued that those same laws which banned ads from promoting privately-owned casinos do allow such advertisements for Native American-owned casinos.

"This opinion affirms that local broadcasters be accorded the same commercial free speech rights as state lottery sponsors and newspaper publishers in advertising a legal product," said NAB President/CEO Eddie Fritts.

The justices' decision puts an end to a ban that was only in effect in some US states where federal appeals courts ruled that the regulations were constitutional. Other states have upheld the laws — TS

McCain bill to stop FCC merger reviews

FCC Chairman Bill Kennard (D) says Congress "got it right with the 1996 Telecom Act." But apparently the Commission's implementation, on the other hand, may be way out of line. According to members of the Senate Commerce Committee, the FCC has no right to continue its practice of reviewing telecommunications mergers that either the DOJ or the FTC say they will not block.

Sens. John McCain (R-AZ), Orrin Hatch (R-UT) and John Ashcroft (R-MO) introduced the Telecom Merger Review Act (S. 1125) 5/26 which would allow the Commission to file comments with the DOJ or FTC, but would prohibit the FCC from imposing "any other term or condition on the assignment or transfer of the license."

"The FCC has bootstrapped itself into the unintended role of official federal deal breaker," said McCain. "The FCC is losing needless burdens and restrictions on the merging companies that translate into higher costs for consumers.

During an FCC oversight hearing 5/26 with McCain's Commerce Committee, Commissioner Susan Ness (D) testified the agency is not duplicating the DOJ's review because "Our review is to look at public interest, which the DOJ does not consider in their analysis," she said.

McCain struck down that notion, saying everything the DOJ does in antitrust is consumer driven and in the interest of the public. "This bill is intended to eliminate bureaucratic mismanagement while preserving essential federal review and enforcement prerogatives," he said. — TS

Manager's Business Report  July 1999

Competing Media

Ad spending up; radio share down

by Dave Seyler

In March, newspaper, television and radio combined picked up almost $250M in ad revenue over the previous month. Radio's gain, however, according to just-released figures from the RBR/Miller Kaplan Total Media Index, was only a modest $12M give or take, and as a result its share of the media pie dropped from 16% to 14%.

One need look no further than one category to explain this: Television. Back during the February sweeps, TV stations spent nearly $26M on radio advertising, single-handedly accounting for almost 15% of radio's total. But this kind of spending was greatly diminished in March, when television's $7.9M wasn't even a third of February's total and accounted for only about 4% of radio's total.

Otherwise, there were no outstanding gains for radio, but no outstanding losses, either. It will be interesting to see how radio fared during the sweeps season just passed.

<table>
<thead>
<tr>
<th>Category</th>
<th>Newspaper</th>
<th>TV</th>
<th>Radio</th>
<th>Total Media</th>
<th>Radio % of Total</th>
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<tbody>
<tr>
<td>Automotive</td>
<td>186,541</td>
<td>144,574</td>
<td>31,551</td>
<td>362,666</td>
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<tr>
<td>Restaurants</td>
<td>4,193</td>
<td>52,169</td>
<td>12,352</td>
<td>68,714</td>
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<td>Department Stores</td>
<td>71,651</td>
<td>22,995</td>
<td>8,352</td>
<td>102,998</td>
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<tr>
<td>Foods</td>
<td>2,860</td>
<td>36,423</td>
<td>7,023</td>
<td>48,306</td>
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<tr>
<td>Communications/Cellular</td>
<td>38,380</td>
<td>28,473</td>
<td>14,907</td>
<td>81,760</td>
<td>18.23%</td>
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<td>Furniture</td>
<td>26,144</td>
<td>14,652</td>
<td>5,979</td>
<td>46,775</td>
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<tr>
<td>Financial Services</td>
<td>42,833</td>
<td>21,080</td>
<td>12,892</td>
<td>76,805</td>
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<tr>
<td>Movies/Theater/Concerts</td>
<td>24,022</td>
<td>22,986</td>
<td>6,603</td>
<td>53,611</td>
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<tr>
<td>Grocery Stores</td>
<td>14,682</td>
<td>9,679</td>
<td>6,051</td>
<td>30,412</td>
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<tr>
<td>Appliances &amp; Electronics</td>
<td>28,346</td>
<td>9,219</td>
<td>2,938</td>
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<td>7.25%</td>
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<tr>
<td>Hotel/Resorts/Tours</td>
<td>32,650</td>
<td>9,723</td>
<td>2,748</td>
<td>45,121</td>
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<td>Drug Stores/Products</td>
<td>8,473</td>
<td>16,145</td>
<td>3,881</td>
<td>28,499</td>
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<tr>
<td>Computers/Office Equipment</td>
<td>22,365</td>
<td>7,582</td>
<td>5,153</td>
<td>35,120</td>
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<td>Specialty Retail</td>
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<td>26,174</td>
<td>10,712</td>
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<td>Health Care</td>
<td>11,345</td>
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<td>7,193</td>
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<td>Auto Parts/Service</td>
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<td>6,641</td>
<td>4,187</td>
<td>16,766</td>
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<tr>
<td>Music Stores/CDS/Videos</td>
<td>4,431</td>
<td>7,813</td>
<td>3,493</td>
<td>15,737</td>
<td>22.20%</td>
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<td>Transportation</td>
<td>14,042</td>
<td>5,902</td>
<td>4,145</td>
<td>24,089</td>
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<td>Entertainment-Other/Lottery</td>
<td>3,563</td>
<td>6,256</td>
<td>5,260</td>
<td>12,888</td>
<td>40.81%</td>
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<td>Home Improvement</td>
<td>10,221</td>
<td>9,067</td>
<td>4,307</td>
<td>23,595</td>
<td>18.25%</td>
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<tr>
<td>Professional Services</td>
<td>9,036</td>
<td>9,676</td>
<td>6,775</td>
<td>25,487</td>
<td>26.58%</td>
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<tr>
<td>Beverages</td>
<td>2,441</td>
<td>12,937</td>
<td>8,123</td>
<td>23,501</td>
<td>34.56%</td>
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<tr>
<td>Television</td>
<td>8,495</td>
<td>4,029</td>
<td>7,909</td>
<td>20,433</td>
<td>38.71%</td>
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<tr>
<td>Personal Fitness&amp;Weight Ctrs.</td>
<td>1,172</td>
<td>5,240</td>
<td>898</td>
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<td>12.28%</td>
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<tr>
<td>Publications</td>
<td>30,272</td>
<td>2,144</td>
<td>2,924</td>
<td>35,340</td>
<td>8.27%</td>
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</table>

TOTAL: 636,521 508,040 186,356 1,328,726 14.03%

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: Saga Communications’ Dave Paulus of WNOR-FM, WNOR-AM and WAFX-FM Norfolk, VA and Fairfield Media Group’s Jay Mitchell of KMCD-AM and KIIK-FM Fairfield, IA.

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

1. Congress is currently holding hearings to discuss a reauthorization of the Federal Communications Commission (FCC). What changes would you like to see made concerning the FCC?

Dave Paulus:
As Austin Powers might say, “The FCC isn’t completely my bag baby.” But from a GMs perspective, I’ll tell you that the FCC seems very out of touch with the actuality of running broadcasting properties in 1999. The low-power FM issue is an excellent example of unrealistic expectations. The feasibility, in today’s radio marketplace, of “dropping in” 10 to 30 LPFM stations in markets that are barely supporting the current existing stations is an absolute joke. It would be great to see the FCC concentrate on the success of existing stations as opposed to redesigning the landscape to support some obscure “cause” groups.

Jay Mitchell:
If you know broadcast history, you know that the Federal Radio Commission and later the FCC were chartered to police frequencies and little else. In fact, the whole “public interest, convenience and necessity” thing did not exist when these agencies were formed. Even so, over the years, of course, the charge has changed to “political interest, convenience and necessity”. Now the Commission, ever responsive to political pressures (and/or the Commissioners’ spouses and friends), feel compelled to do something about all these issues that have nothing to do with the original charter.

So, what changes would I like to see? The Commission should do two things: 1. establish technical parameters to control station interference, and 2. ensure compliance to those parameters. Period.

Jay Mitchell:
See answer to question one.

2. In your opinion, would the public interest be better served if the FCC was a law enforcer rather than a rule maker?

Dave Paulus:
Obviously the broadcasting community benefits from an objective group reviewing the policies and procedures. But how objective is the FCC? Got me! I feel the difficulty the FCC suffers from is multiple needs of multiple interests. Digital delivery, satellite radio, LPFMs, indecency issues, etc. That’s lots of interests with lots of needs.

Jay Mitchell:
See answer to question one.

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

Dave Paulus:
After almost 15 years in the “biz”, I’ll tell you that it never gets old. From my beginnings in college radio to now, radio never fails to amaze me. Even now in the days of 400 station groups, IPOs, consolidation, cluster selling, stock prices... it still kicks a—. Why stay? For me it’s simple: radio elicits emotions like no other medium. Want proof? I still get misty eyed every time the song “Forever Young” comes on the radio. Why? It’s the song that came on the station as my first child was being born. Now let’s see the NBC Nightly News do that!

Jay Mitchell:
My father was in radio, first as an actor and then as a station owner. So, it’s in my blood. I’m not sure I had a choice—it’s always what I’ve wanted to do, and I’ve done it since age 11. I stay in radio because 1. I don’t know how to do anything else, and 2. because there are still a lot of upsides for those of us who think of radio as a communications and marketing device as opposed to a specific set of technologies (which always change).

Attention GMs:
If there is an issue you would like for us to explore, let us know. Or if you would like to respond to a previous question or answer, write it down. All responses may be sent to us via fax: (703) 719-7910 or email: radiobiz@aol.com. We look forward to reading your comments.
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As director of national radio for Horizon Media Incorporated, Mitchell Scholar works in a team environment, in concert with the media planning and account services teams. He takes buys from conception, into proposed buy schedules and through negotiations with media vendors, always striving for the best possible buy for clients such as Geico Direct, A&E and The History Channel.

Now leveraging a well-rounded career buying radio, TV, out-of-home and all types of print, Mitch started in the field in the late '70s at Ad Marketing, a barter company. He then went to Gaynor Media (a buying service), working his way up from junior to senior buyer for clients such as Bantam and Ballantine books and Ponderosa Steakhouse. He was then hired in-house by one of Gaynor's clients—Doyle, Graf and Raj—buying all media for high profile accounts like SwissAir and numerous banks. Next wasFCB/Leber Katz (now True North/TN Media), working with Taco Bell and Pacific Bell for both local and national spot radio and some TV buying. He was recruited by Schering-Plough, buying radio for the pharmaceutical company for seven years, through 6/97, when the company decided to outsource all buying functions. Before being hired by HMI in 12/97, Mitch was doing freelance work for SFM Media and Grey Advertising.

Is the media mix for your clients going forward more or less for radio and why?

I joined HMI in December of 1997. In that short time radio, specifically network radio, has grown to be an integral part of our overall media mix for our client base. Radio has grown and continues to grow because of the kinds of results it produces and the success it yields. It sells itself. However, it cannot go unmentioned that its success is largely due to the expertise of all involved in making the buys.

What do you see as improvements in radio buying—spot and network?

Sales people. Without question, in my tenure in radio (20+ years) it has to be the improvement in the sales reps themselves. The enhancement in their skills can only be attributed to the amount of training they receive.

What would you like to see radio provide more of?

A uniform source for network radio research, be it RADAR or Arbitron, with the availability of research on computer software as well as the match of all station audience estimates to actual commercial clearances. I would also like to see better accuracy in audience estimates. In defense of our media suppliers, we are offered comparable bonus weight to make good on all deficits. However, being more strategically planned will only result in higher success and less paperwork for everyone. The time spent correcting mistakes could be spent perfecting excellence.

How do you like radio vs. other media?

Your question reminds me that I suppose I am now among the "old timers" in our industry. The list of what I haven't bought is much shorter than what I have bought: radio, television, out-of-home and all types of print. I consider myself very fortunate and very well rounded. Personally, my niche, my real happiness has been in radio, all radio: local, national spot and network. Sometimes doing all three at the same time. Radio presents unique challenges in successfully reaching a designated target audience by combining the best formats, programming and/or dayparts while never straying from the client's financial parameters. It continues to remain one of the more challenging aspects of my job: to make the very best possible buys, while providing the client savings in purchasing dollars, even if only slightly. Network radio offers the added challenge of developing the best mix of both line network and syndicated programming, maximizing our client's impact in the top 20-50 markets so that campaign objectives are fully realized.

Has radio become a better reach vehicle like many are saying? Why?

Yes, especially network radio, which has become a key player in any aggressive media plan. Its continued growth as a viable reach vehicle is due in large part to networks like...
Want to make hundreds of dollars more every day from ads you've already sold?

Everyone talks about making the most out of every avail. Finally there’s a business software package that actually does it. CBSI software schedules your spots so you get the most out of your avails, without adding to your workload or your spot load.

Simply run CBSI's exclusive new Revenue Maximization™ feature before you finalize your log. It automatically pinpoints the schedule that guarantees you top dollar. You’ll boost revenue without raising a single rate or adding a single avail. And it only takes about three minutes.

What could those three minutes mean to your station? In a recent research sample of 15 stations, they meant an average of $528 per day in added revenue. That could mean up to $100,000 a year, even if you improve by that much only half the time. For multi-station groups, that’s potentially millions of dollars in additional bottom line profit. Without increasing airtime clutter. Only CBSI does that.

To learn more, contact us today to request the detailed white paper, When Being Sold Out is Not Enough. We’ll show you that you really can get the most from every avail, with CBSI's dynamic scheduling and Revenue Maximization.

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P.O. Box 67 • Reedsport, Oregon 97467
Telephone 541 271-3681 • Fax 541 271-5721
E-mail: info@cbsi.org • www.cbsi.org
800 547-3930
AMFM and Premiere which have enhanced their sales edge by moving into the RADAR-rated universe. Now, the buyer can expand their client’s buying options by using RADAR ranker data for stations which never had network affiliation before but now do, bringing the potential of an expanded total reach into their media schedules.

What buying trends are you seeing in network radio and spot radio buying going into the millennium?
This has been a banner year for radio in general. The market is attracting many new advertisers into the media mix. Competition is increasing all the time. A trend worthy of noting is the growth seen in the upfront marketplace creating even greater demand for inventory in the scatter marketplace, which is now leading to sell-outs in certain weeks in both dayparts as well as programs. The industry-savvy advertiser would be wise to release their budgets ASAP to their buyers, giving them enough of a headstart to get into the marketplace to secure the very best inventory for their clients. My prediction is this current trend will only intensify as we approach the new millennium. It is indeed an exciting time to be involved in network radio buying.

What has the .com business done for the industry?
Anytime there is a creation of a new category in media, it makes the negotiation more competitive, driving prices higher. Though I think in some ways it is still too early to assess the true influence of “.COM” on the market place, I think its presence has boosted Network Radio into having even a stronger year than anticipated from both the upfront and scatter advertisers.

Why don’t some clients like to use radio?
In 1999 we are now seeing baby boomers as grandparents. This means three generations of fascination with perhaps one of the most popular inventions of the 20th century, the TV. As such, we’ve become a visually-dependent world, believing that seeing is believing. For some advertisers, the belief that only hearing ads cannot be as effective as also seeing them, is something which frequently needs to be addressed. However, it is easily addressed. When it is explained that radio is the only medium which is heard in the home, the car, the stores and the office, virtually everywhere we go, it is quickly acknowledged that this medium has incredible potential for any advertiser. I am not sure that a properly informed advertiser has any dislike for radio. It’s our job as buyers to make certain that the education about radio is given.

Has consolidation improved the network and spot buying climate for radio?
Consolidation has allowed broadcast companies to aggregate a pool for their resources, offering advertisers far more concise research data. In network, taking Westwood One as but one example, they pooled all of their affiliates and created a new lineup of networks, such as CNN MAX. This kind of pooling, which many other networks and syndicators have also done, provides advertisers with excellent clearances in the Top 20 markets.

What impact have new RADAR-rated network entrants had on your buying decisions?
Since the arrival of AMFM and Premiere to the RADAR-rated universe, purchases have been made more interesting because our clients are now being provided with more diverse and challenging advertising options. I view the competition it creates within the industry as a personal challenge to insure our clients reap the benefits of my ability to expand my negotiating alternatives.

Do you see any value to advertisers and agencies in having radio, TV and billboards in a market under one owner?
An emphatic yes, provided that the advertiser chooses one entity to purchase all three media types. The savings incurred through the negotiation leverage could be significant.

Generally speaking, do station clusters give you any better data and service than standalone stations? Absolutely! There is definitely a better research base for data accumulation and presentation. Station clusters provide a distinct advantage over standalone stations, as they assuredly approach negotiations with a great deal more clout.

Have you done any group-wide buys? Would you consider doing them in the future?
To date HMI has not done any group wide buys. However, we will embrace any media concept providing it is in the best interest for our clients and maintains our competitive edge.

Do you think small owners are justified in complaining that they’re being shut out of buys by the big group operators?
Yes, if only perhaps because in some cases buyers do not take the time to give the small standalone stations the credibility which they deserve. I do know, however, that complaining about lost business does not generate new business. The small standalone rep is best served by presenting their stations’ virtues to the buyer, some of which the group clusters cannot necessarily offer, such as better negotiated rates and/or more targeted dayparts. These can be advantages to buyers who are working to keep within budget parameters.
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INTERNET SOLUTIONS FOR RADIO: WHICH IS BEST FOR YOUR STATION?

As with just about everything else today, if you "aren't on the net," you're being left behind. Let's face it—just about every station owner and GM is either already leveraging a website or thinking about it. While some see the Internet as a threat to radio, others see it as a means to an end—a tool to extend the station brand and make some NTR in the process.

There are many Internet solution developers out there for radio, and even more syndicated content links available to "program" the site. Broadcasters have tried to keep up with them and are inundated with choices: to host or have the site hosted, what streaming company and technology to use, what level of management outsourcing, what e-commerce links to choose, banner ads or not, to pay for it in cash or barter—which model is best for a station's needs?

Here we take a look at some of these "model" choices—developers that offer differing combinations of revenue options, streaming options and control options. We examine the synergies of Internet and radio and the possible future of those synergies. One thing is for sure: "The Convergence" is one thing to be joined, not beaten.

Making it part of the station

Many stations still haven't embraced the web, or at least to the degree that will turn their sites into something of value. While about half of all US radio stations have sites, many tend to be pretty standard—pictures of the jocks, a program schedule list, and maybe an e-mail box. "The way web sites become valuable is they become revenue-producing, and ultimately profitable," said Greg Verdino, VP/ GM, Arbitron New Media. "Which means the station needs to almost think of a Web site as a separate media property—something that drives commerce, something that's a buyable advertising property."

Radio's reach makes its sites valuable. Having the ability to drive huge numbers of users to one on-ramp—a highly trafficked web portal—cheaply makes those sites very popular. Offering things such as couponing and classifieds through the site (which has always been newspaper territory) now gives stations another way to compete for the ad dollar.

Anything to help drive traffic to a station's site helps increase revenues, listnership and potentially market share against other stations and competing media.

"What radio stations have done, because of their highly selective demographic and psychographic targeting on-air, is built a great community. What they need to do is to open up the microphone and bridge that community on-air into the Internet environment, where they have a great website that's kept fresh and current with content that that community appreciates," said Steve Carly, COO, OnRadio (RBR 1/25, p.3). His company is one that networks its 500 client sites with ads and supplies classic Internet tools like e-mail, chat, bulletin boards and custom interactive elements. OnRadio, originally launched in 1995 as "Electric Village," is a partnership with Katz Media, which reps the station-client sites.

Revenue models

There are two choices for stations and their websites: to stream audio or not and to make money or not. Let's address the money for now: Radio has a captive audience. It can find many different ways of driving people to its sites. Once they get there, what can the station do to keep them there, and make money at the same time? Digital "amusement park" comes to mind. The more the visitors go to the site, the more points chalked up for the station—for ads and for e-commerce buys like CDs and books.
Steal back the audience MTV stole from you.

Get compelling content from radio's premiere on-line content provider — OnRadio. Whether it's streaming audio and video, exclusive insider information or live chats with the artists themselves, they want it, we've got it. Check us out at www.onradio.com.
Each Internet solution has its own model. Magnitude Networks President Todd Schmidt uses cross-promotion as the selling point for both radio station and advertiser clients. "We will try to bundle our radio inventory along with our banner inventory and do more of a comprehensive promotion. We call it 'RadNet.' We thought there was a lot of power to be able to go to advertisers and say, 'Look, banners are great, however, what if we support it with real, live on-air advertising, that you could run a unique promotion—you drive traffic to those banners with your on-air promotion.' The on-air inventory is barter, the banner ad revenue is shared." Magnitude launched 2/97.

Another, Radio Data Group (RDG), launched 6/96, now with 250 station clients, offers the turnkey approach: "We have brought the sites up—designed from the get-go, installed software tools, hosted our network, made a part of our AdNext banner network, and are maintaining them on an active basis," said Michael Rau. RDG CEO. "We're a full-service integrator. And I think an important distinguishing characteristic is that we don't endorse any of the content for buyers. Our clients are free to work with any of these people that are pitching content, including broadcast.com, OnRadio and Jam TV."

RDG's "AdNext" is a traffic and billing system for the radio station that allows it to place its own banner ads at its own rates, including invoicing. Sites are repped by 24/7 Media. "We share with stations up to 90% of the revenue that the station earns by their participation on the network. 24/7 Media places buys on the network, choosing regions of the country, demographics or music formats. Then, depending on the page views and click-throughs of the ad on the station sites, they receive a payment from us," Rau told MBR. MJJ Broadcasting clears the station inventory on this barter service and stations update content themselves. RDG does have a list of content providers, but stations aren't required to use any of them.

Most of these advertising-based models allow stations to call and get new content links established by the host-developers. Rau says his company often has to add images or navigation bars.

For these companies that form banner-ad serving networks, and the increasingly common full audio/video streaming commercials, a certain amount of control needs to be given by the station for economies of scale. With common sites served to all clients, costs go down. XML-type technology allows the station-customization. In fact, many content and e-commerce links can be station-customized in these models. Says Rau: "They have to become a client. We don't make the traffic and billing system available a la carte. They really have to give you their site to manage and host and work it into your network. Their site could change dramatically."

BroadcastMusic.com launched with 50+ stations and and Super-radio-syndicated programming (John Garabedian's "Open House Party") mid-June. President John Brier tells MBR that client stations are offered exclusivity in each market from competitors and are provided ad space for local website sales. It is positioned as low/no-cost, user-friendly, easily navigable site that focuses onRadio and music only. Free to stations, revenues come exclusively from banner ads and sharing of e-commerce. "We put all the equipment in for free, pay the licensing fees, streaming costs, phone lines and transmission fees," says Brier.

Looking to launch late this Summer with between "200 and 2,000" client stations, WebRadio.com focuses its model on streaming audio with its proprietary java-based "Emblaze" technology that requires no downloading to listen (otherwise, streaming requires downloading a player—usually Real Networks' RealAudio G2 player, Microsoft's NetShow Media player or Windows Media Technology player 4.0). Like most models offering streaming, WebRadio charges a monthly fee that can be paid by cash or barter and pays the ASCAP/BMI/Sesac copyright fees. It also provides 50/50 after-cost revenue sharing opportunities for banner ad sponsorships and offers on e-commerce link—GetMedias (RBR 5/10, p.4) real-time, one-click music store that displays a purchasable CD as a song from that CD is streaming off the station.

"Based on statistics released in March by Odyssey Research, only 31% of the survey have downloaded or used a Real Player in last six months, only 5% were NetShow. With the Emblaze technology, anybody with a java-enabled browser, which is over 90% of the population, can access the broadcast," said WebRadio.com President Michael Weiss. Launched 9/95, Broadcast.com (O:BCST) was the first major offering to radio stations for streaming. It continues to be the most well-known destination for Broadcast streaming products, now including 375 to 400 streaming stations and syndicated programs like Rush Limbaugh, Art Bell, Dr. Laura Schlessinger and Dr. Toni Grant. It also has a separate TV/cable video streaming side. After its IPO, success brought the stock price above $200. It has since been sold to Yahoo! for a whopping $6B. Andy Collins, Broadcast.com's director of radio, says his model is most-focused on providing streaming for stations to increase their listener base, especially in-office. As a site aggregator, all client broadcast streaming pages can be accessed by going to Broadcast.com, and are driven there through barter spots for the service (some stations pay cash, others a combination). No banner ads are placed on client station sites, nor is any e-commerce on broadcast.com's site shared. "We try to focus on our core business, which is streaming. We are not a website development or a website hosting company. That is not our niche," says Collins.

RadioWave.com, a subsidiary of Motorola, coordinates visuals with streamed audio for its 38 affiliates. Providing a proprietary interactive player, listeners can experience "instant interactivity" without leaving the stations site. Said James Burke, VP: "We're targeting in-office listening. Every element of programming becomes a clickable event—I hear a song, I call up the player, I can instantly buy that album, and everything to do with that group. I hear a Geico commercial, I call up the player and I'm one click away from Geico's online rate quote." RadioWave launched 10/98.

Redwood Broadcasting (O:RWBD) is also establishing a national network of Internet Web sites, focusing on major-market stations. CBS/Infinity has an 18% stake in the developer (RBR 5/31, p.2). Redwood constructs, manages and maintains radio sites.

To stream or not to stream

The question whether or not to stream a station's audio is entirely subjective. There are probably more streaming pros than cons in the long run. The cons include losing diary entries in local Arbitron Radio diaries ("I was listening to the computer then, not the radio") and paying for people to listen—in some models, the more people that listen, the more it costs the station. Someone listening from the other side of the globe cannot impact local radio ratings, but many of them can impact the budget.
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On the other hand, says Verdino, streaming is valuable because it addresses several opportunities: "First, it's an easy mechanism for attracting and keeping at work listeners. It's also a good way to attract listeners who otherwise have reception problems. But the real value comes when we can monetize that, the way radio uses our traditional ratings service to price and sell advertising."

Arbitron New Media will be measuring streaming listeners and is establishing a ratings system. "Our play is pure market data, designed specifically for driving ad buying and selling. In our first release, there's no demographic data, but at some point in 2000, we are looking at a number of ways to enhance the data with demographic and behavioral elements," said Verdino.

Arbitron is working with radio web developers in a "loose alliance" in which they are essentially serving as data providers—Internet measuring will not be survey-based like for radio. Companies like Media Metrix are also available to audit and organize listening data for stations and developers for marketing purposes. The ad buying community, like for radio, prefers that listening and page view numbers. The ad buying community, like for radio, prefers that listening and page view numbers are available to audit and organize listening data. Companies like Media Metrix are also measuring will not be survey-based like for radio. Arbitron New Media will be measuring streaming listeners and is establishing a ratings system. "Our play is pure market data, designed specifically for driving ad buying and selling. In our first release, there's no demographic data, but at some point in 2000, we are looking at a number of ways to enhance the data with demographic and behavioral elements," said Verdino.

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Jim Hooker, Pride Communications CEO, had a mission to provide localized information for listeners and create a quality product where his advertisers could get results. His long-term plan was to purchase properties that geographically surrounded downtown Chicago. This strategy would provide the platform to start the Pride Suburban Network (PSN).

In 1991, Hooker purchased WZSR-FM and WAIT-AM. These stations established coverage in the middle and western suburbs. In 1996, Pride acquired WIIL-FM, WEXT-FM and WLIP-AM, adding northern coverage. WJOL-AM, WJTW-FM, WBVS-FM, WLLI-FM and WKOT-FM (just recently sold) were next, creating the southern chain and final link, making the ring-around-Chicago complete in February 1998. A year ago this month, PSN was formed, with Sue Prister put in charge as GM. In this MBR interview, Sue explains the Y1 strategy and success of ringing Market #3.

The latest Arbitrends for Chicago show three Pride stations (WAIT, WIIL, WZSR) with ratings better that some full-market signals. How do these stations penetrate the Chicago ratings books with secondary suburban signals?

First, all of the Pride properties are licensed to the metro and can potentially penetrate the Chicago rating books individually. In fact, one of our properties, WIIL, has a signal comparable with the general market stations at 50kW.

Second, a significant population falls outside the interference free signal area that the general market stations cover. Our city grade signals cover these areas giving us access to a large number of people who are interested in stations that are more relevant to their lifestyle.

Last, Pride Communications has always strived to provide excellent programming alternatives equal to or better than the Chicago stations. To continue to strengthen our programming position we have hired a national programming consultant, Michael Anthony (formerly of the Research Group), and Dana Jang as a corporate Program Director and strategist.

How is the network sold and packaged?

Currently, the network is being sold on a regional basis to clients who have historically only advertised on the general market stations. In the past there wasn’t a group of suburban properties that could generate enough ratings to be competitive with the Chicago stations so they were never considered. The network is packaged based on the clients’ needs and marketing challenges. We pick the stations in the group best suited to fit that need and create a schedule. With the benefit of so many formats, it gives PSN the opportunity to effectively reach almost any demographic from 18-49 and 25-54 to 35+. 

What national agencies and advertisers are your biggest clients?

Because PSN is so new we do not have a national rep secured at this point—that is a goal for 2000. We do know that another network, KQS in Boston, has been very successful selling national advertisers so we anticipate similar success.

What local/regional agencies and advertisers are your biggest clients?

Our biggest clients are those accounts that have identified suburban consumers as an integral part of their customer base. Currently we are
In-Depth Market analysis including Revenues Estimates

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being supported by the biggest shops in Chicago—Leo Burnett, Y & R, Foote, Cone & Belding, Bozell, Kelly, Scott & Madison and many more.

How do the rates stack up as a network compared to a singular full coverage Chicago station?
The rates are generally lower than the general market stations, delivering a better overall CPP.

How is the inventory structured? Is there space allocated for advertisers that only want to buy one station?
Inventory has to be carefully managed because PSN guarantees placement, thus the stations have created a bank of commercial time used for network orders. Typically these regional avails come with little notice and if we didn't have this bank of time we wouldn't be able to clear it.

For clients that only want to buy one station, they would generally work with the stations direct as opposed to the network.

How is the network technically set up for ad insertion? What equipment/vendors are used?
The network is set up on its own system at the PSN office. All insertion orders, traffic orders, confirmations and billings are run through the network office for verification and consolidation purposes. Network clients did not want the burden of added paperwork or trafficking so we created our own system. By year-end we will be on the Computer Concepts' new networking program that will give us the ability to create one invoice for all our stations.

Are any stations simulcasted?
All of our stations are programmed individually. If we are going to structure them to best serve their county with local entertainment and information, we could not simulcast them. If you review the county composition reports around Chicago, these areas have dramatic differences in make-up, thus a mass appeal or simulcast approach would not embrace our listeners lifestyle. This is the fundamental essence of why PSN differentiates itself from the general market.

How are the stations promoted— together or separately?
Each station is promoted individually to best reach their audience. PSN is marketed at the station level with the top of the hour ID. We market them all as part of the Pride Communications Network.

How is news, weather, sports handled throughout the network?
Each station tailors a local news, sports, weather and traffic report pertinent to their geographic area. We have 16 station vehicles that are dispatched daily to cover local traffic conditions, as well as a full-time news department. Meteorologists are also utilized—due to the lake effect, weather conditions can be dramatically different from area to area in the suburbs. Again, this is another reason why the network is successful at penetrating the Chicago ratings—listeners depend on our local reports because they can not get them on the general market stations. People are interested in information that affects their lives.

### Pride Suburban Network Stations

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<thead>
<tr>
<th>Station</th>
<th>City</th>
<th>Format</th>
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<tbody>
<tr>
<td>WAIT-AM</td>
<td>Crystal Lake, IL</td>
<td>Standards</td>
</tr>
<tr>
<td>WBVS-FM</td>
<td>Coal City, WI</td>
<td>CHR</td>
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<tr>
<td>WEXT-FM</td>
<td>Sturtevan, WI</td>
<td>Country</td>
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<tr>
<td>WIIL-FM</td>
<td>Kenosha, WI</td>
<td>Classic Rock</td>
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<tr>
<td>WJOL-AM</td>
<td>Joliet, IL</td>
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<td>Woodstock, IL</td>
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