Agency Perspective™
Ogilvy & Mather's Reyn Leutz gives insight into how ad agency folks view radio in the second installment of this MBR exclusive, which premiered last month. Page 10

GM Talkback™
Newcomer Gordon Smith, who got into the business only three years ago, is already hooked on radio. He and others sound off on how the Internet may change radio. Page 8

Programming & Positioning
Now that ABC's format for kids has some history and a growing affiliate list, MBR checks in with GMs to find out how Radio Disney is working out. Page 20

Pirate radio operators want respect—and lots of little pieces of the spectrum now used by legitimate broadcasters. Catch up on the arguments for and against low-power FM, which could be the biggest change to hit radio since Docket 80-90.

REMOTE JACKPOT
with a COMREX HOTLINE

- Uses one plain old telephone line — no antennas to set up and no digital lines to install.
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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 DAD Pro 32 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 DAD Pro 32 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 DAD Pro 32, providing capabilities to take full advantage of distributed data and group interconnectivity.
Revenues rebound in May; Consolidation pace picking back up

It's been a long time since the radio industry has had to dip into the red inkwell to record its monthly revenue figures. In the kind of environment, April seemed to be a real downer. It holds the dubious distinction of being the only month so far in 1999 to register a single-digit gain (of course, the industry would have loved 6% worth of black ink back in 1992). Radio got back on track in May, however, recording a 12% gain over the same period in 1998. Forward spot pacing (measuring the amount of pre-sold advertising inventory) remains exceptionally strong.

Station trading has definitely picked up. 26 more stations became part of a superduopoly during the last month. This is nothing like the pace in the two years immediately following passage of the Telecom Act, but it is much more brisk than the dealing doldrums which gripped the industry last Fall. The second page of stats features a look at format use in the top 50 Arbitron markets. The overall total is compared to totals for the three largest groups: Infinity, AMFM and Clear Channel. We think you'll find it interesting.—DS

Radio's revenue streak hits 80

Revenues came roaring back in May. A 12% gain in local business, combined with a 9% uptick in national resulted in an overall gain of 12% over May 1998. This comes on the heels of a somewhat lackluster April, when revenues gained a mere 6%. The month equaled the year-to-date total, also 12%. Gains in local were distributed evenly throughout the country with the exception of the Midwest, which continued at April's pace. National business, on the other hand, fluctuated wildly, from a high of 19% in West to a gain of only 1% in the Southeast.

Pacing numbers power on

Radio's record-setting pace continues, with September already more than 60% sold out. "It's exactly what we like to see, with the year nearly three-quarters along," noted George Nadel Rivin of Miller, Kaplan, Arase & Co.—JM

Forward Pacing Report

UPI The Reasonable One!

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

Answer: the UPI Radio Network!

Manager's Business Report  August 1999
The big three groups, especially in the largest Arbitron markets, are Infinity/AMFM and Clear Channel. Between them they control almost half of the measured audience in the top 50 markets. As a group, their audience share in most formats is somewhat larger than the rate for all owners, in the main because the three of them have virtually no share of the sizable Hispanic/Ethnic audience (Standards, Religion and Classical are other formats largely ignored by the big three). After that, the differences are telling. Here's how they break out.

### Infinity, AMFM, Clear Channel Format tendencies in the top 50 markets

**Top 50 Arbitron Markets**

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<th>Pct/T50</th>
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**Infinity**

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### Non-Traditional Revenue Track

**Lend me your ears: Top 40 owners by audience size**

by Dave Snyder

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
Broadcast Financing for the 1990s: The Internet Factor

8:30 A.M. - 12:00 P.M.
Tuesday, August 31, 1999
Orange County Convention Center Room 307 A/B

A Program of the NAB Radio Show

An intensive conference on issues affecting station values and acquisition financing in the Internet era.

Opening Remarks by
Larry Norjean, President, InXsys Broadcast Networks, Inc.

Panelists

Chuck Armstrong
Chancellor Media Corp.

Tony Brandon
American General Media Corp.

Lew Dickey
Cumulus Media, Inc.

Chuck Dreifus
Newcourt Capital

Lisa Gallagher
BancBoston Robertson Stephens

Frank Kalil
Kalil & Co., Inc.

Jeffrey Kilrea
FINOVA Capital Corp.

Bruce Levy
First Union Capital Markets

Alfred Liggins
Radio One, Inc.

Brian McNeill
Burr, Egan, Deleage & Co.

Bill Whitley
Media Services Group, Inc.

Larry Wilson
Citadel Communications Corp.

Moderator
Lew Paper, Partner, Dickstein Shapiro Morin & Oshinsky LLP

For Registration Information Contact Keely Karl at 202.828.4855
Continental Breakfast Sponsored by Media Services Group, Inc.
News in Review

Dewine bill finally goes to full Senate

After weeks of shuffling around the Senate Judiciary Committee, Senators will now consider a bill that limits the amount of time the FCC will have to review antitrust mergers. Under Sen. Mike Dewine's (R-OH) Expeditions Action on Telecommunications Merger Act (S.467), formerly known as the Antitrust Merger Review Act, the FCC would have three months to review small deals (under $15M) and six months for deals above $15M. If the FCC fails to approve (with or without modifications) or deny a merger within the allotted time frame, it will automatically be approved. Currently, the Commission does not have a deadline for reviewing mergers.

"Our bill puts a 'shot clock' on the FCC," said Sen. Herb Kohl (D-WI), who co-sponsored the bill. "It would keep the Commission in the business of reviewing mergers but would get the Commission out of the business of sitting on mergers for unreasonably long periods of time."--TS

FCC ups regulatory fees for '99

This story first circulated in March when the FCC issued an NPRM on the assessment and collection of regulatory fees for the 1999 fiscal year (RBR 4/5, p. 3). Now it's official that the increased broadcasting fees, 6%-10% higher depending on population-size served and classification of the radio station, will help the FCC cover costs of enforcement policy and rulemaking as well as international and user information activities.

Congress has ordered the FCC to collect $172.5M, which is $10M more than was designated for the 1998 fiscal year. The new fee schedule (see chart) goes into effect 9/10.

Dennis Wharton, NAB's VP of Communications, told MBR that his organization opposes all forms of regulatory fees because they "represent nothing more than a tax on the ability of broadcasters to provide free programs."--TS

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<th>AM Class A</th>
<th>AM Class B</th>
<th>AM Class C</th>
<th>AM Class D</th>
<th>FM Classes A,B1&amp;C3</th>
<th>FM Classes B1,C1&amp;C2</th>
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<td>$3,600</td>
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</tbody>
</table>

Source: FCC

AMFM debuts; AMFMRN debuts two new nets

Chancellor and Capstar shareholders gave a thumbs up to merging 7/13 and the renamed company, AMFM Inc., began trading on the NYSE (below) as AFM the next day. The merged company has 465 radio stations in 105 markets, plus AMFM Radio Networks, Katz Media Group and (pending sale) Chancellor Outdoor.

AMFM Radio Networks confirmed 7/13 what we had previously reported (RBR 5/3, p. 2). AMFM Radio Networks will add more karats to its collection of gems as it introduces Ruby and Sapphire 9/27. The Sapphire network will offer 20 minutes of inventory a week while Ruby will offer seven minutes. According to Pia Pialorsi, spokesperson for Sen. McCain's office, "We have received President Clinton's intent to nominate her, but we have not received a formal announcement from the White House yet. When we do, we'll look at the next step." Now "term ends this month but she may retain her position until Congress approves a nominee. As the ranking member of the FCC serving since (1994), Ness says she is 'deeply honored to have been selected by President Clinton to serve another term... I look forward to working with the leadership and members of the Senate in the confirmation process.'--TS

USADR to begin field testing in five cities

USADR is about to launch its commercial AM and FM field testing program. Five cities have been selected, including New York, San Francisco, Cincinnati and Washington, DC. The formal announcement is forthcoming. "There are going to be some pretty famous flagship-type stations. We will probably go out with one announcement in the next couple weeks," USADR CEO Bob Struble tells MBR.

Right now, engineers are installing equipment and getting ready. Numerous manufacturers (Struble declined to name which) are providing transmitting and associated gear at the stations. "It will be a rolling test effort which moves from city to city. Some cities we won't light up until much later," said Struble. "I'm now a manufacturing company. We've got all the exciters built, we're buying cabinets, we're getting ready to ship to stations, so it's coming." USADR has been testing its AM system in Cincinnati with an experimental license (1660 kHz) since May, and has been testing its FM system with an experimental license at the lab in Columbia, MD since May '98 (RBR 6/15/98, p. 6).--CM

FCC testing on LPFM not all it's cracked up to be

An FCC official stated during a radio talk show a few weeks ago that the agency has now started a new round of tests on additional, less expensive radios (RBR 7/12, p. 4). News flash to the Commission's Mass Media Bureau: that's not necessarily true.

According to Bruce Franca, spokesperson for the FCC's Office of Engineering and Technology, the Commission is merely "increasing its sample size in three categories: boomboxes, car radios and home stereo systems." He said that current tests are being performed on "relatively inexpensive" radios, meaning ones that are under or around $150.

"We're testing across the board a representative sample of what is available out there to everyone, such as ones right off the shelf from Best Buy or Circuit City," Franca added. Tests are still not being conducted on Walkmans, clock radios or smaller hand-held radios.

Results so far, says Franca, are "fairly promising."--TS
Gambling and drinking go hand in hand?

"The unanimous ruling reflects the unwavering commitment of the highest court in the land to protect the rights of industries to provide consumers with truthful and non-misleading information about their legal products and services and for broadcasters to air that information," declared Fred Mester, President and CEO of the Distilled Spirits Council of the United States (DISCUS).

On the other hand, George Hacker, Director of Alcohol Policies Project at the Center for Science in the Public Interest argues that "inconsistencies killed the ban." There just wasn't a coherent policy on gambling when the Supreme Court 6/14 (RBR 6/21/99, p.2) ruled unanimously that the ban on casino ads in mass media violates the First Amendment. Hacker added that the casino ruling does not deal with protecting our youth from potentially harmful messages or products. In other words, it doesn't spell "Advertise away" for the distilled spirits industry.

Sure enough, their beer counterparts have made great strides. Key facts compiled by the Marin Institute says alcohol consumption and abuse is a public health problem that cannot be compared to gambling. In a study by Johns Hopkins School of Public Health, alcohol consumed to the point of intoxication accounted for 32% of homicides, 31% of accidental injuries, 23% of suicides and 33% of all fatal automobile accidents. —KM

NPR joins AOL lineup

National Public Radio is going to become a news content provider to America Online (N:AOL), taking its place alongside CBS (N:CBS) on AOL's News Channel. Fans of NPR's daily newsmagazines, "Morning Edition" and "All Things Considered" will now have video to go along with the audio: photo slide shows posted on AOL the same day that the programs air. —JM

Mediabase offers Net tests

Mediabase Research, Premiere Radio Networks' radio music monitoring service, announced a strategic alliance with RareTheMusic.com to offer clients weekly music Internet testing results. Listener feedback from RareTheMusic will be available on a banner basis and for CHR, Pop Alternative, Country, Rock, Alternative Urban and AC in 11 demographic categories. —CM

Arrests in Berkeley

Protests are escalating at Pacifica Foundation's Berkeley, CA headquarters. The AP reported that 40 demonstrators were arrested 7/13, including KPFA-FM Talk host Dennis Bernstein, who had earlier defied a management ban against discussing the dispute on the air. The conflict began in April when KPFA GM Nicole Saywack's contract wasn't renewed and had led to four other people being fired. —JM
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: Bonneville International's Drew Horowitz of WTMX-FM Chicago, IL; Contemporary Media Broadcasting's Robert Cox of KFMZ-FM Columbia, MO and Florida Sportstalk's Gordon Smith of WMOP-AM & WGGG-AM Gainesville-Ocala, FL.

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

Do you perceive the Internet as a threat to the radio industry? Why or why not?

Drew Horowitz:
I do not. I think the Internet is more of a threat to TV, which is a sedentary medium that requires the total attention of the user. As long as you can multi-task and remain mobile, radio will retain the competitive advantage.

Robert Cox:
No. If used correctly the Internet will allow your stations to reach more people, allow greater feedback on station presentation and the Internet can be a consistent revenue generator.

Gordon Smith:
The Internet and its potential as related to the radio industry is what attracted me to this business. Having been in real estate brokerage for 30 years and seeing the change in our marketing methods, I knew the Internet would have a great influence on how we delivered our product and served our advertisers. We could easily become the only viable avenue for the small businessman to reach his customers, either through the station's web sites or as a link to his. I am concerned with Internet-only radio that seems to be on the horizon without any controls. I have only been in radio for over two years and certainly hope our leadership is staying on top of all these changes and lobbying for an orderly process.

Do your station(s) have their own web site?

Drew Horowitz:
Yes. It has been great. We have used it in numerous ways and it has become the off-air contestanting vehicle as well as our primary way of informing our listeners of concerts, events, etc. It is the vehicle we use for our personalities to communicate with listeners. We are audio streaming and hope to have visual interactivity in the near future.

Robert Cox:
Yes. We have good success and have been able to sell space to advertisers. The key is to go all out on your web site. Do it right by spending the money necessary or do not do it at all.

Gordon Smith:
We had a minor web presence with our brokerage firm, so one of the first items of business was to explore opportunities for a similar presence. This took some time as the radio industry was not nearly as organized as the realtors, but we finally contracted with an excellent ISP and went on the web. Our initial effort probably produced no direct results, but we are now broadcasting our programming on the net. A new web page is being developed with daily sports reports, columns by our host and daily or weekly surveys and opinion polls. I consider this to be a major segment of all future marketing efforts. One caveat: all of the web content needs to be focused on local and regional issues as reflected by the interests of our listeners and local businesses. (We are 100% sports.)

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

Drew Horowitz:
I received my BA in communications from Temple University. I went to law school but returned to communications and radio 22 years ago and have been happy ever since. I found the work a great balance of show-biz and traditional business. It is a fun, exciting, cutting edge business that is highly competitive. Every day is a new and exciting challenge that is different from the day before.

Robert Cox:
I got into radio seriously in college doing part-time air shifts and dances, parties and wedding receptions. When I graduated from college the GM offered me a job in sales. I loved it and decided to make radio my career.

Gordon Smith:
My partner in this endeavor, Buddy Martin, a well-known sports journalist, approached me in early 1996 with the idea to start a Sports-Talk station in the Gainesville-Ocala market. As I looked into finding a station, I read and researched everything I could in a short period of time and became enthralled at the opportunity with AM radio and the Internet. The rest is history. It has been a rocky learning curve, but enjoyable enough to stay. No one knows the future, but I am positive it will be exciting.
It was simple enough for even my most computer-phobic jocks to understand."

–Troy Richards at KCCS

KCCS had challenges to overcome. With their mixture of talk and music, they needed a digital audio delivery system that wouldn’t be high maintenance. Something easy for their air talent to handle. And it had to serve up a professional sound in everything from their voice tracks to satellite material.

After looking at the available options, Operations Manager Troy Richards chose Digital Universe.

“Digital Universe has been a wonderful addition to KCCS and has resolved many, if not all, of the conflicts we have faced in the past.”

KCCS salespeople are auditioning spots for clients right from their desktop workstations. Production staff are using sound files more flexibly than ever, with the universal format of uncompressed audio.

“I want to personally thank you for making my life easier and for building us a system that brings us peace of mind. Thank you also for your excellent customer service. That was your greatest selling point.”

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In this issue’s Agency Perspective, we talked to Reyn Leutz who is a Senior VP and Associate Director of National Broadcasting at Ogilvy & Mather where he directs the purchase of national radio. Ogilvy is the largest purchaser of network radio in the industry for a broad range of clients including Sears, Kraft Foods, Hershey, The Office of National Drug Control Policy, Kodak, American Express, Ameritrade and Mail Boxes Etc.

The self-described serious gardener and obsessed Francophile started his career in 1981 with Ogilvy and has been with the company for the most part since then, except for a brief stint as Corporate Media Manager for General Mills in Minneapolis between 1987-1992. Rejoining Ogilvy in its network TV and radio division in Chicago, Leutz now claims that “only dynamite” can get him out of Ogilvy. We hear from the man who obviously loves his job and radio.

What is it that you like most about buying network radio?
I like the challenge of keeping ahead of the almost daily changes to the medium. And the changes aren’t gradual—they’re convolutions that tend to be very beneficial to our clients.

Why are these changes so welcome?
The constant mergers and birth of new networks like AMFM and Premiere/Clear Channel bring new top stations in key markets that weren’t available three years ago. Better stations translate to improved audience deliveries. Historically, delivery indices in the Top 30 markets hovered at 60 or less; today these market numbers exceed 100 with very few exceptions. For our clients, that’s an improvement of seismic proportions.

Do you see new categories in network radio?
Yes, e-commerce. The dot-coms are finding that radio is the single most effective medium in driving consumers to the Web. And I think there are several reasons for this. First, e-commerce radio commercials ask very little of listeners. They’re just saying, “hey, here’s what we offer and our name is easy to remember, so just click on and check us out.” This goes hand-in-hand with what I believe is consumer curiosity with the web and what they’ll find when they log on to Sears.com, KraftFoods.com or Ameritrade.com. And finally, I think that consumers crave speed and certainly convenience. We really are a society where the pizza arrives faster than the police, a nation that stands in front of the microwave screaming hurry. Sears wants to make it easy for you to buy appliances, Kraft offers meal solutions on the Web, and Ameritrade can make a quick day trader out of you. The dot-coms owe a lot of their success to national radio.
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What else is helping radio grow?

Certainly the whole concept of recency or getting your commercial in front of consumers at the closest time to purchase is having a strong impact. Kraft Foods knows that at 4:00 p.m. most of us still don’t know what we’re serving our families for dinner. Hearing that macaroni & cheese commercial on the way home from work can really influence what goes in the shopping cart when you stop for groceries on the way home.

Do you think satellite radio will flourish?

Yes. Back when MTV debuted, I thought “who would want to sit around watching videos all day.” OK, so I was wrong. Now I think “will people pay the monthly $10 for this satellite service?” And I think the answer is yes. My phone bill used to be $50 a month. Then we added the cell phones, and the pager, and the voice mail system, and now this new thing called privacy manager that blocks telemarketers and our monthly bill is over $200. My point is, when it comes to technology, people seem to want everything and are willing to pay for a wide range of choices. The only obstacle will be that with 100+ different radio channels, audiences will be very, very fragmented.

What about Internet radio listening?

Big, very big. 30% of Web users have sampled on-line radio and this will continue to grow at a phenomenal pace. Arbitron reports that half of us are listening locally and the rest of us are checking out stations in the towns we grew up in. I remember listening to WMMS in eighth grade from my hometown in Cleveland. I’d like to find it again on the Web. I think many people are thinking that way. The Web also offers visual screens that can run in tandem with your commercial, in essence Web-TV. And if you are an e-commerce advertiser, just think of the synergies. Network radio has historically proven very resilient to technological advances (car CD players and cassette players). The Web offers the first real challenge to radio listening.

What do you find frustrating about network radio?

I think many advertisers don’t use network radio because they don’t realize how much it has changed in five years. They think the markets underdeliver. They think all the commercials will air in news. Some say they don’t think they have good radio creative, but in many cases, it already exists in TV. DeBeers and The Gap are excellent examples. I don’t think there is a person in America that doesn’t recognize the music from the DeBeers commercials. I think that if you were to hear that commercial in radio, you see the visual instantly. And the music has been very successful. I recently bought the CD and on the cover it says “the popular diamond music as heard on TV.” Last Fall, The Gap used swing music “Jump Jive and Wail” in their TV commercials. Radio stations picked up on the popularity of the song and played it often. Everytime I heard the song on the radio, I thought it would be great if it finished with a “brought to you by The Gap” tagline. I also find it frustrating because I think some suppliers are resisting the change, and in this case, rapid change. There will always be a few self-appointed guardians of the past. This resistance to change is particularly true in the area of audience measurement. SRIs Gail Metzger has brought the world of radio audiences to each buyer’s laptop, but not all vendors subscribe. Two years ago, Kraig Kitchin, the President of Premiere Radio Networks, was the first syndicator to step up to the plate and subscribe to SRIs RA-DAR measurement system. Kitchin is a guardian of network radio’s future and deserves our support. Anyway, at Ogilvy & Mather we’re on a crusade to get the word out about national radio to all clients. I don’t think we can expect suppliers to do it for us because at the agency, we see the whole picture and know our clients business better than anyone. I will say that the RAB’s Judy Carlhough is on the same crusade with very impactful presentations and articles in the press. At one point she said she was tired of talking about the pure cost efficiency of the medium and that radio offers so much more. She’s just the first one to say it. Premiere Radio Networks’ Roby Wiener also brings credibility to client presentations having bought network radio for years at Warner Lambert. In summary, I really believe that if a company like Kodak, whose business is based on pictures, finds benefits in this picture-less medium, other non-believers might want to reconsider.

What are your tastes in listening?

I don’t think I listen to anything these days. I’m too busy with the seek button in the morning and on the drive home to be sure I’m hearing the Sears, Maxwell House, Jolly Ranchers, Kodak Max and Ameritrade commercials. It’s an obsession. When I’m not surfing, I’m a 103.5 Jammin’ Oldies fan. I also listen to Dr. Laura any chance I get. I think many people have no keel in their lives and she’s just the one to fix that. I also find late night talker Delilah to be just an awesome personality who makes a real connection with listeners. Both Laura and Delilah define “appointment” radio and we need even more of it.
Premiere Radio Networks salutes Dr. Laura Schlessinger on her 5th Anniversary in radio syndication.
SMALL MARKET OWNER URGES LPFM BYPASS

Comments on the FCC's Low-Power FM (LPFM) proposal (Docket 99-25) were due 8/2 and although more than 1,000 comments had been filed as this issue went to press, most were one page notes from individuals urging the FCC to approve LPFM or broadcasters warning that LPFM will increase interference and drive small stations out of business.

One of the more detailed comments came from Allegheny Mountain Network owner Cary Simpson, a veteran small market broadcaster whose 49-year (and counting) career was profiled in the November 1998 issue of MBR. Taking the opposite view, a coalition of pirate operators and their defenders submitted a lengthy argument which compared pirate radio operators to civil rights pioneer Rosa Parks. The Microradio Empowerment Coalition called on the FCC to grant "a complete amnesty for microradio pioneers." It called for all LPFM stations to be commercial-free, including a complete ban on underwriting announcements, sought the allocation of new spectrum exclusively for LPFM and urged implementation of LPFM even if it means blocking FM radio's conversion to digital.

The coalition's comments, which followed face-to-face meetings 6/22-23 with staffers from all five commissioners' offices, depicted pirate broadcasters as heroic freedom fighters, battling the evil forces of both commercial broadcasters and the FCC. According to this account of history, the "modern microbroadcasting era" began in 1989 when Mbanna Kantako began broadcasting without a license to his public housing project in Springfield, IL.

"He was not a scampy, overenthusiastic teenager who wanted to play DJ, but a concerned citizen and community activist who desperately wanted to do something for his community and was intensely frustrated by the complete neglect of the establishment media. He was not going to back down—he had been told that broadcasting was supposed to operate in the public's interest, not solely to feed the greed of Mel Karmazin, Michael Eisner, Rupert Murdoch and a hoard of other corporate vultures who had clamped their mouths onto this 'public' resource."

Declaring that the "FCC does not have clean hands in this matter," the coalition asserted that it would be unjust to deny LPFM opportunities to those who blazed the trail by civil disobedience.

"We respectfully ask that the FCC act boldly, wipe the slate clean, grant an unconditional amnesty to all unlicensed microbroadcasters and start afresh. The pioneers of microradio must be given the opportunity to be 'LPFM' broadcasters. Any other result would be immoral."

The coalition's attacks were not limited to commercial broadcasters and the FCC. It took on current public broadcasters as well—charging that commercial underwriting has produced a "drift toward blander, toned down and less local programming." Thus, the coalition argued for a total ban on LPFM commercialism—no commercial stations and no underwriting announcements. How, then, the reception on car radios and less expensive radios so common in people's homes, especially battery-powered portable radios," he told the FCC. Southern Minnesota Broadcasting Company (SMBC), owner of KROC-AM & FM

Cary Simpson

Rochester, MN argued that LPFM would hurt consumers by increasing interference and noted that interference in its market has already increased noticeably over the past 25 years. The broadcaster said that even with drastic reductions in interference protection, the FCC won't be able to come close to fulfilling an estimated 13,000 requests for LPFM stations, nor will it necessarily increase minority or female station ownership.

Pirates Seek Amnesty

Taking the opposite view, a coalition of pirate operators and their defenders submitted a lengthy argument which compared pirate radio operators to civil rights pioneer Rosa Parks. The Microradio Empowerment Coalition called on the FCC to grant "a complete amnesty for microradio pioneers." It called for all LPFM stations to be commercial-free, including a complete ban on underwriting announcements, sought the allocation of new spectrum exclusively for LPFM and urged implementation of LPFM even if it means blocking FM radio's conversion to digital.

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would LPFM stations be funded? The coalition suggested listener donations and the sale of such promotional items as T-shirts and mugs.

A Thousand Local FCCs?
Rather than have the FCC hold hearings to choose between competing LPFM applications, the coalition proposed "local self-regulation"—in effect, local self-appointed mini-FCCs, which it called LSROs (local self-regulating organizations). Each LSRO, initially composed of all applicants for LPFM licenses in a community, would be free to establish its own rules and seek to resolve all conflicts voluntarily among competing applicants. Should the FCC have to intervene, the coalition suggested that applicants who participate in their LSRO should be given a "heavy preference" over those who don't.

The proposed LSROs would also handle renewals of station licenses, which the coalition suggests should run four years, with efforts made at each renewal time to accommodate new applicants, possibly through time sharing.

Digital Be Damned
While insisting that LPFM shouldn't pose any interference threat to IBOC DAB, the coalition asserted that any possibility of significant interference "must be resolved in favor of LPFM." Transitioning existing FM stations to digital does not address any urgent need, the coalition said, and IBOC does little, if anything to increase the diversity of voices and viewpoints on the public airwaves. LPFM does, on the other hand, meet a pressing need for which there is great, and increasing, public demand. Even with the elimination of second- and third-adjacent channel protection, which the coalition whole-heartedly supported, the group said it fears that not nearly enough frequencies will be opened for 100-watt and less LPFMs (the coalition opposes 1kw LPFM, except possibly in rural areas), particularly in major urban areas. Therefore, it argued that new spectrum should be allocated exclusively for LPFM. The main option cited was the reallocation of VHF TV channel six, immediately below the current FM band.

MBR observation: We'd love to be a fly on the wall at an LSRO meeting that attempts to choose between competing LPFM applications from a local civil rights activist, the Ku Klux Klan, an evangelical church, a witches coven, Greenpeace and the local NRA chapter.
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citizens deserve better from their government? In fact, many people (however wrongly) view an FCC spectrum license as a government endorsement. Those of us with knowledge of FCC-regulated industries know the sad recent history—how the Commission’s licensing of LPTV and wireless cable, along with early spectrum auctions for wireless data and PCS, served primarily to help fill bankruptcy court dockets in a time of economic prosperity.

Minorities and women have been frozen out of consolidation because Wall Street won’t fund companies whose CEOs aren’t white males.

Tell that to Cathy Hughes, Alfred Liggins, Raul Alarcon, Ross Love, Amador Bustos and Alfredo Alonso. Good operators are good operators. Wall Street loves good operators—entrepreneurs who can make $2 + $2 equal $5 and deliver on an aggressive business plan.

Consolidation has decreased program diversity.

This is the big lie that’s been told over and over—and is regularly repeated as gospel in major newspaper articles extolling the virtues of “pirate radio” operators. In fact, consolidation has greatly increased program diversity: No longer is each market overrun with FMs butting heads to dominate AC, Country or Rock. Instead, superduopoly owners have broadened their scope to include such new offerings as Smooth Jazz, Urban AC, Hot Talk, AAA and even Christian Country. Meanwhile, the growth in Spanish formats has been phenomenal, with fast-growing Hispanic groups snapping up stations to launch Tejano, Tropical, Spanish Talk and other new formats.

Commercial radio stations play only popular music.

OK, that one’s not a myth. What is society supposed to gain from having new stations which will play unpopular music? Why are we expected to give a spot on the dial to everyone who wants to play the bands which he and his two closest friends think are great, but which everyone else thinks sound like sick cats running over hot coals?

LPFM won’t increase interference in the FM band.

Unless the FCC has somehow been given authority to amend the laws of physics, eliminating third-adjacent channel (and perhaps second-adjacent as well) protection will, by definition, increase interference. To pretend otherwise is a bald-faced lie.

LPFM won’t inhibit the implementation of DAB.

Maybe true, maybe not. The fact is, there is no FCC standard yet for IBOC DAB, so it is impossible to say whether or not the addition of thousands of LPFMs will make it more difficult to begin the conversion of US radio stations from analog to digital. For sure, though, struggling LPFM operators will complain loudly if they find that their nearly-new analog transmitters are obsolete and have to be replaced with digital equipment just a few years after going on the air.

Commercial LPFM won’t hurt established broadcasters.

CBS, ABC, Clear Channel and other big companies probably don’t have much to fear, but neighborhood stations selling “dollar-a-holler” spots could very well take away enough business to drive marginally profitable standalone stations into red ink. Those vulnerable medium and large market stations, by the way, are likely to be locally and/or minority owned.

In small markets, though, the threat is much greater. A county with only a couple of commercial stations could be inundated with four, six, even a dozen 1kw, 100-watt and 10-watt stations. Most would never come close to breaking even financially, even with mostly volunteer staffs, but would take away enough business from the existing stations to force them to abandon local news and programming to stay in business. Weekly rural newspapers would likely also be impacted and perhaps forced out of business.

Non-commercial LPFM stations will be more likely than existing broadcasters to target their programming to minorities and the poor, downtrodden sectors of society.

Why, then, do most existing non-commercial stations aim their programming at a predominantly white, high-income, highly-educated audience?

Just what major ethnic groups exist which are large enough to support an LPFM (either via advertising or donations), yet have no current radio service?

Every major city we know of has at least one block-programmed station (some cities have several) which sells time to local entrepreneurs who produce very local programming in their native language for their own ethnic communities. The largest ethnic groups already have full-time stations broadcasting in their language, such as the 11 Korean, Arabic and Spanish stations in MBR’s home market, Washington, DC.

Many ethnic groups are too scattered over a metro to be covered by a single LPFM, so they could face the prospect of trading block-programming which is broadcast to their entire community a few hours each week for full-time broadcasting to only a portion of their community.

Suppose, for the sake of argument, that many of the most desirable LPFM licenses in major markets do end up in the hands of minority entrepreneurs. Their business plan won’t be to take ad revenues away from CBS and ABC, but rather from existing broadcasters who are already serving their community. How many of DCs seven Spanish AMs could survive competition from a couple of well-placed 1kw FMs? We’re all for competition, but what social agenda is served by having one minority entrepreneur put another out of business?

The FCC can and will enforce its rules as strictly for LPFM as for full-power broadcasters.

Has Bill Kennard perfected cloning? Where will he get the manpower to deal with a deluge of new stations that will make Docket 80-90 seem like a garden party, by comparison? The pressure from Capitol Hill in recent years has been to reduce the FCC staff, not expand it.

LPFM will do away with the pirate problem.

Quite the contrary, we expect to see pirates emboldened by the proliferation of new LPFM stations. They’ll figure the FCC is going to be too busy dealing with all of the new stations to even notice an unlicensed station thrown into the mix—and they’ll probably be right.

Pirates are, by definition, scofflaws, so many won’t even bother to apply for a real LPFM license, which would require them to operate on a specific frequency at a specific power and comply with the FCC’s rules. Those who do apply, but don’t win a license, may well go back to their pirate ways.
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Radio Disney: The Mouse Roars!

In the beginning, many GMs dismissed the idea of a music-intensive radio network for kids, saying that there would not be substantial advertising support for such a format. Fast-forward a few Disney movies later and you will find a whole new world where results count more than ratings, and the results are higher than were expected.

Selling a new product

Though the path to the Magic Kingdom was a slow walk for some of the smaller affiliates, it did eventually take off. In Little Rock, AR, where Radio Disney broadcasts on Nine Communications’ KRNN-AM, there have been no surprises in trying to sell a station targeted at kids aged two to 11. "Before we came to town, I spoke with about 25 of the existing Radio Disney stations and did my homework," said GSM Danny Cash, who is one of the five owners. "We had a good feel for what should happen or what was going to happen with sales. We adjusted accordingly and have actually taken off."

Cash acknowledges two things that contributed to the early success of KRNN-AM, which launched this spring (4/1). "First is the good Disney name," he said. "Second is the fact that this is a very high quality product." Those factors enabled Cash to start selling his Radio Disney station with only a demo CD of the intended format. "We positioned ourselves correctly and generated revenue before we were even on the air."

Allowing time to "brand a product can lead to success," says Dann Whittaker, GSM of WKYG-AM Parkersburg, WV. After building revenue for a year, he says, the past four months have seen higher dollar amounts. "We developed a package called the Charter Package which helped us to explain to folks that this is not simply spot-buy radio. You're really buying an event and an image," he says.

Adds Lowell Register, GM of WPGA-AM and WNEX-AM Macon, GA (both stations carry the Disney format), "It's been easy in some ways and difficult only in the fact that it is a little different approach to selling advertising." He said once his stations "got the hang of things, we learned it was not going to be traditional radio sales where you go out and sell spots on Radio Disney. It is more of an ‘institutional-public relations type of thing’ that businesses want to be a part of. And this is what this format offers.”

Register, who owns and operates his two Radio Disney stations along with an FM station (WPGA-FM) and a TV station (WPGA-TV), attributes part of the Disney success to the other stations. "We're probably the only operation in the country that has the benefit of being able to cross-promote not only another FM station but an ABC affiliate TV station as well," he boasts. "We really believe in ABC and Disney.” During the month of May, his business on the Disney station doubled, which was "more business than we've seen out of it in many years with other formats," said Register. In fact, he added WNEX-AM to the mix with the primary purpose of extending Radio Disney coverage in the Macon area.

"For 30 years we've been a traditional radio station playing adult music. We put a lot of thought into this before we made the switch over," comments Register. Apparently the advertisers believed his commitment to success because big names did sign on, including a hospital complex, a large credit union and major shopping malls. "As you can see, cross-promoting has had a very positive impact on the ad revenue for my two Radio Disney stations," he said.

In Corpus Christi, TX, GulfStar (now AMFM Inc.) signed on the children's format to save an already sinking station. “We started in November of '97,” explains Kent Cooper, GM of KRYS-AM. “We had an AM station that we were simulcasting with our FM Country station. There was no income with it and the ratings were not enough where it really mattered for national and regional businesses to want to sign on.” Radio Disney was the solution for a struggling station.

With six other radio stations in the same building, the sales staff was plentiful for Krys-AM. "We started with one person dedicated to selling Radio Disney, but it did not work out. It was too tough for just one person to handle all of the responsibilities,” Cooper said. "So he opened the kiddie format for all the sales reps to pitch. The advantage, says Cooper, is that the clients have more than one format to choose from.

Success without Arbitron ratings?

Do the Mickey Mouse stations really have listeners? Yes. But how do advertisers measure the success of a station whose audience (mostly
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Kids six to 11 years of age) is not measured by Arbitron? According to GMs, there are many unconventional ways to prove results. "Advertisers need numbers to wrap their arms around, so we show them figures from the toll free number," explains Peggy Lafrate, GM of WPZE-AM Boston. All Radio Disney stations promote two 1-800 numbers. One is interactive and linked directly to the main studios in Burbank, CA, while the second phone number is a toll free "ear" mail system. Lafrate says that between 10K and 40K Boston area kids call the phone numbers weekly. "We can show off results by looking at the area codes and counting the number of calls made from our area code," she said.

The Disney station in Little Rock station uses this method as well: "It's a very good measuring stick, and it works for the advertisers," Cash said.

While Arbitron cannot measure children under 12, there is another group that they do measure: Women 18 to 34. "We go out and look at women in this age group," explains Whittaker. "After all, who is listening along side the kids but the moms. Arbitron certainly measures that group, and we've found a significant number that was not there prior to Radio Disney." Word of mouth is another approach that some GMs rely on. Cash says that his employees do not wear suits and ties to work. Instead, they don golf shirts with the Radio Disney logo printed on it. "You would never believe the response we get from parents when they see our shirts," he says. "The moms always tell us how glad they are that we've taken to the airwaves in Little Rock. In fact, we talk around the office that if we could get potential clients to wear one of our shirts for a week out in public, we would pick up each one of them as advertisers."

Down in Macon, Register says that his advertisers look at the high visibility of his stations as a sign of success. "We were concerned initially that Arbitron does not measure younger kids," he states. "But we can insure the success by going after the cross-promotional benefits and placing our name in unusual places such as museums." When the Georgia Music Hall of Fame heard about Register's two Disney stations, officials asked if the stations would be interested in setting up a display. Space has been set aside in the new Music Factory section of the museum where WPGA-AM and WNEX-AM will sponsor a recording studio as well as a Radio Disney boombox.

Business venture vs. public service
While most of the GMs and GSMs we talked to said that Radio Disney is a great public service, it all boils down to making a profit. "In a world where we run across kids killing kids, Radio Disney is a way to make a positive change," says Register. "But we are not large enough to enter into something like this without it being a sound business decision first." "We took this on to make money," agrees Cooper, "but the greatest advantage we've had so far is the feeling we get back from the community that they really love the programming. Plus, it's really made us look good to provide such a clean, family-oriented product."
We started this company with a single goal—to be the best! My staff likes to joke about my “speech”. I stress that we can be the system of choice if we SIMPLY provide the best software, the best hardware, the best support, the best sales service, the best training, the best installation, etc. Simple strategy? But, my message gets through loud and clear—I don’t settle for average!

From this mandate and the already powerful AudioWizard software comes NexGen Digital™. More than an upgrade, NexGen takes a decade of experience in digital automation and offers you the virtual radio system to take you into the next century.

-Kevin Lockhart, PSI President

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- Individual user preference records
- Customized default configuration
- High speed digital audio extraction
- Timesaving drag and drop capabilities
- Pot status window
- Voice-track recording concurrent with programming
- Instant and seamless mode and shift changes
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Unlimited Bandwidth • Unlimited Streams

reach more listeners. increase market share. generate revenues.

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*Special Introductory Offer. Free Setup, Support, Hardware, and Software. Free service for non-commercial stations, nominal fees for commercial stations, with first month free.
Consolidation, launched by the 1996 Telecommunications Act, has dramatically changed the radio industry—from largely a collection of "mom and pop" operators into an industry dominated by mega-groups. Two of these groups now have over $1B in annual revenues and four own more than 100 stations.

Who are these mega-groups? And who owns and runs them?
AdStats

**Dot-coms continue as number one radio category in New York**

According to the New York Radio Market X-Ray, prepared by Miller, Kaplan, Arase & Co., CPAs, dot-coms as a radio advertising category remains number one in New York, and extended its lead over number two, automobiles. In Q1, dot-coms represented 15.3% of radio expenditures—they totaled $27.1M or a 434% increase over Q1 last year. For the month of March, dot-coms poured $10.7M in radio, up 528.3% from a year ago numbers.—KM

### Top 5 Radio Advertising Categories, New York Market

**January-March 2000**

<table>
<thead>
<tr>
<th>Category</th>
<th>Spending in Millions</th>
<th>% Change over '99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet/E-commerce</td>
<td>$27.1</td>
<td>+434.0</td>
</tr>
<tr>
<td>Automotive</td>
<td>$20.5</td>
<td>+ 42.6</td>
</tr>
<tr>
<td>TV Stations/Networks</td>
<td>$12.6</td>
<td>+ 51.1</td>
</tr>
<tr>
<td>Comm/Cellular/Pub. Util.</td>
<td>$10.0</td>
<td>+ 20.0</td>
</tr>
<tr>
<td>Health Care</td>
<td>$  7.8</td>
<td>+ 39.7</td>
</tr>
</tbody>
</table>

Source: NY Radio Market X-Ray, prepared by Miller, Kaplan, Arase & Co., CPAs

### Top 25 radio advertisers in 1999

Interpep's latest analysis of Competitive Media Reporting (CMR) numbers show that in 1999, radio's top 25 advertisers spent $677M and accounted for about 24% of all national radio billing. Compared to 1998, these advertisers increased their spending in radio by 9%. This despite more than one third of the group increasing their budgets in radio by more than 25%. Dot-coms were absent from the top 25 list; however, on the individual brand basis, four out of the top 50 radio brands were dot-coms.—KM

<table>
<thead>
<tr>
<th>Brand</th>
<th>Spending (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T</td>
<td>$41,354</td>
</tr>
<tr>
<td>Daimler Chrysler Dealers Assoc</td>
<td>$40,933</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>$37,729</td>
</tr>
<tr>
<td>Time Warner</td>
<td>$37,117</td>
</tr>
<tr>
<td>Daigeo</td>
<td>$34,430</td>
</tr>
<tr>
<td>GTE Corp</td>
<td>$34,263</td>
</tr>
<tr>
<td>AllState Corp</td>
<td>$31,175</td>
</tr>
<tr>
<td>News Corp</td>
<td>$31,007</td>
</tr>
<tr>
<td>SBC Communications</td>
<td>$30,128</td>
</tr>
<tr>
<td>General Motors</td>
<td>$28,979</td>
</tr>
<tr>
<td>National Amusements</td>
<td>$26,775</td>
</tr>
<tr>
<td>Daimler Chrysler</td>
<td>$25,679</td>
</tr>
<tr>
<td>Walt Disney</td>
<td>$25,416</td>
</tr>
<tr>
<td>Target Corp</td>
<td>$24,893</td>
</tr>
<tr>
<td>US Gov</td>
<td>$23,580</td>
</tr>
<tr>
<td>Ford Motor Dealers Assoc</td>
<td>$22,279</td>
</tr>
<tr>
<td>Albertson's Inc</td>
<td>$22,021</td>
</tr>
<tr>
<td>Ford Motor Co</td>
<td>$21,620</td>
</tr>
<tr>
<td>Procter &amp; Gamble</td>
<td>$21,105</td>
</tr>
<tr>
<td>Sprint Corp</td>
<td>$20,581</td>
</tr>
<tr>
<td>Sears Roebuck</td>
<td>$20,203</td>
</tr>
<tr>
<td>Bell Atlantic</td>
<td>$19,595</td>
</tr>
<tr>
<td>Ito-Yokado</td>
<td>$18,399</td>
</tr>
<tr>
<td>Airtouch Communications</td>
<td>$18,260</td>
</tr>
</tbody>
</table>

($ thousands)

Source: Interpep
Rick Dees wakes up the ENTIRE FAMILY in the #1 Radio Market (L.A.)!

A18-49
A25-49
A25-54
W18-34
W18-49
W25-54
TEENS

And ranked #1 in cume in all demographics on

To wake up families in your market, call your Premiere Radio representative at 818-377-5300 • PremiereRadio.com
#1 Clear Channel Communications

910 stations in 155 markets (including pending merger of AMFM Inc.)
1999 radio station revenues: $3,012,633,000 (pro forma for acquisitions and divestitures)
1999 net revenues: $6,335,500,000 (incl. AMFM and SFX)
Radio subsidiaries: Katz Media Group, Premiere Radio Networks, AMFM Radio Networks
Other businesses: TV, outdoor advertising, entertainment events and venues, sports representations
Investments: Hispanic Broadcasting Corp., Lamar Advertising Co., XM Satellite Radio, American Tower and several foreign radio companies
Headquarters: San Antonio, TX (Radio: Covington, KY)
Public stock: CCU (NYSE)

The little radio company that Lowry Mays launched in San Antonio in the 1970s with a single money-losing FM and financial backing from a local car dealer, Red McCombs, has grown into an international media giant—with no indication that the growth is slowing. A pending $23.5B stock-swap acquisition of AMFM Inc., which should close in the next few months, will vault Clear Channel to the top of the radio heap (this list is pro forma for announced acquisitions), along with giving it a second radio network company and an in-house rep. Randy Michaels will move up to CEO at Clear Channel Radio and Kenny O’Keefe will become President.

Clear Channel is already the world’s largest outdoor advertising company (although Eller Media is only #2 in the US) and it has the largest portfolio of overseas radio investments of any US company. A pending $4.4B stock-swap acquisition of SFX Entertainment will take Clear Channel into new businesses, booking concert tours, managing concert halls and outdoor venues and even the nation’s largest sports agent business.

### Top executive shareholders

<table>
<thead>
<tr>
<th>Shares owned</th>
<th>Options</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear Channel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lowry Mays, CEO</td>
<td>29,204,719</td>
<td>1,370,000</td>
</tr>
<tr>
<td>Red McCombs, Dir. (&amp; family)</td>
<td>25,505,827</td>
<td>4,000</td>
</tr>
<tr>
<td>Mark Mays, CEO</td>
<td>950,960</td>
<td>52,008</td>
</tr>
<tr>
<td>Randall Mays total</td>
<td>495,385</td>
<td>52,008</td>
</tr>
<tr>
<td>• CFO, Clear Channel</td>
<td>10,623</td>
<td>0</td>
</tr>
<tr>
<td>• Dir. XM Satellite Radio</td>
<td>26,757</td>
<td>0</td>
</tr>
<tr>
<td>• Dir. American Tower</td>
<td>0</td>
<td>10,000</td>
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<tr>
<td>Randy Michaels, Pres./Radio</td>
<td>440,428</td>
<td>52,008</td>
</tr>
<tr>
<td>Karl Eller, CEO/Eller Media</td>
<td>0</td>
<td>1,448,112</td>
</tr>
<tr>
<td>AMFM Inc.</td>
<td>1,004</td>
<td>500,000</td>
</tr>
<tr>
<td>Tom Hicks, CEO</td>
<td>4,189,839</td>
<td>0</td>
</tr>
<tr>
<td>Steve Hicks, CEO/New Media</td>
<td>698,309</td>
<td>1,172,553</td>
</tr>
<tr>
<td>Geoffrey Armstrong, CFO</td>
<td>160,195</td>
<td>135,610</td>
</tr>
<tr>
<td>William Barowsky Jr., Exec VP</td>
<td>34,526</td>
<td>149,548</td>
</tr>
<tr>
<td>Kenny O’Keefe, Pres./Radio</td>
<td>1,004</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,204,719</strong></td>
<td><strong>1,370,000</strong></td>
</tr>
</tbody>
</table>

**#2 Infinity Broadcasting**

183 stations in 40 markets
1999 radio station revenues: $2,135,950,000 (pro forma for acquisitions and divestitures)
1999 net revenues: $2,790,571,000 ($20,231,800,000 for parent Viacom, including acquisition of CBS Corp.; $358,305,000 for Westwood One)
Other businesses: Outdoor advertising (parent Viacom has an extensive media empire, including CBS TV Network, UPN TV Network, several cable networks, TV stations, movies and publishing)
Investments: Westwood One, both Infinity and Viacom have numerous investments in Internet companies Headquarters: New York
Public stock: INF (NYSE), parent Viacom is VIA, Class A & B (NYSE), Westwood One is WON (NYSE)
Viacom got out of radio in 1997, selling its 10 stations to Chancellor (predecessor to AMFM) for $1.075B, but got back into radio in a big way last year by acquiring CBS Corp. in a $34.45B stock swap. A year earlier, CBS had spun its radio and outdoor division off into a new tracking stock which Mel Karmazin named after his previous radio company, Infinity, which had merged with CBS/Westinghouse in 1996. Viacom now owns 64.3% of Infinity, which in addition to radio owns the nation's largest outdoor advertising conglomeration, Infinity Outdoor (the former Outdoor Systems) and TDI, and is expanding overseas in outdoor as well.

Although Infinity owns only 17.3% of Westwood One, it operates the nation's largest radio network company (it surpassed ABC when CBS Radio Networks were incorporated into WW1's inventory) under a management contract.

**Top executive shareholders**

<table>
<thead>
<tr>
<th>Shares owned</th>
<th>Options</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumner Redstone, CEO, Viacom</td>
<td>197,993,996</td>
<td>1,499,998</td>
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<tr>
<td>Mel Karmazin, total</td>
<td>4,440,847</td>
<td>4,403,508</td>
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<tr>
<td>CEO, Infinity</td>
<td>50,000</td>
<td>58,333</td>
</tr>
<tr>
<td>Director, WW1</td>
<td>404,298</td>
<td>1,206,000</td>
</tr>
<tr>
<td>Fred Reynolds, CFO, Viacom</td>
<td>20,282</td>
<td>705,249</td>
</tr>
<tr>
<td>Farid Suleman, total</td>
<td>71,741</td>
<td>1,540,015</td>
</tr>
<tr>
<td>CFO, Infinity</td>
<td>20,000</td>
<td>33,333</td>
</tr>
<tr>
<td>CFO, WW1</td>
<td>0</td>
<td>820,000</td>
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<tr>
<td>Dan Mason, total</td>
<td>$29,539,559</td>
<td></td>
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<tr>
<td>President, Infinity Radio</td>
<td>13,785</td>
<td>33,333</td>
</tr>
<tr>
<td>Viacom</td>
<td>622</td>
<td>514,832</td>
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<tr>
<td>William Levine, total</td>
<td>36,863,449</td>
<td>0</td>
</tr>
<tr>
<td>Chairman, Inf. Outdoor</td>
<td>11,935</td>
<td>0</td>
</tr>
<tr>
<td>Viacom</td>
<td>11,935</td>
<td>0</td>
</tr>
<tr>
<td>Arturo Moreno, total</td>
<td>34,030,949</td>
<td>723,817</td>
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<tr>
<td>CEO, Infinity Outdoor</td>
<td>10,850</td>
<td>0</td>
</tr>
<tr>
<td>Viacom</td>
<td>1,179,060</td>
<td>544,000</td>
</tr>
<tr>
<td>Joel Hollander, CEO, WW1</td>
<td>4,200</td>
<td>100,000</td>
</tr>
</tbody>
</table>

(Hollander was previously a CBS/Infinity employee and presumably has stock and options in Viacom and Infinity.)

**#3 ABC Radio**

45 stations in 19 markets
1999 radio station revenues: $405,575,000 (pro forma for acquisitions and divestitures)
1999 net revenues: $23,402,000,000 for parent The Walt Disney Co. ($7,512,000 for Media Networks division)
Radio subsidiary: ABC Radio Networks
Other businesses: Parent Disney has an extensive media empire, including ABC TV Network, TV stations, cable networks, movies and theme parks
Headquarters: Dallas (parent Disney is headquartered in Los Angeles)
Public stock: DIS (NYSE)

Although ABC Radio has made a few acquisitions in recent years, it hasn't joined in the post-deregulation buying frenzy. It's hardly surprising then, that ABC Radio has gone from comprising about 3% of total Disney revenues to just over 2%. Outsiders have often suggested that Disney would, or should, sell out of radio, but there's been no indication that CEO Michael Eisner is interested in the idea. Indeed, he's been an enthusiastic backer of the Radio Disney network for kids. In addition, former ABC Radio boss Bob Callahan is now President of ABC Inc., making it even less likely that the division will be divested. On the other hand, there's no indication that ABC will change its conservative stance on radio acquisitions.

In its annual report to the SEC, Disney said the ABC Radio Networks reach more than 147M US listeners with 8,900+ program affiliations on more than 4,400 radio stations. Some of those programs are also syndicated internationally to more than 90 countries.

**Top executive shareholders**

<table>
<thead>
<tr>
<th>Shares owned</th>
<th>Options</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Eisner, CEO, Disney</td>
<td>12,387,409</td>
<td>0</td>
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<tr>
<td>Roy E. Disney, Vice Chair, Disney</td>
<td>17,771,976</td>
<td>600,000</td>
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<tr>
<td>Bob Callahan, Pres., ABC Inc. (presumably participates in company stock plan)</td>
<td>38,863,449</td>
<td>0</td>
</tr>
<tr>
<td>John Hare, Pres., ABC Radio (presumably participates in company stock plan)</td>
<td>1,179,060</td>
<td>544,000</td>
</tr>
</tbody>
</table>

**#4 Cox Radio**

81 stations in 17 markets
1999 radio station revenues: $361,405,000 (pro forma for acquisitions and divestitures)
1999 net revenues: $300,500,000 ($6,100,000 for parent Cox Enterprises)
Radio subsidiary: Small syndication operation ("The Motley Fool," Clark Howard and Neal Boortz programs)
Other businesses: Majority owner Cox Enterprises is a privately owned company which also controls Cox Communications, a publicly traded cable MSO, and several privately owned businesses, including TV stations, TV rep firms, newspapers, Cox Interactive Media, ranches and auto auctions
Headquarters: Atlanta
Public stock: CX (NYSE)

continued on AB 14
The Radio Edge's Kim Vasey:
ensuring the edge when advertisers use radio

by Karen Maxcy

Kim Vasey joined The Media Edge in July of 1998 as VP/Associate Director, Local Broadcast. In April 2000 she was named Senior Vice President for The Radio Edge, a recently created division of The Media Edge. The Radio Edge is a unique consolidated unit which will focus on all aspects of radio including spot, network and the Internet. Prior to joining The Media Edge, Vasey was VP, Spot and Network Radio for Horizon Media for nearly eight years. She has been in the advertising community for over twenty years and shares some of her insights with AdBiz.

Why was The Radio Edge created?
With the departure of the former head of the Network Radio Division, Bob Igie, President/ National and Local Broadcast, took the opportunity to bring together the Spot and Network Radio Divisions under my direction. Under the current rash of consolidation in the radio industry, Bob's vision was to consolidate everything under one roof in order to bring a united radio division together for the benefit of our clients. This strategy enables me to have a pulse on the prevailing conditions in each of the radio medium (spot, network, satellite, Internet) during any quarter, and thus capitalize on opportunities across the different entities. It will enable us to build integrated programs for our clients, to maximize our client's budgets, to take advantage of promotional opportunities and develop an innovative approach to building multi-level platforms with some of the strongest ownership groups in the industry.

My background has been in both spot and network radio and, over the past year or so, I have been pretty diligent in trying to stay current about Internet radio, satellite radio and all of the new advances in the technology of streaming. Thus, with my prior background in spot radio and network and my newfound interest in streaming, Bob felt confident that I could lead the team under this new structure. This is an extremely exciting opportunity for me because I always enjoyed both the spot and the network side of the business. I am certain that the growth of the Internet/streaming properties will provide a wide array of creative outlets that can target specific audiences and deliver results for our clients.

How will it be different from your radio division under The Media Edge?
The Radio Edge is the radio division of The Media Edge, but it is an enhanced group by
virtue of the fact that everyone in the department will have the benefit of learning and understanding all aspects of spot radio, network radio, satellite radio and Internet radio. My goal is to spend a great deal of time educating, not only myself, but also every member of the department in order for them to be able to understand and evaluate packages that may have several components to them. The Radio Edge will be unique in its approach to having an integrated team. I believe we are the first and only agency to have such a department.

**What will The Radio Edge be focused on?**
The Radio Edge will be focused on all aspects of radio. This may include fully integrated programs that potentially could have spot, network, Internet and/or satellite radio components to them. Additionally, it will be focused on developing new and creative approaches to utilizing each medium.

**Do you consider Internet radio a new medium?**
Most definitely, as does the rest of the advertising community. It is a very exciting dimension to the area of radio broadcasting. It is radio with an added twist. It’s audio, it’s visual, it’s interactive, and it’s an e-commerce engine. It’s truly multi-dimensional. Internet radio (webcasters) enables broadcasters to be more creative in content and in format.

Of course some content is better than others and very often the strength of the consumer’s computer will have an impact on their ability to listen to streamed content. But the technology is improving every day. A product like Kerbango, which is about to be launched this summer, will enable a consumer who may not have a home computer or a computer at work (with a sound card and speakers) to listen to a station that is streaming. The consumer must have access to the Internet to use the product, but even the cost of that service is coming down at a rapid pace. This unit will open up the world of streamed media to a whole new audience. My understanding is that it will retail for under $300. The unit is no bigger that the size of your average table radio and it’s very portable. I can run a line to any room in my house from the phone line that I have for my Internet access and I will be able to bring my Kerbango unit into any room of my house. This is very exciting for me because I live in upstate New York and cannot get some of the New York stations on my traditional radio dial. Now I will be able to tune in to any radio station that is streaming its content and have CD quality sound with none of the inherent problems such as having my computer crash or having the signal interrupted.

Many stations are now coming to the table with an Internet component as part of their media package and are looking to get a fee for it. It is no longer a "throw in." Your once "traditional" media buyer needs to be educated about this new medium so that he can analyze the numbers, evaluate the cost efficiencies and negotiate a package that incorporates one or more components of radio.

**Can you recommend media plans that include media other than radio with The Radio Edge?**
No, per se. However, while my department is responsible for all of the radio activity, we have been approached by some of the major groups that own properties across several media. We have taken advantage of some of the cluster packaging and will continue to explore and take advantage of these packages. We have worked with CBS Plus, which is a sales division that specializes in implementing packages that incorporate other CBS/Infinity owned properties (TV, outdoor, etc.). My group would evaluate the radio portion of the package. The other components would be evaluated by each respective department here at The Media Edge and then we work together internally to bring it all together to make it work.

**State of the local and network marketplace - what do you think in the near future?**
Oh, if only I had a crystal ball! It’s very hard to say, actually but one thing I can say for certain is that it will be very exciting! At least that’s my feeling. In May I attended the Radio and Internet Conference that was hosted by Inside Radio in Scottsdale, Arizona. I was amazed at the vast array of products and services that are about to be launched and I feel that what I saw was only the tip of the iceberg. The technology is advancing at a very rapid pace. Some of the major players in the industry were in attendance at this conference. This was an indication to me that the stations are waking up to the realization that the Internet is a viable source of additional revenue and a powerful tool to keep their listening audience tuned in, whether it be on the Internet or the dial. It was only just a few years back that the stations would include banner ads or use their web page as an "added-value" enticement with their media schedule but we see that changing already. Many stations are now coming to the table with an Internet component as part of their media package and are looking to get a fee for it. It is no longer a "throw in." Your once "traditional" media buyer needs to be educated about this new medium so that he can analyze the numbers, evaluate the cost efficiencies and negotiate a package that incorporates one or more components of radio. I know there will come a time that they may receive a sales pitch for an Internet-only package from some of their local stations.

New technology enables a terrestrial station to play one commercial that is heard by a consumer listening from a standard radio, while another listener on the Internet will hear completely different ad. I know that most of the radio networks and the syndication companies have started up interactive units and I fully expect to receive proposals that will incorporate their "traditional" terrestrial properties along with interactive properties.

Then, of course, there are the two satellite radio companies that will launch late 2001 or early 2001 which are expected to eventually have about 100 radio formats on their service. This will be another avenue of potential audience.

With permission-based marketing there will be many applications that can be used to know the consumer and target commercials to their particular interests. It is a changing environment and our role at The Radio Edge, is to keep current with the changes in the industry and to take advantage of these changes to the fullest extent possible.
AAF forms alliances with AdNoir.com and HispanicAd.com

In an ongoing effort to inform and educate its members of the shifting demographics of the US, the American Advertising Federation has formed strategic alliances with HispanicAd.com and its sister site, AdNoir.com. Through the AAF’s non-profit educational foundation, the AAF will promote the two websites’ content and services to its membership base of 50,000 advertising-related organizations and 260 college chapters.

According to Wally Snyder, President/CEO, AAF, “Multicultural is fast becoming mainstream. With nearly three in 10 Americans of ethnic heritage, they are no longer a ‘minority.’ We must find smarter and faster ways to access multicultural technical expertise, media outlets and human capital to reach these consumers. Through our alliance with AdNoir.com and HispanicAd.com, we can make that access instantaneous for our members and the ad industry at large.”

Eugenio Bryan, President/CEO, HispanicAd.com, agrees with Snyder. He adds, “This alliance will go a long way to help empower the multicultural ad industry. I’m looking forward to working with the AAF to promote multicultural advertising and to connect that community with the resources they need.” HispanicAd.com is a trade journal for advertising and media professionals who target US Hispanic consumer markets. AdNoir provides news and information on African American, Urban and Caribbean advertising, promotion and consumer trends.—KM

More preliminary findings from Strategic Attrax

Expecting to launch surveys in New York and Chicago in coming weeks, Strategic Media Research (AdBiz, April, AB7) has more preliminary results from Strategic Attrax, now testing in Los Angeles. Some key findings are detailed below. With New York and Chicago coming on board, Attrax will do cross market analyses both by format and by individual stations.—KM

- Of respondents with Internet access, 40% have downloaded music
- When asked what types of sites were visited (unaided): 12-24 year olds mention music sites most
- Radio stations are mentioned by only 1.3% of the people unaided, but 27% have visited or plan to visit in the next 30 days
- When shopping online, women shop most for books, then travel while men shop most for music, then books
- When mentioning music sites, CD Now mentioned three times more than MTV
- Top radio station mentioned was KROQ-FM (LA) for the web—almost exclusively by M18-34

Cliff Freeman & Partners most nominated agency in Radio Mercury Awards

46 finalists were announced for the 9th annual Radio-Mercury Awards with Cliff Freeman & Partners clinching six nominations in the general category. Other agencies with multiple nominations are: DDB Chicago and Goodby, Silverstein & Partners, San Francisco with four spots each; Blazing Paradigm, San Francisco; Citron Haligan & Bedecarre, San Francisco, GSD&M, Austin; and Oink Ink Radio, New York each have two nominations. These finalists together with others from the general, Hispanic and station-produced categories will vie for the $100K Grand Prize for the best in radio creative. The invitation-only awards ceremony will be held 6/15 at The Waldorf Astoria in New York.—KM

Radio delivers business decision makers

Interp Research’s latest findings indicate that radio tops other traditional media in its ability to target business decision makers. According to Michele Skettino, VP/Marketing Communications, Interp, “The speed of doing business and increase in communications avenues has affected all advertisers, including the B-2-B sector. B-2-B companies no longer feel that they can rely solely on trade-related media for their branding efforts. The lines between consumer and B-2-B advertising are becoming increasingly blurred, and consumer media, including radio, is feeling the benefit.” Deb Durbe, EVP/Regional Director, Interp Marketing Group, adds that B-2-B is the fastest growing segment in online advertising and radio needs to continue to provide reasons why B-2-B sites should use radio.—KM

<table>
<thead>
<tr>
<th>Decision-Makers by Radio Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
</tr>
<tr>
<td>Hot AC</td>
</tr>
<tr>
<td>Oldies</td>
</tr>
<tr>
<td>AC</td>
</tr>
<tr>
<td>AOR</td>
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<tr>
<td>All News</td>
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<tr>
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<tr>
<td>NAC/Smooth Jazz</td>
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<tr>
<td>Classical</td>
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Decision-Makers by Medium

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<th>Radio Drivelines</th>
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<td>Total Radio</td>
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Source: Interp

Source: Interp
Cumulus continues restructuring

The latest change at troubled Cumulus Media (O:CMLS) has Lew Dickey jr. moving up to President and CEO and consolidating the company's headquarters in Atlanta. Dickey had previously been Executive Vice Chairman and he and Executive Chairman Richard Weening had repeatedly referred to each other as "my partner." The latest move makes it clear that Dickey, who took over day-to-day operations of the operating company, Cumulus Broadcasting, in March, is running the whole show. Weening retains his position as Executive Chairman and a member of the board of directors.

In addition, John Dickey is joining his brother in the executive suite as Executive VP of Cumulus Media. He had been Director of Programming and Executive VP of the operating company. Recently hired Martin Gausvik (RBR 5/22, p. 2) continues as Executive VP and CFO. All HQ and financial operations are to be consolidated in Atlanta by 10/1.

Ad Biz observation: Changing titles is all well and good, but no one on Wall Street will really care until they see concrete results in the company's quarterly results. Otherwise, the Dickey brothers may just be rearranging the deck chairs on the Titanic.—JM

ABC Radio Net President Andrews calls it quits

After seven years at ABC Radio Networks, almost three as President, Lyn Andrews has resigned her post, effective 6/9. She ends a grueling weekly commute to Dallas to stay in New York with husband and daughter. Andrews was appointed president when David Kantor left to head up the new AMFM Radio Networks 10/97.

A source close to ABC tells Ad Biz Andrews' replacement will be internal and soon: "In all likelihood it will be an internal candidate. The decision will be made sooner rather than later. I think John Hare [ABC Radio President] is looking to make that decision within a couple weeks."

SVP Sales Traug Keller and EVP Daryl Brown are two possible replacements. Adds the source: "I would think the GMs of the radio stations might be possibilities. He has two guys that have been running the radio division—Mitch Dolan and Mark Steinmetz. These are all strong candidates."—CM

Arbitron signs with Nielsen for People Meter use

Arbitron and Nielsen Media Research announced 6/1 an agreement that allows Nielsen the option to join Arbitron in deployment of its new Portable People Meter (PPM), a new radio, TV and cable technology. Arbitron is testing in Philly Q4. Nielsen will supply both financial support and TV survey expertise as part of the deal. PPM is a pager-sized device worn by ratings individuals that detects codes broadcasters embed in their signals, aimed at eventually replacing the diaries. PPM has already been successfully tested in England in the last two years.—CM

CBS Interactive Group lays off 24

In an apparent streamlining and money-saving effort, the CBS Internet Group, headed by President Russ Pillar (MBR March), has laid off 24 of its 100 employees (6/2). Former chief of Sony's online division Lisa Simpson was recently brought in as CFO; two other Sony staffers, Mark Kortekaas and Robert Gehorsam, were also brought in (6/6) to become Chief Technology Officer and SVP Programming and Production, respectively.

Says VP Communications, CBS Gil Schwartz: "Others will be [hired] soon. What you're talking about here is a management reorganization and a reorganization of CBS.com. This was not a financial issue, nor was it a backing away from the commitment to being the best online company in the network business."—CM

LPFM filing window deadline extended

The FCC has extended the window deadline for new LPFM CP applications, both paper and electronically-filed, from June 5 to June 8. The Commission said it received reports that potential applicants had difficulty filing electronically on 6/3 and 6/4. In addition, "because the window filing period was short in the first instance and because it represents the only opportunity that applicants from 12 states or territories will have to file Form 318 for at least 12 months, the Bureau has concluded that, as a matter of equity, an extension is appropriate." Alaska, California, DC, Georgia, Indiana, Louisiana, Maine, Mariana Islands, Maryland, Oklahoma, Rhode Island and Utah are in this first window.—CM

Clear Channel Radio team confirmed

The executive suite at Clear Channel Radio is being rearranged in preparation for closing of the long pending deal to merge AMFM Inc. (N:AFM) into Clear Channel Communications (N:CCU). To the surprise of no one, Clear Channel President Mark Mays has named current Clear Channel Radio President Randy Michaels to the top post. His titles will be Chairman and CEO. When Kenny O'Keefe joins the company from AMFM he'll become President and COO of Clear Channel Radio. The merger is currently on track to close in Q3.—JM

FCC to re-examine market definition

Following months of complaining by Commissioners Gloria Tristani (D) and Susan Ness (D), the FCC is getting ready to re-examine how "markets" are defined when it comes to counting radio stations for the various local ownership tiers under the 1996 Telecommunications Act. "The NPRM (Notice of Proposed Rulemaking) will address whether the FCC should use Arbitron market definitions, rather than its current overlapping signal contours standard, to obtain a more accurate measure of radio markets," the Commission said in its Biennial Review report to Congress (5/30).

When the final touches were being put on the wide-ranging overhaul of the nation's communications laws (the first in 32 years), House and Senate negotiators cobbled together the four-tiered local ownership limit on radio station ownership—eliminating national caps altogether and allowing a single owner to have as many as eight radio stations in the largest markets, those with 45 or more stations. To determine those tiers, the lawmakers grabbed the overlapping contours rule that the FCC had been using for three and a half years for duopolies, which had been allowed since late 1992. There was never any public hearing on the idea and it wasn't until after the bill was sent to President Bill Clinton for his signature in early '96 that broadcast engineers began to figure out the implications of the new law—and how it could be used to create top tier...
combinations in many places and second-tier combos (seven stations) just about anywhere except the most rural sections of the nation. Now the FCC wants to revisit the whole idea of how to count stations for the various tiers, although a separate statement by Ness notes that she doesn’t want to recount existing combinations. “I believe, however, that any changes the Commission might make should be prospective only and should not undermine the legitimate investment expectations of parties who hold combinations lawfully assembled under our current rules,” she said.

NAB will oppose any change in the market definitions. “We think the current definition is perfectly appropriate,” said Dennis Wharton, Sr. VP, Communications. As expected, the FCC will consider relaxing the dual network rule—allowing Viacom (N:VIA) to keep both CBS and UPN (over TriStar’s objections)—but is sure to anger Congressional Republicans by refusing to budge more than a tiny bit on newspaper-broadcast cross-ownership, perhaps allowing such combinations only in the largest markets. Newspapers, facing declining readership, have been pressing both the FCC and Congress to allow them to buy in-market TV stations (and radio, although that’s a secondary concern). NAB has also called for the rule’s elimination.

“This rule is a relic of a bygone era and ought to be eliminated, particularly given the explosion of media alternatives,” said Wharton. The Commissioners also indicated that they have no interest in raising the 35% TV audience cap. That would require Viacom to go through with divestitures or swaps to get back under the limit by 5/4/01 (RBR 5/8, p. 6). Fox immediately announced that it would sue to have the cap ruled unconstitutional.—JM

Senators decry vulgarity
Four Senators are complaining about what they say is a “dramatic increase in graphic sexual depictions and vulgar dialogue” on broadcast TV. In a letter to FCC Chairman Bill Kennard (D), the Senators called on the Commission to launch “a broad reexamination of the public interest standard and the license renewal process” and to “review and rearticulate the Commission’s indecency standard.” They also asked for Kennard’s thoughts on whether to resurrect the old NAB radio and TV codes (which were abolished in 1982 due to an antitrust ruling). The Senators who signed the letter are John McCain (R-AZ), Joe Lieberman (D-CT), Robert Byrd (D-WV) and Sam Brownback (R-KS).

The Senators’ complaint focused exclusively on TV and quoted from several studies from 1982 through last year that tallied sexual content on network TV. Although it’s hard to recall the last time a TV station was fined for indecency (more than a decade), several radio stations are cited for indecency each year and radio station owners have frequently complained of a double standard that lets TV stations get away with content that draws fines on radio.

Kennard quickly replied: “I applaud Senators Lieberman, McCain, Brownback and Byrd for their thoughtful letter regarding the effect of violent and sexually-explicit television programming on America’s children. We will carefully review their recommendations and look forward to the ensuing dialogue.”—JM, CM

Inspector General clears Kennard
FCC Inspector General H. Walker Feaster has cleared Chairman Bill Kennard (D) of allegations that Kennard violated ethics rules and abused his office. Although Kennard was not named in the Inspector General’s semi-annual report to Congress, Richard Lee, former head of the FCC’s Compliance and Information Bureau, had gone public with his allegations against the Chairman (RBR 11/15/99, p. 4). Lee had accused Kennard of political favoritism in allowing a Texas racetrack operator to continue operating an unlicensed low-power TV station because a Republican Congressman had contacted Kennard on behalf of the track owner.

The Office of the Inspector General reported 5/30 that it “was unable to find any evidence of misconduct by the employees or that they had exceeded their authority in allowing broadcasting at the track.”—JM

Lucent testing in Washington on WAMU-FM
Albeit unofficially announced, Lucent Digital Radio (LDR) has begun testing on American University’s NPR affiliate WAMU-FM Washington, DC. LDR President Suren Pai confirms it: “We announced at NAB Vegas that we would soon be testing in Washington and San Francisco. This is our station in Washington. Our plan is to go out to eight or nine stations across the country.”

Lucent was testing on KNPR-FM at the NAB Spring Show and continues testing on WBJB-FM Lincolrf, NJ, WPST-FM Trenton, NJ. All tests now include different versions of Lucent’s Multistreaming technology, which is said to assure a graceful degradation of the digital signal, as opposed to signal dropouts.

Meanwhile, USADR continues its testing in Washington on WHPS-FM, WJFK-FM, WETA-FM, WPOC-FM Baltimore and WNEW-FM NY.—CM

Dick Puritan hosting Marconi awards
Dick Puritan, legendary Detroit radio personality currently airing mornings on WOIC-FM, has been chosen to emcee this year’s NAB Radio Show Marconi Awards. The event takes place 9/23 at the San Francisco Hilton. Puritan has received numerous awards, including the Marconi for “Major Market Personality.”—CM

Winstar Global Media selling Internet audio ads; Soundsbig 1st client
Winstar Global Media (WGM) announced its entry (6/1) into the Internet audio marketplace. The first client is Soundsbig.com (RBR 5/29, p. 8). In the deal, Winstar Global Media will sell audio inventory on Soundsbig’s 100+ formats to a variety of narrowly-targeted advertisers. Winstar Global Media, a unit of Winstar Radio Networks, is the first independent radio advertising sales operation to focus on this emerging market. WGM has “two or three other” webcasters they are trying to sign at present, according to President Lou Severine.

How will they take this to the agencies? “Right now, what we do as a company, is package inventory to the advertisers in the different demos. That’s the beauty of a Soundsbig.com—they have 100 different formats. And they may have five formats in one area, but they have young formats, middle formats and they have older formats,” Severine tells RBR. “We will take how ever many of their formats that fit a particular demo by that we have up, and we will put all that together in with our other programming and services and packages. That’s one of the reasons we want to get into this—because we really realize that this is a perfect extension of what we’re doing now and is really part of a future of where it’s going. National advertisers are concerned with one thing only—the number of ears that you can bring to them, and that’s all we’re trying to do here.”

Severine has talked extensively with Arbitron a month ago. They are going to start 7/1 surveying Soundsbig.com, in addition to the others they have. Says Severine: “By January, we’ll be able to start to see what type of audience all of this derives.”

Winstar Interactive Media handles banner ad sales for websites, and may be packaged with the buys.—CM
Still rockin’ after all these years

By Carl Marcucci

ABC’s “Rockin’ New Year’s Eve” and “American Bandstand”, two long-running TV features that made Dick Clark an American entertainment icon. Clark began in radio, and after a career that so far spans 53 years, is still on the mic with three United Stations Radio Networks shows: “Rock, Roll & Remember,” “US Music Survey” and “Days to Remember,” a daily 90-second vignette. The show so far spans 53 years, is still on the mic with Clark, and at 70 years of age, of course we asked, “How do you remain the world’s oldest teenager?”

How did you first get into the entertainment biz?

I saw my first radio broadcast when I was 13 years old. It was Garry Moore and Jimmy Durante, the “Rexall Comedy Hour” or whatever the devil they called it. It was done in an old theater in New York. I said to myself, “Boy this sure looks interesting!” I went home and told my dad that someday I’d like to be in the radio business. He was a little fed up with living in New York and he had been involved in the cosmetic business for most of his career. An opportunity came along when my uncle, who owned a newspaper in upstate New York in Rome, called and said to my father, “Dick, we’re going to open a radio station. Do you want to come and run it?” Be part of the team?” I guess that was the way he put it because he went up as the Sales Manager and ended up being the General Manager. He did it because he knew undoubtedly that would help me later on and he needed the change of pace. So my appeal of the radio was long before my days at WRUN [Utica, NY]. I got the job there as a mailroom boy working for my father while I was in college. In all honesty, he had no idea where it would take me.

You made your name doing American Bandstand. Tell us the history there.

I had been at WFIL in Philadelphia four years doing radio and television stuff. I didn’t get the job on “Bandstand” until 1956 when they fired the guy that was doing it. So I did it for a year before it debuted nationally as “American Bandstand”. I was part of the sales team that convinced ABC to give it a seven-week trial. In four weeks, it went to number one in the daytime. It commanded over 60% of the Philadelphia audience, so I knew that when I got the opportunity to work on it, it was a chance of a lifetime.

How did you convince ABC on that? Was it hard?

I knew it was already big locally and it was my dream that it would work everywhere. Of course, everybody said to us, “Who in the heck would want to watch kids dancing to records in Philadelphia?” Apparently somebody did.

I went up with what was then a Kinescope. It must have impressed him. He sent some people down to look at it and one of them was a fellow named Dan Mellnick, who went on to become an extraordinarily successful movie producer. He reported back to ABC saying, “I don’t know why in the hell I’m going to recommend this thing, but I think we ought to do this.” So they gave us a seven-week trial and it did succeed.

Yes it did. I remember watching it in 1974 when I lived in Cleveland. I would imagine that was probably an ABC station. WEWs. I knew every call letter of every ABC affiliate in those days, because we put them up on a board on a map and we did it in the early days when it was on five days a week. You saw it when it was on once a week.

I do remember the big hair and the big shoes and the bell-bottoms. That was part of one of the many pieces that made it popular—what did they wear, what did they say, what did they look like, who was dancing with whom? It was a combination of ingredients.

Why isn’t it being re-run? You’ve got TV Land, Nick at Night, a bunch of nostalgic channels out there.

It was rerun for two years on VH-1, “The 70s episodes” and will probably pop up on another cable channel very shortly. Plus I think you’ll see, I’m hoping, AB2000, which is the updated version on an entirely different twist from the old days, but maintaining its roots in the old show.

When is that debuting?

As fast as I can sell it.

I know you’ve heard this a thousand times…You are the world’s oldest teenager, not only because you can identify with multiple generations, but also the fact that you haven’t aged in 40 years. What’s the secret to both of those successes?

I think that probably it has to do with two things. One, I was forced to be in the midst of a lot of people who were younger than I. I was...
The amazing thing is that in spite of all the
into a syndicated network where we have been
have this stuff. We fill a niche.

We have one or 400 stations, everybody has got
every conceivable kind of need that a radio
able kind of format. We've got statistically 64
stations across the nation, with every conceiv-
conglomerates, we still serve 2,600 rated radio

radio network at this point.

to be fortunately another success. It is the
couple of years, but we were not precluded
it beyond that. Nick and I were precluded
turned it over to Mel Karmazin and he took
had all the satellite stuff all lined up and
formatting radio stations via satellite in every
group. It is a little hard to keep track of. It
to every demographic group, every ethnic
in the fifties. And the other thing, is the Latin thing,
these teen baby bands and baby female vocal-
restrictions. Other than that, the only signifi-
we do practically everything—all kinds of movies,
televised and television, game shows, award

What significant industry trends have you
observed over the years?

In the old days we didn't have the competitive
atmosphere that we have now or the fraction-
alization of not only the formatting of radio
stations, but the fractionalization of music
itself. There is something in there that appeals
to every demographic group, every ethnic
group. It is a little hard to keep track of. It
wasn't computerized in my day. We did it
by seat-of-the-pants knowledge. Nowadays you
can pretty much predict where that music
is going to fall and what kind of radio station
wants to get it on. We are living with very rigid
restrictions. Other than that, the only signifi-
cant thing is that the world is turned upside
down, history has repeated itself, and we have
these teen baby bands and baby female vocal-
ists swarming all over us like they did in the
fifties. And the other thing, is the Latin thing,
which is only an indication of the rise in the
population mix where Spanish music has be-
come hot for everybody.

Tell me a little bit about the other side—
Dick Clark Productions. You were savvy
enough to found that in 1957.

The quick thumbnail was, when I was 26, I was
very busy, and I had the foresight to set up a
production company because I realized some-
day I would be unbearable. I would get to be too
old or demographically unappealing or whatever. I
said that if I wanted to continue to do
what I loved, I better have a production com-
pany, so that I could slide into the background.
Well, that hasn't happened quite yet, but about
90% of what I do is background stuff. Every now
and again they will throw me out front.

So what I did was take the income that I
earned as a performer and reinvested it in the
talents of other people, which grew to be a lot
of people. Right now we have about 1,000
people under our employ. Most of them are in
the restaurant business [American Bandstand
Grill] and probably this week there are about
100-150 that are in the entertainment area. We
do practically everything—all kinds of movies,
teatrical and television, game shows, award
shows, sporting events, we are a very strange
little company. We serve a lot of masters and
try to do a good job. What we pride ourselves
on is that we do it right, we do productively so
that it makes a profit for the company, and we
do it on time, on budget.

The quick thumbnail was, when I was 26, I was
very busy, and I had the foresight to set up a
production company because I realized some-
day I would be unbearable. I would get to be too
old or demographically unappealing or whatever. I
said that if I wanted to continue to do

What do you mean by "re-invent"?

We did it on time, on budget.

You're doing projects in every area except
theatrical and television, game shows, award
features for television and theater.

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enough to found that in 1957.

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What is "nullification" and how is it used?

In the old days we didn't have the competitive
atmosphere that we have now or the fraction-
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When you say "re-invent," what do you mean?

We did it on time, on budget.

You're doing projects in every area except
theatrical and television, game shows, award
features for television and theater.

You've done just about everything you can
do with Dick Clark Productions and United
Stations. Is there anything else that you'd
like to do?

I'm working on a couple of Broadway projects.
I've tried there before unsuccessfully twice and
I want to beat that if I can. It's a feature
motion picture. I'd like to have a big hit in that
area someday and I haven't ever done that,
though we've done 20-some odd motion pic-
tures for television and theater.

Tell us about your three programs running on
USRN: "Rock, Roll & Remember," "US
Music Survey" and "Days To Remember."

"Rock, Roll and Remember" is now entering its
twentieth season on 167 stations, which is
pretty extraordinary. Our flagship station on
"US Music Survey" is KOST-FM in Los Angeles,
which is one of the always top-five rated radio
stations. I'm real proud of that one.

"Days to Remember" started out as a Millen-
ium sort of thing and the station said, "Oh my
God, can you continue it?" So we just switched
it from a Millennium countdown to this day in
history. It used the audio archives and the BBC
and the AP. It's on 93 stations now, which is
unique because it's all over, in many different
kinds of formats.

What I'm happy about is that they still have
me working. I'm still doing radio, which I love!

More power to you—just keep on going.
It is still fun. That is the important thing. You
find something you like and continue as long
as it remains fun.
Want to know what all this really means?

Tracking Trends:
Married Male

49 years old.
2 kids.
Listens to 7.4 hours of news talk radio a week.
Prefers easy listening.
Just stepped in gum.

Unless you know how to use it, research is useless. That's where Strategic Media Research can help. We give you more than just reams of data. You get actionable, customized solutions that'll help you succeed. To find true meaning, call 312.726.8300 or visit us online at www.strategicmediaresearch.com.

STRATEGIC media research

Once a small, somewhat sleepy division of one of the nation’s largest and oldest media companies (Cox Enterprises dates back more than 100 years), Cox Radio shifted into high gear after radio ownership was deregulated by the 1996 Telecommunications Act. By the time the year was finished, Cox Radio had sold its IPO on Wall Street and announced several major acquisitions, including a $250M buyout of the entire NewCity group which nearly doubled the company in size.

If any existing radio company has the potential to join Clear Channel and Infinity in the billion-dollar-plus club (annual revenues), it’s Cox Radio. Despite its rapid growth in recent years the company still has virtually unlimited access to cash for acquisitions through Cox Enterprises. It is a most unique blending of an aggressive, public stock company with an old-line, family run (sisters Barbara Cox Anthony and Anne Cox Chambers still own 98.5% of the media empire their father started in 1898) private company.

Entercom may have been off many people’s radar screen until about a year ago when it sold its IPO, but the company has been around since 1968 when Joe Field launched the start-up with a few doctors and lawyers as investors (they’re now wealthy media shareholders). According to its latest annual report, Entercom has bought 91 stations and sold 14 since 10/1/96. One of the few things that has remained constant through that period has been Seattle as a lynchpin market. Today Entercom is far and away the revenue leader in Seattle radio, with the market’s #1 and #2 billers among its eight stations.

While others have been touting middle and small market opportunities, Entercom has remained focused on big markets. The company says it wants to buy more stations in the top 50 markets, but will look at potential deals down to market #75. Its only forays beyond those bounds have been in #87 Gainesville-Ocala, FL, adding to a long-time presence in that market. It has #75. Its only forays beyond those bounds have been in #87 Gainesville-Ocala, FL, adding to a long-time presence in that market. It has been in the billion-dollar-plus club since 1999 radio station revenues: $358,600,000 (pro forma for acquisitions and divestitures)

1999 net revenues: $215,011,000
Headquarters: Bala Cynwyd, PA (Philadelphia)
Public stock: ETM (NYSE)

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Public stock: ETM (NYSE)
Richard Weening

Top executive shareholders

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<td>$21,186,014</td>
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<td>441,282</td>
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Lew Dickey Jr.

Shares owned

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Lew Dickey Jr.

#8 Radio One

49 stations in 19 markets
1999 radio station revenues: $231,925,000 (pro forma for acquisitions and divestitures)
1999 net revenues:
- Investments: Outdoor advertising, Internet companies
Headquarters: Lanham, MD (Washington, DC)
Public stock: ROIA (Nasdaq)

"The Urban Radio Specialist" is how Radio One bills itself. Founded in 1980 with a single AM station in Washington, DC, Radio One has grown into the nation's largest minority-owned radio group and the leading group targeting African-American audiences. The company now claims to be in 18 of the 40 largest African-American markets, leaving it plenty of room for additional growth.

Just three months ago, Radio One set a new US record for an acquisition by a minority-owned company in any industry—signing to buy 12 stations in seven markets for $1.3B. Those stations were, of course, spin-offs from the pending Clear Channel/AMFM merger and included the crown jewel of the spin-off bidding—KKBT-FM Los Angeles.

Cathy Hughes

Top executive shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares owned</th>
<th>Options</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catherine Hughes, Chairman</td>
<td>11,920,752</td>
<td>0</td>
<td>$228,731,416</td>
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<tr>
<td>Alfred Liggins, CEO</td>
<td>15,493,173</td>
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<td>$297,277,839</td>
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<td>Mary Catherine Sneed, COO</td>
<td>692,766</td>
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<td>$13,292,563</td>
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</tbody>
</table>

Alfred Liggins

#9 Hispanic Broadcasting Corp.

48 stations in 15 markets
1999 radio station revenues: $231,500,000 (pro forma for acquisitions and divestitures)
1999 net revenues: $197,920,000
Headquarters: Dallas
Public stock: HSP (NYSE)

Hispanic Broadcasting Corp. (formerly Heftel Broadcasting Corp.) is the largest Spanish-language radio broadcasting company in the United States. The company has grown by leaps and bounds by buying English-formatted FM stations to convert them to Spanish music formats. As the US Hispanic population has grown and advertiser interest in reaching Spanish-speaking Americans has increased, HBC has been able to claim a disproportionate portion of Hispanic radio ad spending by being able to offer advertisers high-power FM stations with larger audiences than the old-line Spanish stations, which had traditionally been relegated to AM signals (often unable to cover their entire market).

With its pending acquisitions from the Clear Channel/AMFM spin-off derby (Clear Channel owns a large non-voting stake in HBC), HBC will have stations in 14 of the 16 largest US Hispanic markets.

Cathy Hughes

Top executive shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares owned</th>
<th>Options</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mac Tichenor, CEO</td>
<td>1,618,654</td>
<td>0</td>
<td>$162,979,034</td>
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<tr>
<td>Tichenor Family Voting Trust</td>
<td>6,768,873</td>
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<td>$681,544,285</td>
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</tbody>
</table>

Mac Tichenor

#10 Susquehanna Radio

29 stations in 9 markets
1999 radio station revenues: $221,550,000 (pro forma for acquisitions and divestitures)
1999 net revenues: $271,266,000 (parent Susquehanna Media)
Other businesses: Parent Susquehanna Media also owns Cable TV systems and provides Internet access via cable; ultimate parent Susquehanna Pfaltzgraff also makes ceramic dinnerware
Headquarters: York, PA
Public stock: none (parent Susquehanna Media has $145M in public bonds)

Susquehanna Radio pushed back into radio's Top 10 with a recent deal to acquire some Entercom spin-offs in the Kansas City market, barely edging Emmis Communications back to 11th place. Susquehanna Media proudly proclaimed in a recent SEC filing that it is the largest privately owned radio broadcaster and the 10th largest radio broadcaster overall in the United States based on revenues. "We are also the 23rd largest cable multiple system operator in the United States with seven cable systems serving approximately 187,000 subscribers as of December 31, 1999," the company said.

In a recent coup, Susquehanna succeeded in winning FCC permission to build the first new FM stations in decades in the under-radioed Atlanta market. To do so, it will jump an existing station, WHMA-FM, from Anniston, AL to College Park, GA.

Top executive shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares owned</th>
<th>Options</th>
<th>Total value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louis Appell Jr., Chairman</td>
<td>7.2% of private stock (voting)</td>
<td>7.2% of private stock (voting)</td>
<td>7.2% of private stock (voting)</td>
</tr>
<tr>
<td>Peter Brubaker, President/CEO</td>
<td>1.1% of private stock (voting)</td>
<td>1.1% of private stock (voting)</td>
<td>1.1% of private stock (voting)</td>
</tr>
</tbody>
</table>

Notes: All stock values are based on 4/28/00 closing prices. Former CBS shares have been converted to the equivalent Viacom shares for the merger which closed 5/4/00. Share totals for Radio One reflect a three-for-1 stock split on 6/2/00. Station totals as of 5/26/00.
AMFM Is The Key Piece To Solving The Advertising Puzzle

Top Markets
AMFM’s line-up includes the strongest group of major market metro stations – most of them previously unaffiliated with any network.

Top Stations
AMFM’s affiliates include major market metro stations that generally lead their market in ratings and formats.

Top Demo Targets
AMFM’s advertising networks are #1 in many key demographic groups including females and young adults – providing minimum out-of-demo waste.

The Radio Network For The New Millennium

New York: 917-206-8900
Chicago: 312-202-8850
Los Angeles: 323-986-5087
San Francisco: 415-281-2420
Detroit: 248-614-7064
Atlanta: 404-365-3054
Dallas: 972-239-6220