

# RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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*People Are Talking About...*

# America's Top Stations!

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**Michael Packer, Packer TalkRadio Consulting**

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## Radio under fire at 4As

by Frank Saxe

Radio consolidation was under fire from all sides at last week's (Feb. 11-13) American Association of Advertising Agencies (4As) meeting. While the DOJ's Merger Task Force has solicited help from ad agencies in the past, **Reid Horwitz**, assistant chief, went even further during his discussion with advertisers. "There's a place that you can turn to if you have a concern about a particular transaction involving radio or any other media in your community," adding his thanks to those that have already contacted DOJ. "Because of your help, we have been successful in both challenging and restructuring otherwise anticompetitive radio mergers in 11 cities."

While Horwitz says in most cases the threat of DOJ intervention has been enough to realign some deals, they are able to take their cases to court—such as the Chancellor/SFX merger on Long Island (*RBR* 11/10/97, p. 3). When that happens, he calls agencies the DOJ's star witness. "You are the only ones in the position to explain to the court what the competitive choices are in the market and how those choices may be impacted by a merger. We'll help you tell your story...which we'll give to the court if we have to sue."

**Gary Fries**, President and CEO, Radio Advertising Bureau, calls Horwitz's speech an "infomercial," and feels the government is creating hostility between broadcasters and agencies. "The DOJ over-solicited agencies to contact them, planting specu-

lation in their minds."

While DOJ was rallying its agency troops, others attacked radio's rising rates. **Jean Poole**, EVP/Media Buying, J. Walter Thompson, says her audit of top ten markets shows rates are going up [see chart, right]. Poole says CBS Stations Group CEO **Mel**

**Karmazin** "lied" to advertisers when he said last year he was just trying to strengthen the industry. "Radio consolidation has been aimed at profits, not improvements or benefits to the American public," says Poole.

But Fries fires back, "When you look at the inventory demand, which is not a product of consolidation, it has been extremely high. This is a business that when the high tide is there it is more difficult to negotiate to get the rates that you want." Fries also takes the agency world to task for its hypocritical stance on mergers. "You people have been the biggest consolidators there are and the agency media buyers, in some cases, have used that leverage over radio stations to make sure they kept their entire client base at the lowest rate available."

**RBR observation:** While Poole's numbers may be accurate, the economy as a whole is chugging along. LA is sold out for as far as the eye can see, TV rates have advertisers flocking to a revitalized radio industry that is keeping its audience more than

## The Poole Audit

J. Walter Thompson's Jean Poole reviewed ad rates in the Top 5 markets, and says she found widespread rate hikes.

Market	CBS	Chancellor	%Stn Cons	#Owners
New York	+15%	+30%	55.2%	25
LA	+30%	+40%	68.6%	34
Chicago	+30%	+50%	75.0%	37
San Fran	+20%	+15%	75.7%	17
Phila.	+5%	+10%	10.0%	20

Source: JWT's Jean Poole, *RBR* database. *RBR*'s consolidation rate combines duopolies and superduopolies.

TV—so it is no wonder why radio rates are up. Supply and demand, anyone?

## Agencies fear consolidation

A majority of ad agencies surveyed by the 4As said they think media consolidation would lead to higher ad prices. 66% of those surveyed think radio prices will go up, 70% said TV rates are rising and 76% predict outdoor costs will climb.

What do agencies think about ratings services? In the AAAA's survey, 60% said they have "some confidence" in Arbitron numbers, followed by Simmons at 57% and Nielsen at 56%. MRI came out on top, with a 65% confidence level.

The members, whose agencies bill \$10B annually, also said they want to know in advance if the TV show or magazine in which they advertise will feature controversial content and less than half of those surveyed said Internet advertising will garner a significant portion of their media budgets. While the erosion of network TV ratings continues, 61% of respondents still think primetime is worth its premium price over other dayparts.—FS

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## United Stations Talk future uncertain

by Katy Bachman and Carl Marcucci

United Stations is "regrouping" in the wake of talkmeister **Alan Colmes'** exit just four months after the launch of its full service, "The Morning Show" (RBR 9/22/97, p. 6).

Colmes asked to leave the show because he was exhausted from doing mornings and a 9-10P ET TV talk show with **Sean Hannity** on Fox News Channel. "It's another case of video killed the radio star," said **Andy Denemark**, VP/Programming, United Stations. "We're glad he made the choice in the beginning before we developed the show any further," he added.

Managing Director **Mike Castello**, who was brought on board about a year ago to develop United Stations Talk, has also "mutually parted ways" with the network. "Michael was spending most of his day doing this; it was his biggest project," said Denemark.

No word on United Stations next move. "We won't do something just to fill two empty hours," said Denemark, who added that **Barry Farber** (5-7P) and **Victoria Jones** (Noon-3P) remain on the US roster. Colmes used to do a show with Farber from 3-5P.

Meanwhile, Colmes has taken a late night position on WEVD-AM 1050 NY (11P-2A ET) which he can now call the second half of his workday. However, "it's not a syndication time period we're interested in," says Denemark. "We have to figure out what the marketplace wants."

## Chancellor stations share talent

by Carl Marcucci

While by no means a syndication effort, Chancellor has begun leveraging talent across its O&Os. The provocative **Jamie, Frosty & Frank** morning show at KALC-FM Denver has moved to KYSR-FM Los Angeles on Monday, but will continue airing in Denver as a simulcast. The goal is

## Mel's troops selling like crazy

by Jack Messmer

CBS (N:CBS) has six of the nation's ten highest billing stations, according to just-released figures from BIA Research. For the third straight year, CBS' WFAN-AM New York is numero uno, with \$47.7M in billings. Second place goes to Chancellor Media's (O:AMFM) WLTW-FM New York at \$37.9M.

After being displaced two years ago from its long-held number one spot, Tribune's (N:TRB) WGN-AM Chicago fell all the way from second to fifth in 1997, with \$34.5M.

CBS Station Group CEO **Mel Karmazin's** sales-driven philosophy is clearly carrying down through the ranks. CBS placed six stations from three markets in BIA's top ten.

The big gainer was **Scott Ginsburg's** Chancellor, which put three on the list, including two stations new to the top 10—WKTU-FM New York and KKBT-FM L.A. Also, WLTW-FM New York moved up from seventh to second place.

1996 top ten billers missing from the

to gain dominance with the female demo in LA. At KALC, the trio is #1 with Women 25-34, 18-49 and 25-54. Both formats are Modern AC.

This isn't the first time Chancellor stations have shared talent. It was done before with **Danny Bonaduce** when he moved from Chicago to Detroit.

**Ken Christensen**, GM, KYSR, told RBR the morning show will no longer be localized and become more topic-driven to effectively please both Denver and L.A. audiences. And as far as landing on more Chancellor stations? "It's always a possibility, but right now [the idea] is not on the front burner."

**RBR observation:** AMFM, Chancellor's network arm, is close to making some programming announcements. While this particular show may not be a part of the network, it's no doubt the shape of things to come as groups leverage their distribution networks.

## Top 10 1997 Station Billers\*

1	(1)	WFAN-AM NY	\$47.7M	CBS
2	(7)	WLTW-FM NY	\$37.9M	Chancellor
3	(6)	WXRK-FM NY	\$37.3M	CBS
4	(3)	WINS-AM NY	\$36.5M	CBS
5	(2)	WGN-AM Chicago	\$34.5M	Tribune
6	(4)	KRTH-FM LA	\$34.3M	CBS
6		WKTU-FM NY	\$34.3M	Chancellor
8		KKBT-FM LA	\$34.2M	Chancellor
9	(8)	KVIL-FM Dallas	\$32.8M	CBS
10	(5)	WCBS-FM NY	\$32.7M	CBS

Source: BIA Research \* 1996 rank in parentheses

1997 list were ABC's (N:DIS) KGO-AM San Francisco, which fell from ninth to 12th, and the two stations which had tied for tenth a year ago—Jacor's (O:JCOR) KIIS-FM L.A., now 11th, and Cox's (N:CXR) KFI-AM L.A., tied for 16th.

**RBR observation:** Interestingly, WFAN's leading revenue performance doesn't equal its ratings performance—#14 (P12+) in the market. It's a strong example of how CPPs aren't necessarily the best indicator of the value of a station, but lifestyle targets are.

## Broker group adds consultant

by Jack Messmer

Media Services Group, which has station brokers across the nation, has created MS Consulting, to advise broadcasters on revenue management.

The new operation is being headed by Managing Director **Glenn Way**, a 24-year radio veteran who was most recently Corporate Director of Sales Development for Patterson Broadcasting. Way is based in Hilton Head, SC.

Way said his objective is to take the sophisticated tools that many stations have for crunching numbers and forecasting, then translate the information into a form that sales staffs can use to make money.

**RBR observation:** This is a developing trend. Watch for more of the brokerage firms to branch out into new areas. Consolidation has given them the best years ever seen for station trading, but deal flow is now slowing. The brokers have plenty of cash from all those deals and two options: 1) close up shop and enjoy the good life or 2) find new services to offer broadcasters.

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### NAB Fly-In: Running radio post-Telcom

by Katy Bachman

Two years after Telcom, after broadcasters have wheeled and dealt to build the biggest radio groups ever in the history of the biz, the focus turns to making it all work. The NAB's annual Fly-In agenda last week at the infamous Pentagon City Ritz Carlton, was peppered with discussions about issues that will directly affect broadcasters' bottom line at a time when the Democrats, with a majority of three votes on the FCC, can essentially pass whatever they want.

Broadcasters don't have an FCC champion, as they did with feisty former Commissioner **Jim Quello**. Still, Commissioner **Michael Powell**, who spoke (2/18) may fill the bill (see related story, below).

The ultimate battle on issues such as free air time (*RBR* 2/2, p. 2), may rest with Congress, where elected officials are quick to remind the FCC that Congress makes the laws, not the FCC.

In the halls and at the receptions, the

biggest three-letter word was the DOJ. While its actions have often baffled broadcasters, a side effect has been that the FCC has delayed its actions on radio deals until the DOJ resolves its concerns. Many broadcasters are also appalled at DOJ's baiting of agencies, typified by **Reid Horwitz's** plea last week (2/13) to agencies at the American Association of Advertising Agencies Media Conference in Anaheim (see related story, p. 3).

There was even a bit of wistful looking ahead at the 2000 Presidential election as **Steve Forbes** addressed broadcasters the night after the Radio Operators Caucus met. The *Forbes* publisher endeared himself to broadcasters: He opposes the McCain-Feingold campaign reform bill (he's for total disclosure) and he urged a partial solution to the Iraq crisis which included radio broadcasts, a la VOA to the Iraqi population.

Legislative issues aside, broadcasters were reminded by their lobbying arm that with consolidation comes concerns they must recognize and address, not just from the FCC, Capitol Hill, and DOJ, but from consumers. One group head expressed his worry that in running these large megagroups, broadcasters will forget what radio is about and jump to the easy solutions to maximize the short-term dollar.

### Powell tunes in radio

by Frank Saxe

"I have a new hero at the FCC," is what one group head had to say after hearing Commissioner **Michael Powell** (R) at last week's NAB Group Head Fly-In. Powell, one of four new commissioners, admitted he "has a lot to learn about radio," although he has apparently been keeping tabs on the radio stock chart, joking he wished ethics laws allowed him to have one or two in his portfolio.

Powell said it is too soon to say whether the 1996 Telcom Act is a failure, but he said there have been "subtle signs of trouble in paradise," particularly with diversity and minority ownership. "The next big episode in the continuing saga of deregulation and competition is how we define these 'diversity' objectives and how we pursue them in light of a more competitive free-market paradigm." Powell said radio should be more proactive, and expressed support for reviving minority tax credit programs.

"These consolidations have unquestionably made the radio industry more efficient and probably has made radio stations more effective competitors," said Powell. The FCC is presently conducting a review of duopoly, as required by Telcom, and Powell tells *RBR* he has no way of knowing where the Commission will go since "a gut feeling is anything that will get three votes."

Powell was the first commissioner to address a radio-only crowd, and NAB Radio Board President **Howard Anderson** called him a "breath of fresh air," although Anderson said diversity issues would be better addressed to the banking industry since access to capital is what hurts minorities most.

### DAB closes in

by Carl Marcucci

**Randy Odeneal**, chairman of the NAB's DAB task force and General Partner, Sconnix Broadcasting, updated broadcasters on several technology issues including satellite DARS, IBOC and Eureka-147.

• **Satellite DARS** Odeneal reassured broadcasters that there was less to fear from DARS because the economics just weren't working. "They [CD Radio and AMRC] are going deeply into the hole before they get their first \$10 subscription check. By their own admission, they've lost \$70M thus far and they expect to lose another \$170M by the end of next year."

Both companies now openly admit they will need terrestrial repeaters to make the systems work in urban canyons. "AMRC said they would need as many as 1,000 terrestrial repeaters. CD Radio is not being entirely candid—they said they would need 140 in the top 40 cities."

• **IBOC** Many broadcasters, including Odeneal, would like to see IBOC get out of the chute before the satellite people hit their implementation deadline sometime in 1999, a deadline Odeneal believes is iffy. USADR expects to have receivers in the stores for Christmas 2000 and mobile testing is expected this year.

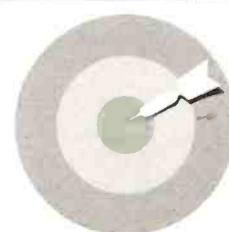
Lucky for IBOC, Eureka 147—the system preferred abroad—is losing its foothold. "The Mexicans announced last Fall that they are no longer supporting L-band Eureka DAB and in fact are waiting to see how IBOC developments go in the US," reported Odeneal. He added that Canadians are realizing that Eureka is a cellular configuration and one antenna will only go 25 miles, so they need six or seven antenna sites to match the analog coverage.

Meanwhile, broadcasters are anxious for IBOC, now with two developers, USADR and DRE, to become reality (*RBR* 2/16, p. 6). Said Odeneal: "We're moving forward. On the one hand, it's always wonderful to have competition. On the other hand, it certainly complicates the process a little bit in choosing a winner. Either way, there's a time for everything, and the time for digital has come. Everybody is committed in the industry from the NAB to the broadcaster."

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by Carl Marcucci

## Country programming: Keeping an eye on the prize

Country's format peak lasted for a number of years, but what goes up must come down. While Country still has more stations and listeners than any other format, the heyday of '92-'93 (when **Garth Brooks** made the cover of *Forbes* Magazine) has diminished and leveled off. Since 1994, station counts dropped to 794 from 846. Average market format shares slipped from 17.3 in Fall '92 to 16.2 in Fall '97, according to a preliminary Katz Radio Group analysis of Arbitron data. **Gerry Boehme**, SVP, Katz, explained that the 16.2 skews a little high because this is the first time Arbitron included all markets in its Fall survey.

It didn't take long to mount a defense—station branding is a big focus, playlists have been tightened and listener research is being used like never before. Country stations took a good look in the mirror. "We went through a period when Country was so hot that you could slap on a hot new song and the music would

carry you. People got to thinking that they could continue to do this without spending money on marketing, positioning and talent. What we're seeing now is that you can't get by on the music alone. You have to be a fundamentally sound radio station that plays Country music," said **Bob Moody**, Country consultant, McVay Media.

"I think that some Country programmers tried to fool themselves into thinking that Country was an 18-34 format and tipped the scales a little too far into the current music mix. When the music was very, very good, and there was a lot of great new music out there, that wasn't necessarily a bad place to be. But there's only so much good music that can come out at one given point. Eventually, it begins to become a parody of itself. Nashville starts cloning artists and styles. And you wind up having a lot of stuff that sounds the same and not quite as compel-

ling," said **Ken Johnson**, PD, WXTU-FM Philadelphia.

Because of that, listeners were losing passion for the format. When the Alternative formats grew in the last few years, Country's P2s and P3s were certainly candidates to move over. "Country became a been there, done that concept for some of those folks and they moved on to the next thing. Programmers were then left with the nucleus of the Country audience that had always been there, the 25-54s, and suddenly they were faced with the fact that these folks just weren't as happy as they'd been. People just aren't getting it—we're throwing too much stuff up against the wall to see what will stick rather than trying to play the very best of what's out here," said Johnson.

Many blamed Nashville. "If we were to follow the record labels' desires, they would have stations march stuff up the charts and out in 10-12 weeks and on to the next. The adult audience takes a little longer to become familiar with the music," Johnson added.

*continued on page 8*

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## IT WILL BREAK NEWS AND MAKE NEWS

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### Trimming playlists in response to unfamiliarity

The familiarity solution from PDs and consultants was to trim the playlists, reducing the number of currents (RBR 6/16/97, p. 4). "The

phenomenon of listeners saying, 'There are so many artists out here that I'm lost' is real. You hear that all over the place in focus groups or perceptual studies. We have to look at being fluid here, but still recognize that Country now since the middle of

1994 is really back to being a hit-based format again," said **Rusty Walker**, President, Rusty Walker Programming Consultants.

"I've always been a believer in tightening up playlists. I came through the old days of Top 40, and later CHR. You go with a short playlist because people can't absorb all that music. The radio station is driven by the hottest rotation. If those songs are right, then it sounds like the station is playing the hits. If those records are wrong, then the listener says 'Where's my favorite record?'" said **Ed Shane**, president, Shane Media.

However, some programmers may have gone too far and were completely confused when ratings didn't go up. Some were taking gold rotation a lot further back in years while drastically decreasing the number of currents. Core Country radio listeners, while they may take longer to attach to a song, aren't interested in being bombarded with heavy repetition of particular songs. If a station shrinks its current playlist to where two or three songs on rotation are things that a particular listener doesn't care for, he or she may be forced to find something else on the dial.

"Because the TSL is higher in Country, and the level of P1 listeners is higher, when you tighten up the list, you run off your best customers. Your success has to be built on TSL. So if you have a station with 10.5 hours a week of TSL and you start turning records over every hour or so there's no variety—they're not hearing the new artists that they're seeing on CMT or the Country Box and they get annoyed," said Moody.

The best course of action may have been some adjustments in the mix, but not a massive retooling. Said Walker: "The folks who realized this

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### Northeast Country stations ride horse of a different color

In the Northeast, the whole challenge is to get people to come to the Country music format to begin with. "Someone told me when coming here: The only thing Country about a Country station in the Northeast is the music. It's extremely important that the presentation, personalities and marketing have a very contemporary feel and flavor. The packaging must be broader and more mass appeal. You're looking to make it very palatable to as broad a section as possible, while maintaining the loyalty of your P1s," said **Deborah Parenti**, the new GM at WXTU-FM Philadelphia.



Ken Johnson

A lot of the emotion that some other formats may have (like Oldies and Classic Rock) is not there to draw from with Country. "Music means the most to people when they can form an emotional bond with it. And you're not going to form an emotional bond with Country in the [urban] Northeast because in most cases it wasn't the music they listened to as teenagers. It's an acquired musical taste and an acquired musical formatic choice. So you can't really tug on the heart strings in some regards," said **Ken Johnson**, the new PD for WXTU, who also spent many years in Buffalo programming for WYRK-FM.

Northeast Country Stations must also make some adjustments to a typical Country playlist. "The Western swing approach seems to do well in the Western markets,

i.e. **Garth Brooks**' 'Long Neck Bottle.' Very traditional-sounding songs with a lot of steel guitars will sometimes fare better in Southern markets than Northern. You have to be cautious about how many of those songs you're going to have on your playlist," said Johnson.

While he currently leverages Classic Rock cover songs remade by Country artists at WXTU, Johnson says that to establish WYRK in the market, it took crossover: "At one point, a lot of stations in the early going—as we did at WYRK—added crossover songs to the music in rotation. Selected cuts from Creedence Clearwater Revival, **James Taylor**, **Dan Fogelberg**, **Jim Croce**, 'Ramblin' Man' from the Allman Brothers. Basically things that were 'quasi-Country' to make Country somewhat more familiar."

The playlist at WXTU has a heavy recurrent base. "Listeners here aren't as much in a panic to hear all the newest songs. A new song by **Reba** or **Garth** or **George Strait** they have no problem hearing right away, but the secondary and new artists kind of take a number and wait," said Johnson.

At first glance, Northeast Country stations appear to have a niche advantage. But that doesn't mean competition is by any means scarce. Said Johnson: "If they hear a song on a country station that they don't like, they'll go over to the Classic Rock station or the Oldies station. You can't think that just because you're the only Country guy that they won't punch you out. They will go. In Buffalo and here in Philly, I've found the #1 competitor for Country is Oldies."

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continued from page 8

is a state of flux situation and left themselves open to move a little bit had the best results. If there is a reason to kick backwards in equity just a little bit, do so, focus more on current products from very familiar, high profile artists and play them."

**New age in Nashville?**

"Now, everyone is beginning to work together for the betterment of the Country music industry and radio format," said Walker. Only so many artists can be effectively promoted at one time. Nashville is realizing this and looking at audience research more and more to find the target acts.

"The format is in a regrouping state as Nashville is trying very very hard to figure out how to reflect the needs of the folks who are core to Country and also P2s. The record labels are being very receptive to serving the customer. Perceptual and strategic type studies are being done for the entire roster of talent on a level never been done before. The CMA just did a gigantic study presented in November using 5,000 samples. If the key is in perception, within a number of months, I think the format will be alright," says Walker.

There are a number of reasons Nashville and Country radio took their eyes off the target—the listeners. "The Country programmer tends to follow Nashville instead of the audience. And I don't get it. Yes, Nashville has been enormously important to us, but if you ask your audience what's going on, you get a whole lot better read," said Shane.

In addition, programmers sometimes have images of the artists that aren't necessarily the listeners' feelings. "You've got to be careful sometimes not to confuse the two. **Randy Travis** for example. Programmers may feel he's been around a while, his songs aren't doing too good. 'Maybe we shouldn't be playing him.' But he is viewed positively and scores well on listener opinions," said Johnson.

Where listener perception is key, the glut of new artists also needed to be addressed. "Country music is not in a drought but a flood of expansion teams. Nashville works on a different kind of business cycle. They're spending the money they made in '91-'94, signing new artists [and] creating new labels [to carry them]. That caught up. It's watered down the standards

because you need more players for those expansion teams," said Walker.

Nashville may have been rushing the process for artists who had not made the circuit or paid their dues yet. "These artists don't have good access to the very best writers. **George Strait, Alan Jackson** and **Reba McIntyre** have the great writers tied up. They get first refusal on those songs, and then they can trickle down to some of those other people," said Shane.

In addition, many of the new songwriters that had releases climbing into the top ten couldn't repeat it with the next. Said Moody: "They might have a #1 their first time out and then fall off the face of the earth. There were a lot of new songwriters out there with some really good songs that might have served more mature acts very well, but they were saving them for themselves."

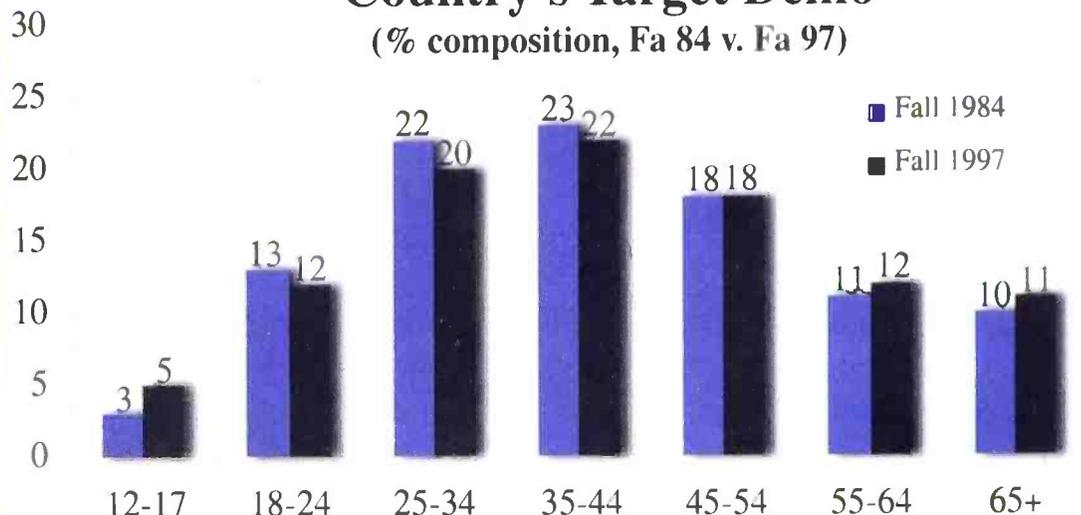
It's a double-edged sword for artists and the industry. The good song

stayed with the writer before the writer was established as an artist, then he or she had to go it alone without access to other writers. If the song had gone to a well-known act, it would have saved the promotional expense of launching a new artist that wasn't ready with enough good material yet. It also may have helped ratings and sold more records. "It's become a song-driven format and that's made it difficult. But what it boils down to is the ability to get great songs matched up with great acts" said Walker.

Nashville did pull back a bit, not only to help themselves, but the format in general. Said Shane: "The crisis is taking care of itself in that the labels are starting to say we're not going to release so much stuff. They're not signing as many people now—it's not profitable for them to put records out that either don't get played or don't get shelf space."

**Country's Target Demo**

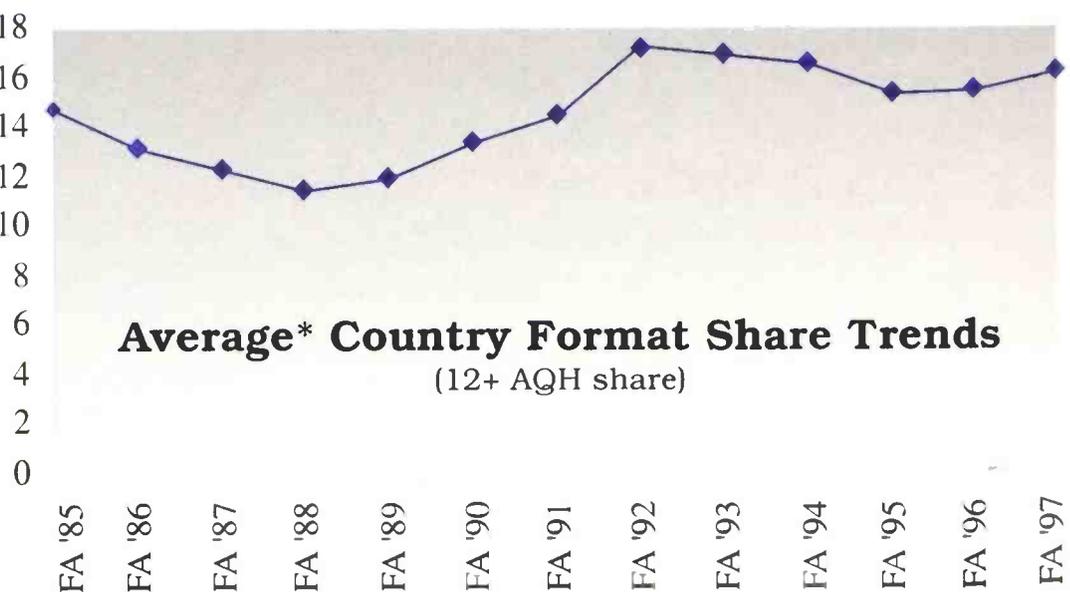
(% composition, Fa 84 v. Fa 97)



Source: Katz Radio Group analysis of Arbitron data

**Average\* Country Format Share Trends**

(12+ AQH share)



Source: Katz Radio Group analysis of Arbitron data

\*Markets with a Country format

# BROADCAST INVESTMENTS<sup>TM</sup>

February 18—RBR Stock Index 1998

Company	Mkt:Symbol	2/11 Close	2/18 Close	Net Chg	Pct Chg	2/18 Vol (00)	Company	Mkt:Symbol	2/11 Close	2/18 Close	Net Chg	Pct Chg	2/18 Vol (00)
Ackerley	N:AK	17.375	18.812	1.437	8.27%	112	Heffel Bcg.	O:HBCCA	50.875	47.750	-3.125	-6.14%	1835
Alliance Bcg.	O:RADO	0.500	0.500	0.000	0.00%	0	Jacor	O:JCOR	55.500	59.750	4.250	7.66%	15399
Am. Radio Sys.	N:AFM	59.687	58.500	-1.187	-1.99%	1708	Jeff-Pilot	N:JP	81.062	81.062	0.000	0.00%	1327
AMSC	O:SKYC	8.250	8.375	0.125	1.52%	26	Jones Intercable	O:JOINA	16.125	16.875	0.750	4.65%	39
Belo Corp.	N:BLC	56.125	55.625	-0.500	-0.89%	194	Metro Networks	O:MTNT	33.500	35.000	1.500	4.48%	282
Big City Radio	A:YFM	8.562	8.750	0.188	2.20%	46	NBG Radio Nets	O:NSBD	2.500	1.875	-0.625	-25.00%	0
CBS Corp.	N:CBS	31.500	30.125	-1.375	-4.37%	14308	New York Times	N:NYT	66.312	68.250	1.938	2.92%	2333
CD Radio	O:CDRD	17.312	17.875	0.563	3.25%	637	NewsComm.	O:NCOM	1.375	1.437	0.062	4.51%	95
Ceridian	N:CEN	46.000	46.375	0.375	0.82%	2504	Otter Tail Power	O:OTTR	37.625	37.625	0.000	0.00%	60
Chancellor	O:AMFM	41.250	40.250	-1.000	-2.42%	11094	Pacific R&E	A:PXE	3.875	3.687	-0.188	-4.85%	76
Childrens Bcg.	O:AAHS	3.750	3.812	0.062	1.65%	420	Pulitzer	N:PTZ	65.437	65.125	-0.312	-0.48%	161
Clear Channel	N:CCU	85.562	89.062	3.500	4.09%	2093	RealNetworks	O:RNWK	16.187	15.375	-0.812	-5.02%	1011
Cox Radio	N:CXR	40.500	40.500	0.000	0.00%	1415	Saga Commun.	A:SGA	20.625	20.500	-0.125	-0.61%	10
DG Systems	O:DGIT	3.250	3.062	-0.188	-5.78%	281	SFX Bcg.	O:SFXBA	89.250	91.125	1.875	2.10%	3079
Disney	N:DIS	110.812	114.875	4.063	3.67%	11985	Sinclair	O:SBGI	53.625	54.000	0.375	0.70%	2224
Emmis Bcg.	O:EMMS	46.250	46.375	0.125	0.27%	976	SportsLine USA	O:SPLN	20.062	18.625	-1.437	-7.16%	2659
Faircom	O:FXCM	0.875	0.812	-0.063	-7.20%	0	TM Century	O:TMCI	0.562	0.562	0.000	0.00%	0
Fisher	O:FSCI	125.000	124.000	-1.000	-0.80%	0	Triathlon	O:TBCOA	10.500	10.875	0.375	3.57%	25
Gaylord	N:GET	30.625	30.187	-0.438	-1.43%	852	Tribune	N:TRB	62.375	63.750	1.375	2.20%	2095
Granite	O:GBTVK	12.000	11.625	-0.375	-3.13%	310	Westower	A:WTW	18.625	21.875	3.250	17.45%	131
Harris Corp.	N:HRS	50.250	50.750	0.500	1.00%	1395	Westwood One	O:WONE	34.375	31.250	-3.125	-9.09%	550
							WinStar Comm.	O:WCII	35.500	34.875	-0.625	-1.76%	5513

## Tribune ups dividend

Tribune Co. (N:TRB) shareholders will have a little more change to rattle in their pockets. The company has raised its quarterly dividend by a penny to 17¢ per share. The dividend is payable March 12 to shareholders of record Feb. 27.

## SportsLine goes global

SportsLine USA (O:SPLN) announced a series of deals with foreign print and online companies to distribute sports information via the Internet in Portuguese, German, Spanish and Dutch. Another series of deals will tie the company's CBS SportsLine content to major resources for soccer, Soccernet; cricket, CricInfo; and golf, GolfWeb. All will be available through [www.sportsline.com/u/worldwide](http://www.sportsline.com/u/worldwide).

**RBR observation:** Wow! 100,000 web pages of cricket information. We can hardly contain our excitement!

## SFX sells \$350M in notes

SFX Entertainment, which is soon to be spun off from SFX Broadcasting (O:SFXBA), sold \$350M of 10-year 9.25% senior subordinated notes. Lead underwriter: Lehman Bros.

2/23/98 RBR

# RECENTLY CLOSED

The Purchase of **Guardian Communications' Stations**  
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to  
**American General Media**

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by Jack Messmer

## DC consolidation done; WWDC to Chancellor

Superduopoly consolidation began in Washington, DC in February 1996 when President **Clinton** signed the Telcom Bill. Now, consolidation in the nation's capital has been wrapped up with the sale of WWDC-AM & FM to Chancellor Media (O:AMFM) for \$72M.

WWDC-FM was the last competitive FM signal in DC not owned by one of the market's four consolidators, Chancellor, CBS (N:CBS), Bonneville International and Radio One (a DC-based national group)—with the exception of WAVA-FM, which is a key holding of Salem Communications, the largest nationwide Religious group broadcaster.

Although WWDC's owner, the **Bender Brothers'** Capitol Broadcasting Co., doesn't own any other stations, the FM is nationally known

because of a couple of its alumni. The station is featured in **Howard Stern's** "Private Parts" book and movie (it's where he hooked up with side-kick **Robin Quivers**). Stern's national show now airs on CBS' WJFK-FM in DC. DC-101 was also where another current CBS morning talent honed his act—**Doug "Grease" Tracht**, now on WARW-FM DC.

With the addition of the Nostalgia/Rock combo, Chancellor will be back to three AMs and five FMs in Washington. It had previously dealt away an AM and FM to Bonneville as part of a multi-market group deal.

**RBR observation:** Chancellor's AMFM has got to be pleased with this deal, as it gives the new radio network another top station in a top 10 market.

## Latest Cumulus update

We should probably start a weekly column just to keep up with this fast-growing group. Here are the latest moves by Cumulus Media:

- Green Bay, WI: Cumulus already has a superduopoly in the adjacent Appleton-Oshkosh market, and some of those stations are also players in Title Town. Now Cumulus is paying a bit over \$4.5M for two stations officially in the Green Bay market—\$2.5M for **Jack LeDuc's** WJLW-FM and \$2.065M for **Lyle Evans' WEZR-FM**. Broker: **Jack Minkow & Bob Heymann**, Broadcasting Asset Management Corp.

- Florence, SC: **George Buck's** WHSC-AM & FM goes to Cumulus for \$700,000, creating a double duopoly. Broker: **Mike Bergner**, Bergner & Co.

- Columbus, GA: Cumulus is getting a fourth FM under a settlement agreement for a new Class A on 101.3 MHz in Smiths, AL. Six applicants are being bought out for a total of \$1.8M.

- Beaumont-Port Arthur, TX: Cumulus is turning its double duopoly into a superduopoly with a \$3.6M buy of KTCX-FM from **Richard Dames'** Pacific Broadcasting of Beaumont.

- Lake Charles, LA: A new market for Cumulus, which is buying **John Borders'** and **Don L. Turner's** KXZZ-AM, KYKZ-FM, KKGB-FM & KBIU-FM. Broker: **Tom Gammon**, Americom

In an unusual move, Cumulus Media's **Richard Weening** and **Lew Dickey Jr.** issued a statement announcing withdrawal of a \$65M bid for Bloomington Broadcasting. There had been rumors that the deal was in the works, but no official confirmation.

**RBR observation:** Cumulus may be one of the fastest growing groups around, but Weening and Dickey want to grow even faster. The way to do that is to buy groups, not individual stations. If they are able to nail a couple of group buys near the size of Bloomington, look for an IPO to follow quickly.

Randy Baca and Katharine S. Klein of  
**Scottsdale Talking Machine Co.**

*have completed the sale of*

**KBUQ-FM**  
**Phoenix, Arizona**  
*for*

**\$6,800,000**

*to*

**New Century Arizona LLC**

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**CLOSED**

## Westwood continued growth

1997 was another record year for Westwood One (O:WONE) as net revenues gained 40% to \$240.8M, operating cash flow rose 24% to \$48.9M and net income increased 46% to \$25.5M.

CEO **Mel Karmazin** noted with pride that Q4 was the 16th straight quarter of record results since his team took over management of WW1 via Infinity Broadcasting, now part of CBS Corp. (N:CBS). WW1 became the nation's largest radio network during 1997 when it took over sales and marketing for the CBS Radio Networks (RBR 4/7/97, p. 3).

### In other earnings...

•Gaylord Entertainment's (N:GET) 1997 report was pro forma for the

## Big City in Windy City deal

Big City Radio's (A:YFM) third Chicago-area signal won't be on 103.1 MHz, like the first two, but on 92.5 MHz. Big City is buying WDEK-FM De Kalb, IL for \$4.5M. **Broker: Bruce Houston**, Blackburn & Co.; **Gary Stevens**, Gary Stevens & Co.

## Tiny town gets two sticks

Ingalls, KS, population 300, is about to get not one, but two radio stations as a result of the recent round of FM settlements.

First, **Bob Schmidt's** Eagle Communications, which owns stations throughout Kansas, is paying \$240,000 to three other applicants to win a CP for a new Class C1 on 96.3 MHz. Ingalls is just about dead center of the 50 miles of highway separating Dodge City and Garden City, so the Eagle signal may actually cover more people than cattle—maybe.

One of those being paid off by Eagle is **Mark Swendsen's** MAS Communications, which is also an applicant for a Class A on 105.9 MHz in Ingalls. MAS will pay \$60,000 to get rid of the one competing applicant, leaving Swendsen \$20,000 ahead from his Eagle payoff.

## Chancellor cash flow up 122.4%

Chancellor Media (O:AMFM) reported record financial results for 1997. Net revenues increased 98.1% to \$582.1M, broadcast cash flow gained 122.4% to \$265.8M and after-tax cash flow rose 83.6% to \$126.7M.

sale of its cable networks to CBS (N:CBS). Revenues increased 31.6% to \$561.5M, operating cash flow gained 18.1% to \$82.4M and net income, exclusive of non-recurring items, declined 11.2% to \$26.9M.

•Granite Broadcasting (O:GBTVK) had 1997 net revenues up 19% to \$153.5M. Broadcast cash flow gained 22% to \$69.8M.

•DG Systems (O:DGIT) reported record revenues of \$29.2M for 1997, up 177%. Cash flow (EBITDA) improved to a negative \$3.6M from a negative \$4.5M in 1996. Unit deliveries—a measurement of volume over the company's digital delivery systems to radio and TV stations—increased to 1.3M units in 1997, compared to 784,000 in '96.

On a pro forma basis (stations only, excluding its Katz Media rep subsidiary), Chancellor said revenues gained 15.5% and broadcast cash flow 24.9%.

"Our operating management has consistently delivered double-digit gains in year-over-year broadcast cash flow," said CEO **Scott Ginsburg**. "Our goal is to extend this record in 1998 as we continue to build and generate strong results from our major market radio stations, Katz Media and the AMFM Radio Networks

## Jacor folds in Denver partner

Jacor Communications (O:JCOR) has been JSA partner to **Tony Galluzzo's** Tsunami Communications since it bought KIX-AM & KTCL-FM Fort Collins-Denver in 1994. In a move not likely to surprise anyone, Jacor is now buying out Galluzzo's stock interest in Tsunami for \$500,000 plus assume \$5.6 M in debt. The deal creates a string of superduopolies with Jacor's overlapping station contours in the Denver, Fort Collins-Greeley and Cheyenne markets.

## Cox posts double-digit gains

Cox Radio (N:CXR) reported 1997 net revenues up 50.2% to \$199.6M. Broadcast cash flow gained 70.1% to \$69.8M.

Net income shot up 232.7% to \$49.7M, including a \$29.3M after-tax gain on the sale of two Chicago stations. Without that one-time gain, the increase would have been 36.7%.

On a same-station basis, revenues gained 15% and cash flow 33.7%.

# CLOSED!

**Patterson Broadcasting, Inc.**, James W. Wesley, Jr., President, has merged with **Capstar Broadcasting Partners, Inc.**, R. Steven Hicks, Chairman and CEO, for consideration totaling **\$215,000,000.**

Randall E. Jeffery  
and  
George I. Otwell  
represented the buyer.

GEORGE I. OTWELL  
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CHARLES E. GIDDENS  
703-827-2727

RANDALL E. JEFFERY  
RANDALL E. JEFFERY, JR.  
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# TRANSACTION DIGEST

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Feb. 11 through Tuesday, Feb. 17. RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

**\$9,000,000—WNMA-AM** (1210 kHz) & **WCMQ-AM** (1700 kHz) Miami (Miami Springs FL) from One-on-One Sports License of Florida LLC, a subsidiary of One-on-One Sports Inc. (Christopher J. Brennan), to Radio Unica Corp. (Joaquin F. Blaya, Warburg, Pincus Ventures LP & others). \$1M escrow, balance in cash at closing. The buyer has LMA'd WNMA-AM since 1/26; WCMQ-AM is LMA'd by SBS.

**\$9,000,000—KRIO-FM** San Antonio (Floresville TX) from Radio KRIO Ltd. (John W. Barger) to Spanish Broadcasting System of San Antonio Inc., a subsidiary of Spanish Broadcasting System Inc. (Raul Alarcon Jr., Pablo Raul Alarcon Sr., Jose Grimalt). \$9M cash.

**\$6,000,000—\*WBEX/WKKJ** Chillicothe OH from Pearl Broadcasting Inc./Guaranty Broadcasting Corp. (George Foster) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$450K escrow, balance in cash at closing. Seller has filed application to upgrade WKKJ-FM and to change its city of license to Reynoldsburg OH. **Superduopoly** and **duopoly** overlap with many Jacor-owned stations forming eight distinct markets. Overlap is primarily with stations in the Columbus market, and also includes WLW-AM Cincinnati and WOFR-AM & WCHO-FM Washington Court House OH. LMA until closing. Broker: Jorgenson Broadcast Brokerage

**\$7,500,000—\*WOSC-FM & WWFG-FM** Salisbury-Ocean City (Bethany Beach DE-Ocean City MD) from WOSC License LP & WWFG License LP, subsidiaries of Capstar Broadcasting Partners (Steve Hicks) to Cumulus Licensing Corp. (William Bungeroth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$750K letter of credit as escrow, balance in cash at closing. LMA since 1/16. Multiple **superduopolies** with WTGM-AM, WJDY-AM, WLBW-FM, WLVW-FM, WQHQ-FM &

WSBY-FM. Broker: Media Venture Partners

**\$2,900,000—\*WMAJ-AM & WBHV-FM** State College PA from Nittany Broadcasting Co., a subsidiary of Burbach Broadcasting Co. (Nicholas A. Galli, pres.) to Forever Broadcasting LLC (Donald J. Alt, Kerby E. Confer, Carol B. O'Leary, Lynn A. Deppen). \$175K escrow, \$75K non-compete, balance in cash at closing. **Duopoly** with WFGI-FM. Broker: Michael Bergner, Bergner & Co.

**\$2,850,000—\*WRRX-FM** Gainesville-Ocala (Micanopy FL) from Gator Broadcasting Corp. (David Gregg III) to ECI License Company LP, a subsidiary of Entercom (Joe & David Field). \$150K escrow, balance in cash at closing. Note: \$850K of the price is allocated to a pending C2 upgrade and Entercom is to reimburse the seller for costs associated with building the upgrade. **Duopoly** with WKTK-FM. LMA since Dec. 23. Broker: Donald K. Clark

**\$2,600,000—WTOP-FM** Washington (Warrenton VA) from Radio Broadcast Communications Inc. (William Parris, pres.) to Bonneville International Corp. (Bruce T. Reese, pres.). \$100K escrow, balance in cash at closing. Forms combo with WTOP-AM. Bonneville also owns WWZZ-FM and WGMS-FM in the Washington market. LMA with Chancellor Media since 8-7-97, which was assumed by Bonneville 10-1-97. Broker: Blackburn & Co.

## Broadcasting Partners Holdings, L.P.

has made a substantial equity investment in

Spring Broadcasting	Pilot Communications	Mercury Radio Communications	Sound Broadcasting	Gleiser Communications
a radio broadcasting company formed to acquire eight radio stations in Illinois, Connecticut, Massachusetts, and New Jersey	a radio broadcasting company which operates four radio stations in Syracuse, New York and four radio stations in Augusta-Waterville, Maine	a radio broadcasting company formed to acquire four radio stations in Buffalo, New York	a radio broadcasting company formed to acquire three radio stations in Monroe, Louisiana	a radio broadcasting company formed to acquire four radio stations in Tyler-Longview, Texas
for	acquiring a membership interest for	for	for	for
<b>\$14,100,000</b>	<b>\$6,250,000</b>	<b>\$62,000,000</b>	<b>\$5,000,000</b>	<b>\$3,550,000</b>
January 1997	January 1997	October 1997	November 1997	November 1997

Broadcasting Partners Holdings, L.P. was founded in January 1997 by VS&A Communications Partners II, L.P., a \$330 million private equity fund affiliated with Veronis, Suhler & Associates. Led by chairman and CEO Lee Simonson, a 28-year radio veteran, and CFO Phillip Thune, Broadcasting Partners' strategy is to acquire and invest in radio stations and groups that can achieve growth through development of local marketing and strategic acquisitions. VS&A Communications Partners and Broadcasting Partners provide equity capital for acquisitions to experienced owner/operators who choose to maintain a significant equity interest in their business and continue to run their group on a day-to-day basis.

Today, Broadcasting Partners is composed of 5 platform companies operating 36 stations in 12 markets. We are seeking add-on acquisitions in new markets for all 5 platforms and investment opportunities to create new owner/operator platforms in the Midwest and on the West Coast. To learn more about VS&A's investment criteria, contact:

Christine L. Balcus, Director for Radio Broadcasting, (212) 935-4990

**VERONIS, SUHLER & ASSOCIATES INC.**

**\$1,660,000—\* WGLR-AM & FM** Dubuque IA (Lancaster WI) from K to Z Ltd. (Jim Zimmerman) to QueenB Radio Wisconsin Inc. (David Sanks), a subsidiary of Television Wisconsin Inc. (John B. Murphy, Elizabeth Murphy Burns, Evening Telegram Co.). \$83K escrow, \$1.2M (less escrow) in cash at closing, \$460K note. Double **duopoly** with WPVL-AM & FM (below). Note: No contour overlap with co-owned WISC-TV (Ch. 3, CBS) Madison WI. **Broker:** Jay Meyers

**\$1,200,000—WAVQ-FM** Inglis FL from WAVQ-FM Inc. (Carl J. Marcocci) to Seven Rivers Broadcast Ministry (Jim Witherow & others). \$200K escrow, \$1M (less escrow) in cash at closing, \$200K note.

**\$1,050,000—\* KZJM-FM** (formerly KXCC) Corpus Christi (Rockport TX) from Coastal Bend Radio Active Inc. (Fred Hoffmann, Robert Dean) to Pacific Broadcasting of Missouri LLC (P. Stephen Bunyard, James G. Withers, Richard Dames). \$52.5K escrow, additional \$488K in cash at closing, \$509.5K note. **Superduopoly** with KAHX-FM & KZTX-FM (below).

**\$1,000,000—\* KITN-FM** Worthington, MN from Minnesota Valley Broadcasting Co. Inc. (John Linder) to Nobles Broadcasting Company Ltd. Inc. (Donald & Janet Rabbitt, Thomas Parsley). \$20K escrow, \$450K (less escrow) in cash at closing, \$350K note, \$200K under non-compete agreement. **Duopoly** with KWOA-AM & FM Worthington MN. **Broker:** Johnson Communications Properties

**\$1,000,000—\* KBAM-AM & KRQT-FM** Longview WA (Longview/Castle Rock) from Armark Broadcasters Inc. (Howard T. Kynaston, pres.) to Entertainment Communications Inc. (Entercom, Joseph M. Field, pres.). \$50K escrow, balance in cash at closing. Double **duopoly** with KEDO-AM & KLYK-FM. **Broker:** Andrew P. McClure, The Exline Co.

**\$825,000—\* WPVL-AM & FM** Dubuque IA (Platteville WI) from Platteville Broadcasting Inc. (Paul Braun) to QueenB Radio Wisconsin Inc. (David Sanks), a subsidiary of Television Wisconsin Inc. (John B. Murphy, Elizabeth Murphy Burns, Evening Telegram Co.). \$850K cash. Double **douopoly** with WGLR-AM & FM (above). Note: No contour overlap with co-owned WISC-TV (Ch. 3, CBS) Madison WI.

**\$725,000—\* KZTX-FM** Corpus Christi (Refugio TX) from Sound Leasing Inc. (Fred Hoffmann) to Pacific Broadcasting of Missouri LLC (P. Stephen Bunyard, James G. Withers, Richard Dames). \$36.25K escrow, additional \$180.25K in cash at closing,

\$508.5K note. **Superduopoly** with KAHX-FM & KZJM-FM (above).

**\$650,000—WRXZ-FM & WFFM-FM** Albany GA (Sylvester-Ashburn GA) from K&B Broadcasting Co. Inc. & WFFM Inc. (Wade Keck) to On Top Communications Inc. (C. Steve Hegwood, Horace Dawson, Dave Ross, Wesley Johnson, Bobby Lewis, James Wright). \$32.5K escrow, additional \$267.5K in cash at closing, \$350K in two notes. Note: The application indicates that the city grade contours of these two FMs do not overlap. **Broker:** John Willis & George Reed, Media Services Group

**\$525,000—\*WIZE-AM** Dayton (Springfield OH) from Staggs Broadcasting Corp. (Gerald F. Staggs) to Citicasters Co. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). \$26.25K escrow, balance in cash at closing. **Superduopoly** with WONE-AM, WLTV-FM, WTUE-FM & WMMX-FM Dayton, plus WLW-AM Cincinnati and WTVN-AM Columbus. **Broker:** Jay Meyer

**\$500,000—\* KIIX-AM** Fort Collins-Greeley (Wellington CO) and **KTCL-FM** Denver (Fort Collins CO), 100% stock sale of Tsunami Communications Inc. from Anthony A. Galluzzo to Jacor Broadcasting of Colorado Inc. (Randy Michaels), a subsidiary of Jacor Communications (O:JCOR). Multiple **superduopolies** with 14 Jacor stations in the Denver, Fort Collins-Greeley and Cheyenne Arbitron markets, although no more than eight station contours overlap at any point. JSA since 4/6/94.

**\$350,000—KULM-FM** Columbus TX from Arlan Enterprises Inc. (Harold A. Young, Jean L. Shaw-Young) to Texrock Radio Inc. (Dain L. Schult). \$20K earnest money, \$230K cash, \$100K note. **Broker:** John W. Saunders

**\$335,000—\* KOLV-FM** Olivia MN from Olivia Broadcasting Co. (George S. Blum) to Bold Radio Inc. (Lynn C. Ketelsen, John Linder, Steve Linder). \$10K escrow, \$75K (less escrow) in cash at closing, \$260K in a series of notes. **Superduopoly** with KQIC-FM Willmar MN & KARP-FM Glencoe MN. Note: 19 stations in market.

**\$285,000—\* WAYT-AM & WWIP-FM** Wabash IN from Conaway Communications Corp. (Roderick Schram, Daniel Schram) to Mid-America Radio of Wabash Inc. (David C. Keister), part of the Mid-America Radio Group. \$15K escrow, \$110K cash, \$80K non-compete, \$80K note. Overlaps several stations forming seven distinct markets. **Broker:** Roehling Broadcast Services Ltd.

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