

RADIO BUSINESS REPORT

VOICE OF THE RADIO BROADCASTING INDUSTRY®

RADIO NEWS

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Ad guru revises ad forecast up; Radio gains boosted

by Katy Bachman

Total advertising expenditures will climb over the \$200B mark this year to \$200.3B, according to **Robert Coen**, McCann-Erickson's SVP/director of forecasting. That's a 6.8% increase over last year. Six months ago, Coen was calling for a 6.2% increase (RBR 12/15/97, p. 3).

"The economic moderation that has been expected for some time has failed to appear," said Coen in his report, commenting that the slowdown usually following an Olympics and election year never happened. With the millenium nearing, "it now appears highly likely that good expansion will roll on throughout the rest of this century and into the next millenium," he said.

National is expected to post stronger gains (7.0%) than local (6.5%), which is more "immediately affected by conditions that directly impact the consumers," Coen noted.

All of Coen's radio projections have been revised upward. Coen sees national (spot and network) up 7.5% and local up 7.0%, compared to December projections of 6.5% for both national and local.

Although rosy, that's still not enough to move the needle on radio's share of the ad pie—Coen's numbers show that radio will capture 7.2% of the ad dollars.

Overseas ad growth spotty

While the US ad growth is positive, advertising in other countries varies, according to Coen's report for overall growth of 5.3% to \$418.7B in 1998.

Mexico, China and the Czech Republic are expected to post 15% gains, followed by Brazil at 10%, Canada at 8.5%, the UK and Italy at 7.0%, Germany at 5.5%, France at 5.0% and Japan down 2.3%.

RBR observation: Coen tends to pepper his optimism with caution and his estimates are conservative compared to other prognosticators. Standard & Poor's **Will Donald** sees radio ending the year up 8.9% to \$14.7B (RBR 6/15, p. 2), compared to Coen's \$14.455B and 7-7.5% increase.

Bob Coen's Mid-Year 1998 Media Forecasts

Local Advertising	% Chg.	\$(000,000)
TV	7.5%	12,295
Newspapers	6.0%	38,855
Radio	7.0%	11,210
Yellow pages	5.2%	10,215
Other	8.1%	9,750
Total local media	6.5%	82,325

Combined nat'l/local media	6.8%	200,325
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Source: McCann-Erickson Insider's Report, June 1998

National Advertising	% Chg.	\$(000,000)
Big 4 TV nets	5.5%	13,735
Spot TV	7.0%	10,700
Cable TV	13.0%	6,165
TV Syndication	7.5%	2,620
Radio (spot & network)	7.5%	3,245
Magazines	5.5%	10,360
Newspapers	7.5%	5,390
Direct mail	7.0%	39,470
Yellow pages	8.0%	1,850
Other	7.0%	24,465
Total national media	7.0%	118,000

Revenue gains make it a merry merry month of May

by Dave Seyler

May was the 69th consecutive month of gains for the radio industry, and it was done in double-digit style for the third consecutive month. 11% gains in local revenue, along with a 13% improvement in national brought the month up 11% overall and kept year-to-date just ahead of the prognosticators with 10% more income than at this point last year.

Once again, the increases were distributed evenly throughout the country. Four of the five regions enjoyed gains of 10-13% in local revenue (only the Southeast lagged behind with a still-respectable 7% gain). Year-to-date, local is up 10%, with three regions matching that number, one two points higher and another two points lower.

National took off in the East and Southeast, each of which had 15% gains. The Southwest, at plus 9%, barely missed joining all the other regions in the double-digit gain column. Overall, national is ahead of last year's pace by 13%.

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DAB group updates IBOC testing

by Carl Marcucci

When it comes to IBOC tests, the NRSC DAB Subcommittee wants all or nothing. "We have decided only to accept complete system submissions that encompass both AM and FM," said Subcommittee Co-chairman and Greater Media VP/Engineering, **Milford Smith**.

The Subcommittee, now faced with evaluating three IBOC proponents, met last week (6/18) at EIA headquarters in Arlington, VA.

Testing guidelines have been updated since 1996, the last time an IBOC system was tested. This time, however, testing will be conducted by Digital Radio Express (DRE), Lucent Digital Radio and USA Digital Radio, without direct involvement from the Subcommittee, which will review test data and results.

According to Smith, the reasoning behind the new policy is that only a system that addresses the digital migration of both AM and FM is one that would be readily accepted by the industry. Smith added that the Subcommittee would be willing to accept an AM- or FM-only system if a proponent indicates either it could not develop a complete system or has chosen not to.

DRE will be testing on Susquehanna's KSAN-FM SF in July and an AM station in Q3, with plans to petition the FCC in Q4 for endorsement of the full AM/FM DRE system.

USADR plans on delivering full data to the Subcommittee in 1999 after testing in eight cities. It will be conducting smaller tests in Washington, DC and Cincinnati later this year.

Lucent, still conducting lab work, has no announced testing plans.

RBR observation: The change in the Subcommittee's testing policy to include complete AM/FM systems makes a lot of sense. It would be unlikely that an AM system from one system would or could be incorporated with the FM system of another. This is the one way to guarantee radio gets a comprehensive, workable system.

6/29/98 RBR

Diversity still elusive in work force

by Frank Saxe

Consolidation has stimulated the job market, but not for women and minorities. That is among the findings of the FCC's annual employment report.

The data, compiled from annual employment reports, showed that women held 41% of the full time jobs in 1997, barely up from 40.8% a year earlier. Minority representation increased slightly from 19.9% to 20.2%.

In the upper four job categories, including managers, technicians and account executives, the number of female employees was flat, going from 34.4% to 34.9% while minorities grew even less, increasing .4% to 18.2%.

The report shows consolidation has yet to save on payroll, as overall broadcast industry employment rose 9.7% to 149,975 in 1997.

Sharpton & Smits call on Kennard FCC Chair **Bill Kennard** (D) met with civil rights activist Rev. **Al Sharpton** and **James Winston**, director, National Association of Black Owned Broadcasters for 40 minutes last week. They want the FCC to study what they believe is advertiser discrimination against Urban and Hispanic radio and TV stations, an issue brought to light in a memo leaked from Katz, and leading to a Madison

Avenue protest (*RBR* 6/22, p. 4).

"It is deplorable and disgusting that people in America would do that, and it's very hurtful for minority broadcasters," said Kennard in an interview with *RBR*. Kennard said the FCC may even open an inquiry into ethnicity's role in ad revenue.

Earlier in the week, Kennard and Latina Cmsr. **Gloria Tristani** (D) met with the National Hispanic Foundation for the Arts, and its founder, actor **Jimmy Smits**, to discuss diversifying the broadcast work force.

"We need to look at access to capital, education, training and advertising. Perhaps most difficult of all, we need to talk candidly about race," said Tristani. She pointed out that minority ownership fell to less than 3% of all broadcast outlets last year, with numbers even more "dismal" for Hispanic-owned stations.

The FCC and the Foundation will sponsor a forum in September to look at ways of reversing that trend. But Kennard is hesitant to look at any specific goals or targets this early in the process.

RBR observation: Except for a few isolated radio companies, while supporting the EEO rules, most groups have yet to take additional steps beyond recruiting (*RBR* 5/25, p. 4).

Cave Creek Broadcasting Company, Inc.

has agreed to transfer the license of

KCCF-AM Phoenix (Cave Creek), AZ

to

North American Broadcasting Company, Inc.

Don Bussell of Questcom Media Brokerage, Inc. served as broker for Cave Creek Broadcasting.

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Four radio companies in outdoor top 10

by Katy Bachman

When Chancellor Media (O:AMFM) closes its \$610M purchase of Martin Media (See story, p. 12), it will join two other radio companies that diversified into the outdoor business (CBS and Clear Channel), and Ackerley, an outdoor company that diversified into radio, TV and the NBA. Radio now shares a corporate home with the number two, three, sixth and seventh-ranked outdoor companies or four of the six public outdoor companies.

Most of the outdoor companies have holdings overseas. With its recent acquisition of London-based More Group, Clear Channel is now the largest worldwide outdoor company (*RBR* 6/8, p. 14).

Like radio, the outdoor biz has been undergoing a consolidation blitz, fueled in part by radio companies looking to diversify. The start of the trend may be when Infinity (now part of CBS) purchased TDI Outdoor for \$300M just a couple of weeks after the Telcom Act passed (*RBR* 2/26/96, p. 14). Clear Channel has made several acquisitions in the US, most notably Eller Media in March 1997 and Universal Outdoor for \$1.7B last October (*RBR* 11/3/97, p. 6).

Prospects are good for outdoor, which saw its advertising revenues increase 8.8% in 1997, according to the Outdoor Advertising Association of America (OAAA).

Top 10 US Outdoor Companies

Company (stock symbol)	1997 revenues*	Revenue share
Outdoor Systems (N:OSI)	\$632M	15.6%
Eller Media/Clear Channel (N:CCU)	\$556M	13.7%
TDI/CBS Corp. (N:CBS)	\$293M	7.2%
Lamar Advertising (O:LAMR)	\$280M	6.9%
Whiteco	\$135M	3.3%
Ackerley Communications (N:AK)	\$130M	3.2%
Martin/Chancellor Media (O:AMFM)	\$81M	2.0%
Outdoor Communications	\$72M	1.8%
Don Rey	\$71M	1.8%
Adams	\$63M	1.6%
Top 10 TOTAL	\$2.31B	57.0%
Other outdoor companies	\$1.74B	43.0%
Total US outdoor	\$4.062B	100.0%

* estimated, pro forma for announced acquisitions
Source: NationsBanc Montgomery Securities LLC

FCC splits over micros

In an effort to get more women and minorities into broadcasting, FCC Chair **Bill Kennard** (D) last week renewed his call to examine microbroadcasting as a way to diversify broadcast ownership. "We can shoehorn these stations in and create more opportunity for small and minority-owned businesses, organizations that are frozen out of this marketplace with consolidation," said Kennard during the FCC's annual auctions conference.

But Cmsr. **Harold Furchtgott-Roth** (R) declined to back auction credits for small, female and minority-owned companies, saying the FCC had "run into trouble" with bidding credits and installment payment plans in the past. Instead, he said the free market forces should be allowed to work. —FS

Mancow mooves over to Emmis

by Carl Marcucci

After four years on Chancellor's WRCX-FM Chicago, **Eric "Mancow" Muller** is moving down the dial to Emmis' WKQX-FM (Q101) in late July. "Mancow's Morning Madhouse" will continue syndication with Mancow's Free Speech Radio Network to affiliates in Des Moines, Kansas City, Providence and Norfolk, with Chico, CA, Omaha, and New Jersey stations joining soon.

Don't rule out a marketing partnership with Emmis. "We think he has tremendous syndication potential," said **Doyle Rose**, president, Emmis. "We are looking at the opportunities and are interested in helping him expand."

"We are open to all sorts of discussions. If Emmis is willing to give us help, we're willing to take it," said **Robert Eatman**, Mancow's agent.

Finding a morning show for Q101 has been an ongoing challenge for VP/GM **Chuck Hillier** who says he has "lost track" of the number of morning shows that have come and gone. But now with Mancow, Hillier says, the station "has a proven commodity. We got the weapon, it's not a secret weapon, but it's the weapon."

Mancow gives the station the edge it needs to "dominate 18-34 year-old audience in Chicago," said Hillier. Mancow's ratings are at an all time high among P18-34. In Winter, Mancow's P12+ numbers scored double digits—10.6 vs. WKQX's 5.5. After morning drive, Q101 beats WRCX in ratings, so this move could find Q101 dominating more than one daypart.

► RBR News Briefs

► GM is putting all of its radio ad spending on hold, at least through the end of July because of the ongoing UAW strike. Their ad agency had placed an order with World Wide Wadio for new spots—but has told them to go slow. At presstime, ABC Radio was negotiating with GM over how much of its ad time would be pulled.

► ABC Radio is shopping its **Tom Joyner** Morning Show around DC. Its contract with WHUR-FM ends next month, and EVP

Darrell Brown says they're talking with other stations in the market. Joyner was on WKYS-FM until August 1995.

► Under a court order to do so, the FCC has released its results of a deadlocked vote on whether to rescind the Personal Attack and Political Editorial Rules (*RBR* 6/1, p. 4). As expected, the commissioners split along party lines. Democrats **Susan Ness** and **Gloria Tristani** want to keep the rules, and Republicans **Michael Powell** and **Harold Furchtgott-Roth** favor re-

pealing the rules. Chair **Bill Kennard** must abstain, because he worked at the NAB in August 1980, when it filed its petition to repeal the rules. RTNDA is preparing to file a notice of appeal with the US Court of Appeals, asking it to review the proceeding.

► WinStar Communications' (O:WCII) WinStar Affiliate Sales (WAS) will be the exclusive affiliate sales rep for "The **Judy Jarvis** Show," which airs on 40+ stations. WAS, headed by **Bob Dunn**, was launched earlier this year.

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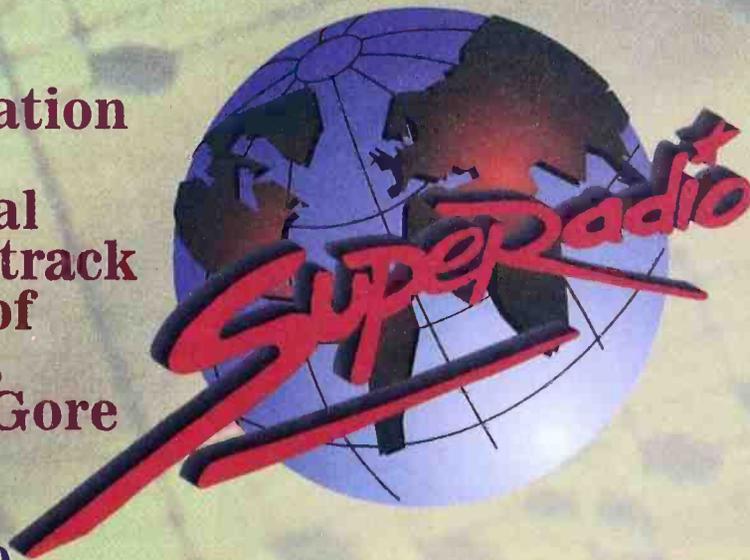
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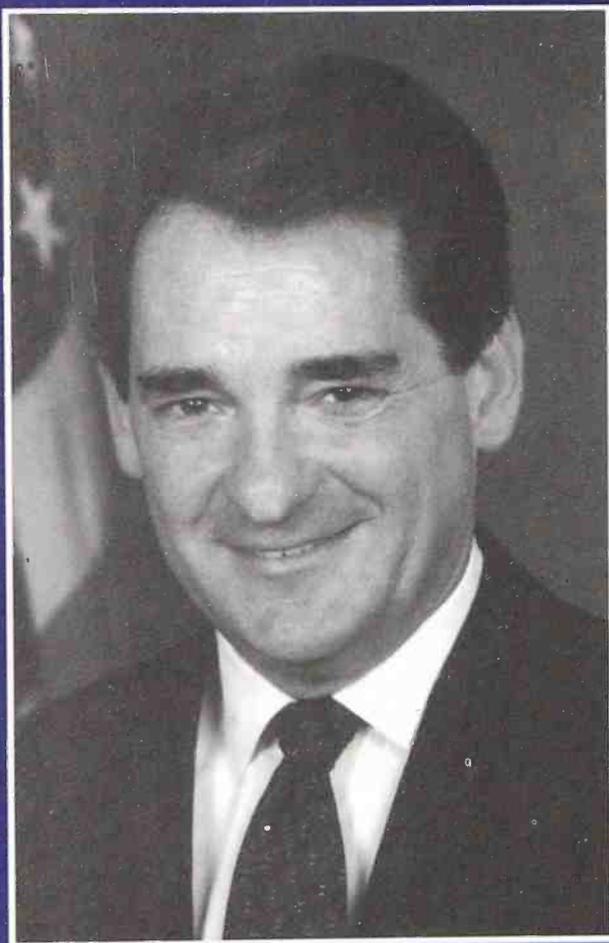


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From the bayou to the Beltway

Billy Tauzin takes on the FCC

by Frank Saxe



On a sunny Washington day Congressman W.J. "Billy" Tauzin (R-LA) sits at his desk talking to hometown broadcaster WJBO-AM Baton Rouge about 911 calls on cell phones. On the coffee table a smiling crocodile mouth with Mardi Gras beads hanging between its teeth looks up at you. Across the room, a mock satellite dish sits on his window sill while the head of three deer, plus a mounted owl and a wild turkey fill the walls. All were bagged by Tauzin. He is a hunter—both in the woods back home and in the halls of Congress.

Tauzin hails from Chackbay, Louisiana and was first elected a Democratic congressman in 1980, although he grew fed-up with his party and switched to the Republican side of the aisle in 1995. In January 1997, Tauzin became chairman of the influential House subcommittee on Telecommunications. If all goes well, Tauzin is poised to become chair of the powerful House Commerce Committee when Rep. **Tom Bliley** (R-VA) steps down in 2001.

When he substitutes for talk show host **Michael Reagan** on occasion, he says his acting experience comes in handy. When he is not hosting or being interviewed, Tauzin is listening to Talk. While in Washington, he is tuned to WMAL-AM and back home it is WTIB-AM Tallulah and KHOM-FM Houma.

*Tauzin recently sat down with Radio Business Report's **Frank Saxe** to discuss some of the leading issues facing broadcasters.*

What is your general view of the Telcom Act and the result it had on the radio marketplace?

We're concerned about the consolidation that has occurred in radio and some of the other services. We're encouraged by the expeditious move to digital, and I think that is going to change the face of radio. We're also encouraged by the explosive growth of the Internet and the seeming willingness of most of the telcom providers to invest heavily in the Internet.

Obviously, there are an awful lot of radio voices out there, but consolidation is somewhat troublesome by the fact that many of the local radio stations are no longer local and you lose some of that local flavor in the broadcasting. We always favor localism in broadcasting so we are constantly watching to make sure we don't lose that in this transformation to digital and while consolidation occurs.

DOJ is looking at it in the terms of antitrust concerns, and that's probably where the focus needs to be. But from a telecommunications policy, our focus is on localism.

You have described Telcom as a "war zone." Do you think the Telcom Act has played out the way you and others in Congress thought it would?

We thought that policy would keep pace with technology a little better. We thought the telephone companies would be busy now offering cable services. We thought cable subscribers would be in charge of a marketplace where they were picking and

choosing from among different providers so prices would come down.

We thought the FCC was going to get it, and they haven't gotten it yet. They still think they're living in the 1930s. They're still living with a horse-and-buggy mentality when technology is now supersonic. To a large extent I think we need to take the blame for that, we forgot to reform the FCC when we reformed the Act. We took a 1930s act that was based on monopolies and separated functions and we moved it into a modern world of communications that is driven by bits. Companies are merging and technology is emerging. We provided an open market format for all that but we left in place a monopoly-regulatory-consumer-protection type agency that doesn't know how not to regulate. So mea culpa, we made a mistake, we need to go back and finish the job.

What would you like the new FCC to do differently?

We're beginning to examine that right now. For example, is the FCC organized properly? It is still organized in bureaus, but if you look at its structure you would think that telecommunications is still divided in all these functions when it's all merging. [The FCC] is still organized to regulate rather than to do policing. In a monopoly world you want to regulate and control prices and terms to protect consumers. In a free market context you want to police it to

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6/29/98 RBR

Here's Why
Phoenix Stations
Are Stepping Up
to Scarborough

93.3 KDKB
Rocks Arizona

KDKB Nails New Digital Cellular Account

When a promotional buy for Sprint's new digital mobile service was on the line, KDKB-FM account executive Keith Woods looked to Scarborough to help him answer the call.

Using Scarborough, Woods profiled Metro Phoenix mobile phone users and found they are frequently college grads and/or sales professionals between the ages of 25 and 49. By comparing this data to his station's listener profiles, Woods illustrated that his station delivered the professional target that Sprint wanted to reach: "Some agencies have the misconception that our AOR listeners are young and don't have disposable incomes. Not only did we demonstrate that our listeners used mobile phones, we showed they had the money to pay the bill."

Based on the Scarborough information, combined with cross-promotion ideas and the catchy slogan "When our listeners aren't rockin', they're talkin'," Woods landed the buy. "I think our success with Sprint was based on how vividly we described our audience and marketplace using Scarborough."

make sure people are playing fairly in the marketplace.

What should be the FCC's role?

Enforcing, managing the spectrum, making sure that all the players respect the boundaries so they don't interfere with your broadcast and at the same time enforce certain policies that would protect consumers against dominant players where people are taking advantage of someone else.

How are Bill Kennard and his fellow commissioners doing so far?

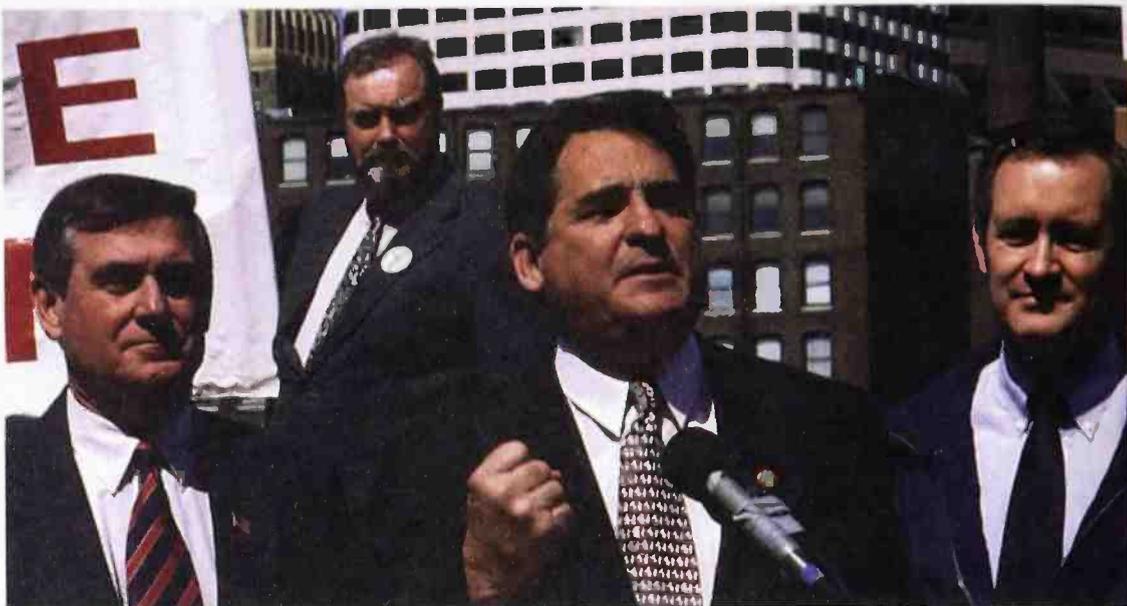
On a personal level, I think he's one of the nicest people I've ever met. I like him a great deal. Unfortunately, he is very much like his predecessor, **Reed Hundt**. I think he still wants to run a highly regulatory agency with a lot of social planning mixed in, and I have concerns about that. Again, I don't think the new chairman has really caught on to the notion that Congress intends for things to change, and I don't think he and the Commission have figured out that they're subject to Congress not the White House and the Vice President. They should get their cues from this end of the street and not the executive branch.

What about the other commissioners?

Mike Powell is a delight. Bright, thoughtful, conservative—which I like. He is right in tune with the notion that the FCC needs to be more of an enforcer rather than a regulator.

I'm tickled pink with **Harold Furchtgott-Roth**, who used to work with our committee and is a good friend of mine. Again, he is right on point that the FCC needs to change its ways.

I met **Gloria Tristani** recently, for the first time, and got a chance to



know her, and again, a delightful individual with a rural touch interested in making sure rural customers don't get left out, so she and I share a lot in common.

Susan Ness and I disagree philosophically, nevertheless there are a lot of commonalities.

It's a Commission that is bright, talented and with different philosophies. But here's my problem with it. It is still a politically-appointed Commission. Democrats and Republicans designed on a 1930s model—and I'd love to change that. It has nothing to do with the individuals, it has a lot to do with the nature of the beast.

Chairman Kennard proposed mandating political free time from radio and TV, but ran into a lot of opposition from Congress, and you in particular...

The question of how we conduct elections in America is central to the notion of our democracy. That is not the business of bureaucrats to change. It's not the business of appointed individuals in our society to make the rules of how we are going to elect the elected officials. The people

of this country elect the elected officials who then tell the bureaucrats what to do. The FCC, with or without the authority, ought to stay out this. This ought to be for the people of America to decide for their elected representatives.

You've said the Clinton Administration sees the FCC as its bully pulpit. How does that affect its dealing with Capitol Hill?

I think the FCC is damaging its relationship with Congress when its chairman talks about doing things with or without Congress. When they create corporations that the GAO says are illegal without Congressional authority. When they pass a tax and set up a grant program when Congress is the only authority in Washington that has the power to pass a tax. I made that case to Bill [Kennard] too; that our entire relationship is going to get poisoned if this continues.

Is Congress concerned with rate hikes, as reported by some ad agencies?

I don't think so. While no one likes to see rates go up, nevertheless we have

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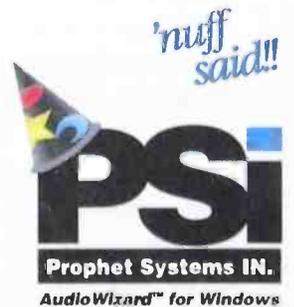
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Tauzin continued from page 8

to respect the fact that information is much more diverse in form and delivery. There are many more conduits, many more channels of communication. So advertisers are going to have a lot of choices now and if rates go up somewhere they have other choices, they can go somewhere else. That is exactly what is going to happen here. If someone tries to take advantage of

**“We thought the
FCC was going
to get it, and
they haven’t
gotten it yet.
They still think
they’re living in
the 1930’s.”**

someone in the marketplace they’re going to find out there is another marketplace for them somewhere else. For example, you’re seeing more advertisements on the Internet now, you see more and more advertisements on cable channels that were formerly ad-free, as marketers are finding different ways to advertise their products.

Do you believe broadcast ownership rules should be changed?

Consolidation beyond a certain point is not necessarily good, [but] some of the old rules are archaic. For example, does it make any sense that you have a newspaper monopoly in town and the radio station that would like to invest in a second newspaper can’t do so? It doesn’t make any sense. You would think that would be a good idea, by creating a little diversity in print as well as in radio, and yet we have all these cross-ownership rules that restrict that.

We have duopoly rules that pre-

vent two stations from operating in a town where they may be operating different formats doing entirely different programming and when there are many other stations that you can pick up on your local radio or off satellite or the Internet. So there are some questions on whether those old rules need to be examined, and I’ve asked the FCC to do that.

It sounds like you support those changes..

Yes, but with the concern always out there that changes in the rules don’t end up eliminating localism. That remains sort of a backdrop concern. This is something, frankly, that I don’t like the government having a heavy hand regulating except that our common policy should be to promote localism where we can in the context of an open marketplace. Our common policy ought to be to encourage diversity of expression in our country, so long as new channels are opening up and there are new ways to deliver radio, then our concerns about who owns it is less relevant.

What are your committee’s plans for the rest of 1998?

We’re in the middle of hearings on the Internet as we try to make certain policy decisions this year on encryption, on privacy, on copyright and taxation of the Internet, to make sure the Internet can continue to grow and prosper. All those issues have an indirect effect on radio, by the way, as radio is becoming an important element on the Internet.

We’re also filing a bill dealing with public broadcasting to make sure it still has a place in our society and that

they have a place in the digital age. My concern is that Congress has been schizophrenic on the issue of public broadcasting. On the one hand, we push public broadcasting to go find their money somewhere else and then we complain because they look more and more like commercial television. The fact that advertisements have now crept into public broadcasting in the form of all sorts of attributions and the fact that public broadcasters have had to go out and buy commercially viable syndicated programming in order to keep an audience seems to me to have defeated the purpose of public broadcasting, which was supposed to be about doing the things that aren’t necessarily commercially viable but the education and cultural quality you might not find on regular commercial cable or broadcast television.

Any final thoughts for broadcasters?

The big questions for radio in America are “What is radio going to look like in an age when audio and video and data all converge in a digital era? What role does radio play in that new era when more and more information will be contained in data services over the Internet? What new function will radio provide for us in an era where satellite services are fully deployed? Will radio become something different?”

Those are some quite interesting questions that I don’t know the answers to, but I would again challenge radio broadcasters to think through those things and to continue educating Congress on what they feel their role is going to be in the new world of communications.



BROADCAST INVESTMENTS™

June 24—RBR Stock Index 1998

Company	Mkt:Symbol	6/17 Close	6/24 Close	Net Chg	Pct Chg	6/24 Vol (00)	Company	Mkt:Symbol	6/17 Close	6/24 Close	Net Chg	Pct Chg	6/24 Vol (00)
Ackerley	N:AK	20.500	20.375	-0.125	-0.61%	116	Heftel Bcg.	O:HBCCA	36.750	38.625	1.875	5.10%	4228
Alliance Bcg.	O:RADO	0.812	0.750	-0.062	-7.64%	12	Jacor	O:JCOR	55.375	59.875	4.500	8.13%	3539
Am. Tower	N:AMT	21.937	22.937	1.000	4.56%	2699	Jeff-Pilot	N:JP	56.000	57.812	1.812	3.24%	2372
AMSC	O:SKYC	9.625	12.062	2.437	25.32%	1117	Jones Intercable	O:JOINA	23.875	26.125	2.250	9.42%	3365
Belo Corp.	N:BLC	24.937	22.687	-2.250	-9.02%	5479	Metro Networks	O:MTNT	39.250	42.000	2.750	7.01%	29
Big City Radio	A:YFM	8.625	8.250	-0.375	-4.35%	127	NBG Radio Nets	O:NSBD	1.750	1.375	-0.375	-21.43%	0
Capstar	N:CRB	20.000	22.000	2.000	10.00%	3736	New York Times	N:NYT	73.625	75.937	2.312	3.14%	2076
CBS Corp.	N:CBS	31.375	31.750	0.375	1.20%	10728	News Comm.	O:NCOM	0.984	1.000	0.016	1.63%	230
CD Radio	O:CDRD	36.500	37.000	0.500	1.37%	1381	OmniAmerica	O:SCTR	42.250	38.250	-4.000	-9.47%	1101
Ceridian	N:CEN	57.750	57.750	0.000	0.00%	4289	Otter Tail Power	O:OTTR	35.750	37.000	1.250	3.50%	452
Chancellor	O:AMFM	47.375	50.000	2.625	5.54%	16266	Pacific R&E	A:PXE	3.937	4.125	0.188	4.78%	0
Childrens Bcg.	O:AAHS	3.031	3.000	-0.031	-1.02%	598	Pulitzer	N:PTZ	84.750	86.437	1.687	1.99%	529
Clear Channel	N:CCU	103.250	104.062	0.812	0.79%	2874	RealNetworks	O:RNWK	27.562	36.187	8.625	31.29%	5789
Cox Radio	N:CXR	45.000	43.375	-1.625	-3.61%	105	Saga Commun.	A:SGA	15.250	14.125	-1.125	-7.38%	198
DG Systems	O:DGIT	3.656	3.750	0.094	2.57%	63	Sinclair	O:SBGI	27.375	27.312	-0.063	-0.23%	5037
Disney	N:DIS	114.312	112.687	-1.625	-1.42%	19966	SportsLine USA	O:SPLN	32.000	36.500	4.500	14.06%	5186
Emmis Bcg.	O:EMMS	46.500	48.250	1.750	3.76%	1954	TM Century	O:TMCI	0.562	0.437	-0.125	-22.24%	0
Faircom	O:FXCM	1.000	0.875	-0.125	-12.50%	0	Triangle	O:TBCS	0.080	0.050	-0.030	-37.50%	0
Fisher	O:FSCI	73.000	71.750	-1.250	-1.71%	49	Triathlon	O:TBCOA	10.750	10.500	-0.250	-2.33%	289
Gaylord	N:GET	33.000	32.437	-0.563	-1.71%	215	Tribune	N:TRB	68.125	66.312	-1.813	-2.66%	3947
Granite	O:GBTVK	11.000	10.625	-0.375	-3.41%	89	Westover	A:WTW	23.500	25.625	2.125	9.04%	144
Harris Corp.	N:HRS	42.500	41.187	-1.313	-3.09%	10344	Westwood One	O:WONE	26.375	24.937	-1.438	-5.45%	1442
							WinStar Comm.	O:WCII	42.437	43.250	0.813	1.92%	13429

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by Jack Messmer

Chancellor goes to outdoor in first diversification move

New Chancellor Media (O:AMFM) CEO **Jeff Marcus** didn't waste any time to begin moving the radio company toward his vision of a multi-media company. As he began his fourth week on the job (6/22), Marcus announced a \$610M deal to acquire Martin Media, the nation's seventh-largest outdoor advertising company (see chart, page 4).

Besides the price—11.5 times projected 1999 cash flow—Marcus told a NationsBanc Montgomery Securities media and communications conference in New York (6/23) that Martin was particularly attractive because of a 42% overlap of Martin's billboards with Chancellor's radio markets (see related story, page 13). That's not even counting the overlaps with other

Hicks, Muse-backed media companies, Capstar (N:CRB) and LIN TV, and Marcus told *RBR* he expects to work out some sort of joint marketing deals in the markets Martin shares with Capstar or LIN.

Martin's headquarters will be moved to Chancellor's HQ in Dallas and the search is on for an executive to head the new outdoor division. Marcus said no decision has been on whether or not to change the name, since "Martin" carries some brand value with advertisers in its strongest markets.

Ready to grow in radio and elsewhere

"The [radio] consolidation isn't over yet, but it is in the 7th inning," Marcus told the confab of big-money inves-

tors. Although he made it clear that he would like to have Capstar and LIN rolled into Chancellor, Marcus assured the Wall Streeters that any purchases would have to be accretive—and that's without attaching any value to anticipated "synergy" plays.

While Marcus looks for deals in TV and outdoor, he says he won't be neglecting radio. He wants to buy more big market stations, although Chancellor is near capacity in many of its markets, and he wants to move down in market size to medium and even small markets for radio acquisitions. "I believe in the next few years that Chancellor could be the largest and most successful radio company in this country."

International media is also on Marcus' "buy" list, with radio likely to be Chancellor's first focus overseas (and only where regulations allow superduopoly-like mass and don't lock in formats). Finally, the new CEO wants to develop an Internet strategy for Chancellor. He sees The Net as a marketing tool for stations—good for selling concert tickets and the like.

Mays: "The future is more attractive than the past"

An apt paraphrase of Clear Channel (N:CCU) CEO **Lowry Mays'** remarks to the Montgomery conference would be "you ain't seen nothin' yet."

"I have never seen opportunities that exist like they do today in terms of consolidating these [media] industries around the world," Mays declared. "The future is more attractive than the past."

Pointing to the recent acquisition of UK-based More Group (*RBR* 6/8, p. 14), Mays said adding the far-flung outdoor advertising company gives Clear Channel a "platform" to expand in More's 22 countries. "I don't know

Jim Levy, Chairman and CEO, and the Shareholders of

The Park Lane Group

have agreed to the sale of the stock of the company comprising

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South Lake Tahoe, CA

KAAA-AM & KZZZ-FM
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Chancellor's new billboard of fare

by Dave Seyler

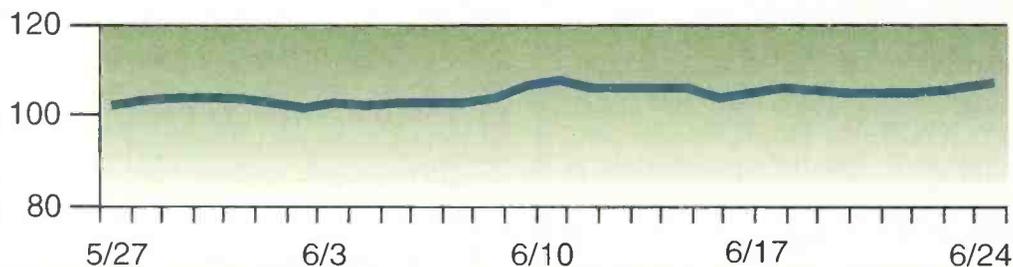
The purchase of Martin Outdoor by Chancellor includes 28 markets in 12 states (including the District of Columbia). Of these, 18 are Arbitron radio markets. Chancellor has radio stations in five of them: San Diego (KYJT-FM, KPLN-FM), Riverside-San Bernardino (KGGI-FM, KMRZ), Washington DC (WASH-FM, WMZQ-FM, WBIG-FM, WGAY-FM, WTEM, WWRC, WWDC AM-FM), Cincinnati (WUBE AM-FM, WYGY-FM, WBOB) and Pittsburgh (WWSW AM-FM, WDVE-FM, WXDX-FM, WJJJ-FM, WDRV-FM). Chancellor is calling Los Angeles (where it owns KLAC, KKBT-FM, KBIG-FM, KYSR-FM, KCMG-FM) a sixth overlap market, although Martin's presence in Lancaster-Palmdale only reaches the northernmost fringes of far-flung Arbitron market #2.

Chancellor's new honcho **Jeff Marcus** has made no secret of the fact that he can and just may buy Hicks, Muse stable-mates Capstar (N:CRB) and LIN TV (although there are no concrete plans to do so as of yet). Mergers aside, Marcus is looking to do cross-marketing deals with Capstar, which has radio in six more Martin markets, including Yuma, Fresno, Hartford, Lubbock, Amarillo and Odessa-Midland, and LIN TV, which overlaps Martin only in Hartford.

Arbitron markets where none of the three has a presence include Bakersfield, Waterbury CT, Topeka KS, Kansas City, Las Vegas, Wilkes-Barre, Abilene TX and Charlottesville VA.

The Radio Index™

Stock prices rose as Asian economic fears eased and radio stocks got a boost from Chancellor's diversification move into outdoor. The Radio Index™ closed Wednesday, June 24 at 107.50, up 1.53 from a week earlier.



if we want to get into radio in Norway, but we do have a large share of the outdoor business there," he noted, which opens the door to looking at other media opportunities.

Had Marcus heard Mays' presentation (Jeff was busy making the New York interview circuit), he would have heard validation of Chancellor's decision to follow CBS (N:CBS) and Clear Channel into outdoor. "We've found that we can use a package of outdoor and electronic media to sell our customers' products," said Mays, who's acquired more than \$3.5B in outdoor assets in the past couple of years.

What's Lowry going to buy next? He said Clear Channel has no preference whether it buys radio, TV or

outdoor. "We're going to go where we can get the best value for our shareholders."

Cross-media on everyone's mind

No longer does anyone want to be a "radio" company or a "TV" company—cross-media marketing is the mantra echoing across Wall Street these days.

Sinclair Broadcast Group (O:SBGI) Chairman **David Smith** told the Montgomery conference that his company is just beginning to cash in on the benefits of having radio stations in seven of its 37 TV markets—and he wants more. "We like the idea of having lots of radio and multiple TV [through LMAs] in one market. That is a priority for us now."

continued on page 15

CLOSED!

KSSJ (FM), Sacramento, California from American Radio Systems to EXCEL Communications.

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TRANSACTION DIGEST

by Jack Messmer & Dave Seyler

The deals listed below were taken from recent FCC filings. *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.

\$7,000,000—WLVU-AM & FM Tampa (Dunedin-Holiday FL) from Times Publishing Co. (Edward & Michael Mead) to Concord Media Group Inc. (Mark W. Jorgenson). \$350K escrow, balance in cash at closing. **Superduopoly** with WRMD-AM & WAMA-AM.

\$5,500,000—KCCF-AM Phoenix from Cave Creek Broadcasting Company Inc. (David C. Lincoln) to North American Broadcasting Company Inc. (Francis H. Battaglia). \$250K escrow, additional \$1.26M in cash at closing, \$4M note (the \$10K discrepancy is not explained). **Broker:** Gary Stevens, Gary Stevens & Co.; Don Bussell, Questcom

\$2,700,000—* KYCR-AM Minneapolis (Golden Valley) and **KTEK-AM Houston** from KYCR-AM Inc./KTEK-AM Inc. (Christopher T. Dahl), subsidiaries of Children's Broadcasting Corp. to Common Ground Broadcasting Co. Inc. (Edward G. Atsinger III, Stuart W. Epperson, Nancy Epperson), a subsidiary of Salem Communications Corp. \$135K escrow, balance in cash at closing. **Duopoly** for KYCR with KKMS-AM and for KTEK with KENR-AM, KKHT-FM. LMA since 5/5.

\$1,900,000—KLMB/KUBQ LaGrande OR and **KBKR/KKBC Baker City OR** from Grande Radio Inc. (Bryan J. Christie) to Vista Broadcasting L.L.C. (Daniel S. Volz). \$50K escrow, \$450K cash at closing, \$1.4M note (\$100K allocated to non-compete). **Broker:** Exline Co. (seller)

\$1,800,000—* KXME-FM Honolulu (Kaneohe) from Ho Nua Hou Inc. (Gerald Clifton) to NPR Hawaii II L.P. (Randall D. Smith et al), a subsidiary of NPR Holdings L.L.C. \$450K advance, \$120K maximum toward construction of facility, cash at closing. Seller may return portion of advance and issues a note to buyer for \$228,349. **Superduopoly** with KGMZ-FM, KRTR-FM, KULA-AM. LMA until closing. Deal

was initiated 12/1/96 when facility was an unbuilt CP.

\$1,600,000—* WAGN-AM & WHYB-FM Menominee MI and **WSFQ-FM Peshtigo WI** from Good Neighbor Broadcasting Inc. (William Sauve) to Badger Communications LLC (David, Charlotte & Melvin Winters). \$85K escrow, \$1.2M (less escrow) in cash at closing, \$400K note. **Superduopoly** with WMAM-AM & WLST-FM Marinette WI.

\$1,500,000—* KSGI/KZEZ St. George UT from KSGI Inc./KZEZ Inc. (Lavon Randall) to Simmons St. George Inc. (Roy W. & Elizabeth E. Simmons Charitable Trust et al), a subsidiary of Simmons Media Group Inc. \$500K escrow, balance in cash at closing. **Superduopoly** with KDXU-AM, KSNM-FM and LMA of KZHK-FM. LMA since 4/24.

\$1,275,000—WWWY-FM Columbus IN from Mid-State Media Inc. (Gunther S. Meisse) to Artistic Media Partners LP, whose general partner is Broadcasting Management Inc. (Arthur Angotti, Robert & Sandra Borns, David Frick, Merrill Ritter, Julia Rogers, Glenn Swisher, Robert Wildman). \$25K escrow, balance in cash at closing.

\$1,150,000—WNFQ-FM Gainesville-Ocala (Newberry FL) from Newberry Broadcasting Corp. (Cornelia O. Stern) to Asterisk Communications Inc. (Richard S. Ingham). \$50K escrow, \$975K (less escrow) in cash at closing, additional \$175K to Willie Martin, who had LMA'd this station and transferred his contract to buy it to Asterisk. Note: No contour overlap with Asterisk's other Gainesville-Ocala stations, WTRS-FM, WYGC-FM & WMFQ-FM. **Broker:** Stan Raymond, Stan Raymond & Associates

\$1,100,000—KSLQ-FM St. Louis (Washington MO) from Prime Time Radio General Partnership (Kenneth W., Frank K. & Edith J. Kuenzie) to Y2K Inc. (Brad Hildebrand). \$1.1M note. Combowith KSLQ-AM, which Hildebrand bought earlier this year from the same seller (RBR 2/2/98, p. 19). LMA since 4/1.

\$985,000—KSFQ-FM Santa Fe (White Rock NM) from Torjaq Radio Inc. (Dean K. Burns) to Vista Broadcasting L.L.C. (Sal A. Jaramillo). \$1K monthly LMA fee which applies to purchase price, 120-month note for the remainder. LMA since 4/29. Seller has also applied to sell KRSN-AM Los Alamos to an unspecified buyer.

continued from page 13

Infinity, now part of CBS (N:CBS), was the first radio company to get into outdoor, and CBS CFO **Fred Reynolds** proudly declared that CBS is the only company which can offer TV, radio and outdoor in the nation's top five markets. Reynolds also said that CBS will be seeking radio acquisitions to fill out the recently-acquired ARS markets, with a focus on building its radio group in the top 60 markets.

Even Heftel (O:HBCCA) CEO **Mac Tichenor** alluded to leveraging into non-radio "marketing opportunities" while staying within the company's focus on the US Hispanic market. In radio, his acquisition strategy is to build out the top 15 Hispanic markets (*RBR* 5/25, p. 10) and eventually extend into smaller markets.

Emmis now in "communications"

Although not a presenter at the New York confab, Emmis (O:EMMS) was also making a pitch for multi-media identity. Already the owner of magazines and soon to add TV to its US and overseas radio stable, CEO **Jeff Smulyan** was feeling a bit confined by the "Emmis Broadcasting Corp." name, so it's now "Emmis Communications Corp."

Emmis reported broadcast cash flow up 25% to \$15.4M for its fiscal Q1 which ended May 31. Net broadcast revenues rose 24% to \$35.4M and publishing revenues, net of expenses, shot up 497% to \$1.5M, including recently-acquired *Texas Monthly*.

Jacor expands in Oregon

Jacor (O:JCOR) is laying out \$3.8M for KRKT-AM & FM Albany, OR from **Robert Esty's** and **Gary Grossman's** M3X Corporation. Jacor is already buying KLOO-AM & FM Corvallis (*RBR* 3/30, p. 13) as it grows its string of stations along the I-5 corridor. **Broker: Austin Walsh**, Media Services Group

More towers for OmniAmerica

Carl Hirsch's Hicks, Muse-backed OmniAmerica (O:SCTR) announced two more acquisitions. The fast-growing tower company is buying Teleforce Communications LLC, a site acquisition, management and development company, and RF Communications, which owns and manages tower sites in Pennsylvania.

Disney Internet buy may be a bargain

Dow Jones—Walt Disney Company's (N:DIS) 43% ownership stake in Infoseek Corp. really cost the media giant less than \$8 per share, according to the calculations of PaineWebber analyst **Christopher Dixon**.

On the surface, Disney paid Infoseek \$370M in cash and investments for 25.8M shares, or \$14.34 a share. Disney agreed to sell to Infoseek its ownership stake in Internet technology company Starwave Corp., plus \$70 million in cash. Disney's investment in Starwave represents a value of about \$300 million, according to Dixon.

But when Infoseek's agreement to pay Disney \$165M for promotional purposes is considered, the deal works out to be \$7.95 a share, Dixon said. Disney will use the \$165 million to promote Infoseek's site on the Disney Web site.

"The key is to recognize that Disney is moving an asset off the balance sheet into a publicly traded Internet company whereby those shares can be used to build out Disney's Internet presence on a non-recourse basis to Disney," Dixon said.

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Regent Communications, Inc.

Terry S. Jacobs, President and CEO

has placed preferred equity securities totalling

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with an investor group led by

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The undersigned acted as financial advisor and placement agent for Regent Communications in connection with this transaction.



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