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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% climb over the $200B mark this year never happened. With the millennium nearing, "it now appears highly likely that good expansion will roll on throughout the rest of this century and into the next millennium," 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%.

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. Four of the

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% increase.
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: 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).

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: 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.
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 Telecommunications, Inc. 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).

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).

Mancow moooves over to Emmis
by Carl Marcuccel

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.

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 repealing 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.
New format ... Old music ... BIG Ratings!

Put Superadio's Hit Classical Radio on in your market and own an entire format instead of fighting it out as one of many.

Programmed by the winning team from WCRB/Boston, Hit Classical Radio wins even when you don't have a huge promotional budget.

Cool Cash, Classical Style
Play music that isn't a fad, and do it in the way that's current, cool and takes 25 to 54 demos straight to the bank!

Personable, accessible air talent adds life to the music without too much talk; award-winning features like The Kid's Classical Hour and special weekend programming is built in to spike ratings and revenues.

Go forth and multiply!
Hit Classical is already on stations in Milwaukee, Kansas City, Tulsa, San Diego, Monterey, Albany, Grand Rapids, Portland, Cape Cod, Burlington, and Ft Myers.

Call first, laugh last.
Call now while you can still be the station with Hit Classical Radio in your market!

And be something it's almost impossible to be anymore - one of a kind!

For information on Hit Classical Radio's track record of success, call E.J. Gore now!

1.508.480.9000
e-mail: ej@superadio.com
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 telecom 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

continued on page 8
Here's Why
Phoenix Stations
Are Stepping Up
to Scarborough

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 a 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...
It's a match made in heaven...

Jacor loves Prophet Systems.

After an extensive search, Jacor Broadcasting has selected Prophet Systems to provide digital automation systems to its entire broadcast group.

Stop wasting time! The homework has been done for you. Jacor, like Capstar, demands flexibility, reliability, built-in adaptability, a commitment to tech support, eyes to the future and on the bottom line. Prophet Systems is the choice of the biggest groups in the industry as well as that small station in your neighboring community.

We would like to be your choice. Let's make great radio.
(You'd like to see a client list? www.prophetsys.com)
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-
### Broadcast Investments

**June 24—RBR Stock Index 1998**

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<td>Ackerley</td>
<td>N:AK</td>
<td>20.500</td>
<td>20.375</td>
<td>-0.125</td>
<td>-0.61%</td>
<td>Heftel Bcg.</td>
<td>O:HBCCA</td>
<td>36.750</td>
<td>38.625</td>
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<td>Alliance Bcg.</td>
<td>O:RADO</td>
<td>0.812</td>
<td>0.750</td>
<td>-0.062</td>
<td>-7.64%</td>
<td>Jacer</td>
<td>O:JCOR</td>
<td>55.375</td>
<td>59.875</td>
<td>4.500</td>
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<td>Am. Tower</td>
<td>O:AMAT</td>
<td>21.937</td>
<td>22.937</td>
<td>1.000</td>
<td>4.56%</td>
<td>Jeff-Pilot</td>
<td>O:NJ</td>
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<td>57.812</td>
<td>1.812</td>
<td>3.24%</td>
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<td>Belo Corp.</td>
<td>N:BLC</td>
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<td>22.687</td>
<td>-2.250</td>
<td>-9.02%</td>
<td>Metro Networks</td>
<td>O:MTNT</td>
<td>39.250</td>
<td>42.000</td>
<td>2.750</td>
<td>7.01%</td>
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<td>Big City Radio</td>
<td>A:YFM</td>
<td>8.625</td>
<td>8.250</td>
<td>-0.375</td>
<td>-4.35%</td>
<td>NBG Radio Nets</td>
<td>O:NBGND</td>
<td>1.750</td>
<td>1.375</td>
<td>-0.375</td>
<td>-21.43%</td>
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<td>Capstar</td>
<td>N:CRB</td>
<td>20.000</td>
<td>22.000</td>
<td>2.000</td>
<td>10.00%</td>
<td>New York Times</td>
<td>N:NYT</td>
<td>73.625</td>
<td>75.937</td>
<td>2.312</td>
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<td>CBS Corp.</td>
<td>O:CBS</td>
<td>31.750</td>
<td>31.750</td>
<td>0.000</td>
<td>0.00%</td>
<td>News Comm.</td>
<td>O:NCOM</td>
<td>0.984</td>
<td>1.000</td>
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<td>CD Radio</td>
<td>O:CDRD</td>
<td>36.500</td>
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<td>1.37%</td>
<td>OmniAmerica</td>
<td>O:SCTR</td>
<td>42.250</td>
<td>38.250</td>
<td>-4.000</td>
<td>-9.47%</td>
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<td>Ceridian</td>
<td>N:CEN</td>
<td>57.750</td>
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<td>0.00%</td>
<td>Otter Tail Power</td>
<td>O:OTTP</td>
<td>35.750</td>
<td>37.000</td>
<td>1.250</td>
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<td>Chancellor</td>
<td>O:AMFM</td>
<td>47.375</td>
<td>50.000</td>
<td>2.625</td>
<td>5.54%</td>
<td>Pacific R&amp;E</td>
<td>O:PXRE</td>
<td>3.937</td>
<td>4.125</td>
<td>0.188</td>
<td>4.78%</td>
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<td>Childrens Bcg.</td>
<td>O:AAHS</td>
<td>3.031</td>
<td>3.000</td>
<td>-0.031</td>
<td>-1.02%</td>
<td>Pulitzer</td>
<td>O:PTZ</td>
<td>84.750</td>
<td>86.437</td>
<td>1.687</td>
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<td>103.250</td>
<td>104.062</td>
<td>0.812</td>
<td>0.79%</td>
<td>RealNetworks</td>
<td>O:RNWK</td>
<td>27.562</td>
<td>36.187</td>
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<td>O:CXR</td>
<td>45.000</td>
<td>43.375</td>
<td>-1.625</td>
<td>-3.61%</td>
<td>Saga Commun.</td>
<td>O:SGA</td>
<td>15.250</td>
<td>14.125</td>
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<td>-7.38%</td>
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<td>DG Systems</td>
<td>O:DGIT</td>
<td>4.656</td>
<td>3.750</td>
<td>0.904</td>
<td>25.7%</td>
<td>Sinclair</td>
<td>O:SBGI</td>
<td>27.375</td>
<td>27.312</td>
<td>-0.063</td>
<td>-0.23%</td>
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<td>Disney</td>
<td>N:DIS</td>
<td>114.312</td>
<td>112.687</td>
<td>-1.625</td>
<td>-1.42%</td>
<td>SportsLine USA</td>
<td>O:SPLN</td>
<td>32.000</td>
<td>36.500</td>
<td>4.500</td>
<td>14.06%</td>
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<td>O:EMMS</td>
<td>46.500</td>
<td>48.250</td>
<td>1.750</td>
<td>3.76%</td>
<td>TM Century</td>
<td>O:TCM</td>
<td>0.562</td>
<td>0.437</td>
<td>-0.125</td>
<td>-22.24%</td>
</tr>
<tr>
<td>Faircom</td>
<td>O:FXCM</td>
<td>1.000</td>
<td>0.875</td>
<td>-0.125</td>
<td>-12.50%</td>
<td>Triangle</td>
<td>O:TCBS</td>
<td>0.080</td>
<td>0.050</td>
<td>-0.030</td>
<td>-37.50%</td>
</tr>
<tr>
<td>Fisher</td>
<td>O:FSCI</td>
<td>73.000</td>
<td>71.750</td>
<td>-1.250</td>
<td>-1.71%</td>
<td>Triathlon</td>
<td>O:TCOA</td>
<td>10.750</td>
<td>10.500</td>
<td>-0.250</td>
<td>-2.33%</td>
</tr>
<tr>
<td>Gaylord</td>
<td>N:GET</td>
<td>33.000</td>
<td>32.437</td>
<td>-0.563</td>
<td>-1.71%</td>
<td>Tribune</td>
<td>O:TRB</td>
<td>68.125</td>
<td>66.312</td>
<td>-1.813</td>
<td>-2.66%</td>
</tr>
<tr>
<td>Granite</td>
<td>O:GBTVK</td>
<td>11.000</td>
<td>10.625</td>
<td>-0.375</td>
<td>-3.41%</td>
<td>Westover</td>
<td>O:WTW</td>
<td>23.500</td>
<td>25.625</td>
<td>2.125</td>
<td>9.04%</td>
</tr>
<tr>
<td>Harris Corp.</td>
<td>N:HRS</td>
<td>42.500</td>
<td>41.187</td>
<td>-1.313</td>
<td>-3.09%</td>
<td>Westwood One</td>
<td>O:WONE</td>
<td>26.375</td>
<td>24.937</td>
<td>-1.438</td>
<td>-5.45%</td>
</tr>
</tbody>
</table>

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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 investors. 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 (RBR6/8, 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...
Chancellor's new billboard of fare
by Dave Seyler


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.

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
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—WLVI-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 WRM-D-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). $350K escrow, additional $1.26M in cash at closing, $4M note (the $10K discrepancy is not explained). Broker: Gary Stevens, Gary Stevens & Co., Don Russell, 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 KKKMS-AM and for KTEK with KENR-AM, KKHT-FM. LMA since 5/5.

$1,900,000—KLMB/KUBQ La Grande 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, $1.1M 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 Mendomee ML 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 WM-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 KDKU-AM, KSNN-FM and LMA of KZH-FM. LMA since 4/24.

$1,275,000—WWXY-FM Columbus IN from Mid-State Media Inc. (Gunter 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. Comb with KSLQ-AM, which Hildebrand bought earlier this year from the same seller (RBR 2/20/98, p. 19). LMA since 4/1.

$985,000—KSFQ-FM Santa Fe (White Rock NM) from Toraja Radio Inc. (Dean K. Burnis) 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 KRSM-AM Los Alamos to an unspecified buyer.
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

DowJones—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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