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Independent syndies concerned about Starguide

Technological collusion? Not quite, but a recent conversation with Tom Star, President of Talk America Radio Networks made us wonder. Starguide’s “store and forward” addressable satellite receiver system (RBR 6/7/99 p.2)—which will end up replacing the existing SEDAT technology—has already been adopted by Westwood One, Premiere and ABC. The claim is that because most stations will eventually have to get a Starguide system in order to receive the big three syndicators’ products, they will no longer have the ability to easily “switch channels” on their receivers to find other syndicated product out there. “When the SEDAT technology is gone, it’s gone. As Starguide comes about, you’ll find that a lot of the independent programs will not last. It is going to hurt them immensely because at this moment I have not seen any way that you can change your channel to pick up someone’s specific program. If you’re a one-program entity—that’s all you assist individual to get that program from Starguide,” complains Star. “I think a lot of stations won’t be able to carry them because they’re automated and they don’t have any way of changing channels so they can change transponders.”

continued on page 5

Sirius launches first satellite

Sirius Satellite Radio (O:SIRI) announced the successful launch of the first of three satellites in its upcoming 100-channel direct-to-car satellite service from Kazakhstan. “Sirius-1” lifted off 6/30 at 6:08 PM ET, successfully established a communications link at 8:33 and deployed all solar panels by 11:55PM. Sirius plans to launch the other two satellites by November.

Competitor XM Satellite Radio’s (O:XMSR) CEO Hugh Panero, while yet to launch a bird, was optimistic of the launch: “Today’s launch reinforces the bright future for our industry and validates the confidence shown in the segment by Wall Street, our investors and strategic partners.” XM plans to offer its service roughly at the same time as Sirius: early next year.—CM

LPFM: the sequel

When the second window for LPFM filing opens up in late August, the FCC better be ready. This time wannabe broadcasters in Connecticut, Illinois, Kansas, Michigan, Minnesota, Mississippi, Nevada, New Hampshire, Virginia, Wyoming and Puerto Rico get their chance to enter the world of LPFM. During the first window, which closed on June 8, the FCC got 772 filings, with many more predicted this go around.

RBR observation: As we mentioned after a random scan of the first set of LPFM applications (RBR 6/27, p.2), many of them were seriously flawed. Not only are the wannabes wasting their time by filing incorrectly, but they are wasting the FCC’s all too limited time as well.—ED

Production music libraries unite

The Production Music Association (PMA) has sprung to life under the leadership of Non-Stop Music Library’s Mike Dowdle who is the PMA Board Chairman. The group will work to protect the copyright and royalty interests of the composers and publishers of background music. The roster of charter members is a virtual checklist of companies in the production library biz.

Its primary goal is to “work with performing rights organizations, legislators, legal counsel and broadcasters to improve monitoring, reporting, collection and distribution of royalties and performance fees for its member companies.”

“The use of production music is growing at an alarming rate,” said
Dowdle, "and the trend continues to spiral upward. The need for us to come together as an industry is imperative."—DS

RTNDA and NAB petition Court on Fairness

The Radio-Television News Directors Association and the National Association of Broadcasters have filed a joint petition asking the U.S. Court of Appeals to end the 20-year battle with the FCC concerning personal attack/political editorial rules. In 1999, the Court ordered the FCC to provide justification for these rules, which put a strain on First Amendment rights, but the FCC did has responded. The petition seeks to either vacate the rules completely, or require the FCC to respond within 3 months.—ED

Radio delivers consumers in the act of consuming

One of the most striking stats in the Radio Advertising Bureau's new study of the radio audience is the medium’s unparalleled delivery of individuals who are within one hour of making their largest purchase of the day (exactly when you'd like them to hear your message). Among adults 25-54, 63% have been exposed to radio programming within 60 minutes of point of purchase, compared to 22% for TV, 13% for newspapers and 12% for magazines.

These numbers hold up for other demos. For adults 18-34, 68% fall within the one hour threshold for radio, compared to a total of 52% for the other three combined; for adults 35-64, radio pulls 60% compared to a total of 46% for the other three. Even in the hard-to-reach teen demo, radio gets to 41%, compared to 37% for the other three.

Also included in RAB’s Radio Marketing Guilde & Fact Book for Advertisers are radio revenue results for the past ten years. They have more than doubled. Local business went from $6.78B in 1990 to $13.59B in 1999; national spot went from $1.63B to $3.21B; and network went from $430M to $880M. Overall, revenues grew from $8.8B to $17.7B.—DS

Public radio portal is launched

Public broadcasting’s traditional ways of fundraising have a new supplement. The Alliance for Public Broadcasting and Network Commerce Inc., have developed an e-commerce fundraising portal. Over 70,000 stores will make up the Listener Marketplace, where revenue will be made for local stations through shared revenues, as well as other e-commerce. The Alliance allows sponsors of non-commercial stations to benefit listeners by using discounts and incentives, and gives stations a way to tap sponsors for cash, since they are not allowed to run on-air advertisements.—ED

Mega announces FM debut dates in DC

Mega Communications, which O&Os 20 Spanish language radio stations along the East Coast, debuted Washington, DC’s first FM Hispanic format 7/1. WPLC-FM, licensed to suburban Warrenton, VA kicked off at noon with a Spanish AC, “Amor.” WPLC was purchased from First Virginia Communications for $5.25M. Mega's WNHY-AM Rockville, MD will simulcast the signal for residents in DC's northern suburbs. The Amor format currently airs on Mega's WZHF-AM Arlington, VA, but will turn off 7/4 as part of a sale to Arthur Liu’s Multicultural Radio.

Mega will also debut its Top-40 Hispanic “Mega” format on WMJS-FM 92.7 Prince Frederick, MD (also suburban DC) in early August. It will be simulcasting Mega’s existing WBZS-AM Alexandria, VA. Mega also airs a Regional Mexican format in DC on WKDL-AM Silver Spring, MD.—CM

RBR News Analysis

Indecent or not? Who’s to say?

It’s been six and a half years since Scott Ginsburg and Evergreen Media got the FCC to agree, in a federal court settlement, to state publicly what its policy is on broadcast indecency. Essentially, the Commission admitted what broadcasters had known for decades—no one at the FCC knows what the indecency policy is, leaving licensees with no idea what guidelines they should give their on-air talent.

Well, Evergreen Media no longer exists. Scott is out of broadcasting. A new millennium has begun. And we still don’t know what the FCC’s policy is on indecency.

Neither do the people at the Commission who enforce the policy. As we noted a few weeks ago (RBR 5/29, p. 3), the FCC fined KROR-FM Kearney, NE $7K for a “Bob and Tom Show” syndicated bit that only the most extreme prude would find objectionable—then a few weeks later said a more explicit bit broadcast by the originating station of the “Don and Mike Show,” WJFK-FM in the Washington, DC market, was street legal.

How are such conflicting decisions supposed to give CEOs and GMs any guidance on how to police their on-air talent? We don’t often agree with Commissioner Gloria Tristani, but she is right to complain about the FCC’s lack of a consistent indecency policy.

Perhaps the whole matter is going to go back to court again. Citing the 1994 federal court settlement, Clear Channel's (N:CCU) WXTB-FM in the Tampa market has refused to respond to indecency inquiries from the FCC until the Commission complies with the previous court settlement and tells broadcasters what indecency guidelines they’re supposed to be observing.

Rather than doing what it’s under court order to do, the Commission slapped Clear Channel with $30K in fines (RBR 7/3, p. 2). That just made the FCC look like the ridiculous rogue agency that it has become in recent years—openly defiant of the rule of law and arrogant in its self-righteousness.

Clear Channel would do well to stand its ground. Refuse to pay the fines and challenge the FCC to take the matter to court. Chances are the Commission will try to cut another last-minute deal to squirm out of being embarrassed in court. If it comes to that, we hope Clear Channel will close the loophole that has let the Commission avoid its responsibility for so long—make sure the settlement has a firm deadline for the FCC to put its indecency policy in print and make it public. It should be a rather short deadline. The Commission has already had six and a half years to think about what should be in that formal policy.—JM
RBR News Briefs

Hepburn: from Brokerage to Internet

Todd Hepburn now calls the SiteShell Corporation home. Hepburn told RBR that he has quit the brokerage business and is looking forward to his new job as SiteShell’s affiliate representative. SiteShell is an Internet company that licenses web site content packages to local radio stations and Hepburn will be in charge of gaining and maintaining new affiliates. The Cincinnati office is now closed, but the Ted Hepburn Company is still alive and well in Palm Beach, FL, run by his father.—ED

Having your web connection and using it twice

Portland’s News-Talk 750 KXL is the first station to use Voice-over-the-Internet technology as part of daily programming. eFusion Inc. developed a Push to Talk system, where listeners can talk directly to the station through KXL.com. Listeners can still send requests via email. However, the enhanced web site allows listeners with only one phone line to talk without disconnecting from the Internet.—ED

Survivor: KACD/KBCD pins its hopes on the web

The Adult Alternative format of Los Angeles co-channel Adult Alternative simulcast partners KACD-FM and KBCD-FM faces its imminent demise. The stations are closing in on a closing date with Hispanic group Entravision, which is buying the pair from Clear Channel, and which will certainly flip them to Hispanic programming. Clear Channel has told the station’s staff that it can live on with state-of-the-art equipment if it can demonstrate that enough listeners will follow into cyberspace to support the venture. Supporters are being recruited now. Stay tuned.—DS

Radio a hit with Jobs.com

It was such a success advertising on radio that Jobs.com spent as much in the first quarter as it did all of last year, on New York radio. The New York Radio Market X-Ray ranks Jobs.com among the top 10 Internet/E-commerce radio advertisers in the New York market. Tanya Bauer, Brand Advertising Manager, Jobs.com, attributes the site’s increase in traffic directly to their advertising efforts. Bauer also believes that the company’s creative approach, with taglines such as “Be distinct...or extinct,” has helped with the site’s success.—KM

Newspaper comes to the rescue of failing AM

The FCC approved the wedding of Kortes Communications’ WPLB-AM Greenville, MI and Stafford Broadcasting’s The Daily News via a waiver of crossownership rules. Greenville, pop. 8,452, is in an unrated portion of Michigan about 25 miles NE of Grand Rapids. The station was in danger of going silent, and prior attempts to sell were unsuccessful. There was no need for a waiver for WPLB-FM Lakeview, MI, also being acquired by Stafford, because the station’s signal doesn’t cover Greenville.

Given the presence of plenty of competing media outlets, the FCC granted the waiver unopposed due to the fact that “grant of the waiver will serve the public interest, including the twin goals of viewpoint diversity and economic competition.”

RBR observation: In a 6/21 press release on its impending Biennial Review of broadcast ownership, the FCC stated, “The Commission acknowledged that the efficiencies of combined newspaper/broadcast operation might produce more public affairs or news programming.” Might? Of course it would. But the FCC’s overriding fear of a loss of diversity of viewpoint is preventing them from striking down the crossownership ban.

In a large market, diversity is not a problem at all, so the ban is unnecessary. In smaller markets, where News-Talk stations are a very recent option due largely to the manpower required. Bringing the staff and other newsgathering resources of a newspaper to bear vastly increases what can be done with a News-Talk station.

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American Tower raises a half billion

American Tower (N:AMT) has put $514M (net of expenses) into its coffers after selling 12.5M new shares at a price of $41.125 per share. The company plans to use the cash to reduce its outstanding debt, build new towers and pay for acquisitions. At the same time, a few insiders sold 1.182M shares (approximately $48.6M) in stock—the largest sale being 500K shares ($20.5M) by CEO Steve Dodge, who still holds about 26.9% of the company’s voting power. Underwriter: Lehman Bros.—JM

BroadcastEUROPE.com launches with BroadcastAMERICA

Aggregating a variety of European streaming radio stations, BroadcastAMERICA.com’s BroadcastEUROPE.com has launched 6/26. Already in discussions with stations in a dozen countries, the site expects 100 European stations by year’s end. So far, Scottish and British soccer events, JazzRadio in Berlin, Top 40 Atlantic 252 in Britain and Munich’s HIT-FM and MIX-FM are up and streaming. BroadcastEUROPE has opened offices in Berlin and Oldenbrug Germany and Glasgow, Scotland.—CM

Final shift for Radio Wayne

The almost 50-year radio career of Radio Advertising Bureau’s Wayne Cornils has come to an end following a 12-year battle with cancer. He continued in his role as Executive VP. Meetings all the way up to his last few days. He did pretty much everything you can do in radio, including stints on air, as an engineer, PD, GM, as well as with various networks and associations. Our condolences go out to his family and friends.—DS

7/10/00 RBR
Hello, Goodbye.....

A conversation with Traug Keller and David Kantor
by Carl Marcucci

Traug Keller: Taking the reins of ABCRN

We guessed it first (RBR.com 6/19): Former ABC Radio Networks EVP Sales and Marketing Traug Keller was chosen 6/20 to head the Network as its President, replacing Lyn Andrews (RBR 6/5, p.3). His new management was also announced, as promoted by ABC Radio President John Hare were Darryl Brown (EVP/GM) and Jennifer Purtan (SVP Sales).

Keller, who joined the organization in 1994 as VP, Eastern Sales, now oversees all programming (including Radio Disney and ESPN Radio), affiliate relations, engineering, finance, research and Internet functions. He, his wife Connie and three children are relocating from the NYC area to ABCRN's Dallas HQ. "I'm thrilled. I view this as one of the most dynamic and exciting places to be in the radio business. My first tour of duty, going over the different departments over the next 30-90 days is to make sure that we kind of narrow and simplify our goals," Keller tells AdBiz. "The long term view is how do we make our programming relevant in the brave new world of Internet, broadband coming, wireless to the car and whatever else is out there seven years from now. That I view as the biggest challenge."

Cont. on AB4

AgencyPerspective

Total Radio agency: A riff from Raff
Page AB5

PersonalityProfile

Westwood One's Don Genronimo
Page AB10

RBR/Miller Kaplan Market
Sell Out percentage report

Summer levels off
Inventory demand has, after a long period of year-on-year growth, begun to level off. That puts radio on a high plateau, if stations have been able to hold the line on pricing. "Since the summer of '99 was a hot summer for radio demand, we're seeing a continuation for this year," says George Nadel Rivin of Miller, Kaplan, Arase & Co. "The August numbers look especially promising, since August of 1999 was a strong month."—JM

Cont. on AB4
Guru raises ad spending forecast

Radio has made a believer out of Bob Coen, Sr, VP & Director of Forecasting at Universal McCann. In the mid-year update of his ad spending outlook, the closely watched forecaster increased his 2000 projections for most media, but raised his radio projection the most—both at the local (to 12%) and national (to 15%) levels.

"Back in December we expected that the many special millennium-year events would provide extra acceleration to the degree that advertising outpaced the US economy this year. The year 2000 census added millions of dollars of extra advertising expenditures in the opening quarter of this year and primary election contests involved exceptionally high advertising outlays," Coen said in his 6/27 "Insider's Report." "This is even before the main contests that will start in the late summer and early fall months, just about the time the Summer Olympics telecasts are aired from Australia in September."

While others have been warning of a drop-off in dot-com advertising, Coen sees just the opposite. "Despite some losses in stock market prices for a number of high-tech marketers, their advertising activities have not slowed; in fact the importance of advertising has continued to rise as they rush to build their share of on-line commerce."

Based on Coen's projections, it looks like radio is having some success in taking business away from newspapers at the local level. While the newspaper industry's effort to reassert itself as a national advertising medium is making some inroads, Coen has lowered his expectations for print at the local level—now forecasting a 5% gain, rather than 6%. His local TV projection held at 8.5%.

Retailers are presently holding down their advertising outlays by switching from display ads in newspapers to less costly pre-prints, with much of the savings going into radio," Coen explained.—JM

Bob Coen's Advertising Forecast

($ in millions)

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more Stats on AB13
Rick Dees wakes up the ENTIRE FAMILY in the #1 Radio Market (L.A.!)!

A18-49 #1
A25-49 #1
A25-54 #1
W18-34 #1
W18-49 #1
W25-54 #1
TEENS #1

And ranked #1 in cume in all demographics on KIS-FM 102.7

To wake up families in your market, call your Premiere Radio representative at 818-377-5300 • PremiereRadio.com
Here, Trag answers some frank questions about his new role:

What are your main goals for ABC Radio Networks?
Building on our current distribution, programming and ad sales. We have very focused and essential goals with concentration in these three areas.

I will continue moving the organization ahead as we proceed with our strong performance in customer service—making sure that our people in affiliate relations stay on the road, seeing our customers, getting to know their operations and always staying focused on what drives our affiliates' businesses.

What are ABC Radio Networks' strengths and weaknesses?
Our strengths are our products. ABC News Radio is second to none, receiving more awards in the past four years than all our competition combined. Amidst all of the industry consolidation, a great news product is a tremendous and powerful asset.

Our talent also leads radio through compelling, energetic and personal connections with audiences. From Tom Joyner, to Doug Banks, to Paul Harvey, to Bob Kingsley. Dick Bartley and Bob Brinker, our hosts and personalities interact with listeners, building loyalty and community through their abilities to entertain, and through their insights and great perspectives on daily life.

Our weakness is that we have not been a huge radio consolidator, and therefore we have less control over our distribution. All that means is that we must strive to maintain excellence in programming, content and customer service.

How do you plan on preparing ABC Radio Networks to work content and sales into the broadband and wireless Internet media?
We are reviewing all our options. It's important that we first serve our radio affiliates. Broadband and wireless offer future distribution opportunities and allow us to deliver our content to places and people heretofore unavailable.

Tell us about your radio history.
I am a radiophile, and have been all my life. I started out at The New York Times, but my heart was always with radio. And when an opportunity arose at The New York Times' classical station WQXR, I jumped at it. I became local sales manager and then moved on as Account Executive at CBS Radio Networks. After several years, I was appointed as Director of Eastern Sales at CBS Radio, where I served until I joined ABC Radio Networks as Vice President of Eastern Sales. When Lyn Andrews took on her role as President, I took responsibility for all ad sales and marketing.

Working with the tremendous talent and caliber of professionals at ABC Radio has been a great privilege, and I am very charged by the energy, creativity and quality of the entire group.

What are your thoughts on Radar 65?
Radar 65 was a mixed bag for us. ABC Radio Networks' limited inventory, Young Adult, FM and News-Talk all increased very well. We suffered some erosion with our line networks, but these results were expected. I've been in this business long enough to know that one Radar doesn't indicate a trend.

How are upfronts looking?
The upfronts marketplace for 2001 looks quite strong. We have had several inquiries and have several big deals working. The frenetic character of TV upfronts has definitely spilled over to radio, and we're stronger than we've ever been.

How are you preparing for the combined entity of AMFM and Premiere?
We are looking forward to competing. They have great product and they have great people, and I also look forward to growing the network radio pool with them.

David Kantor: taking stock and moving on
David Kantor, after being appointed President of ABC Radio Networks in early '96 and then given the direction of launching a new network—AMFM Radio Networks in late '97—is leaving (RBR 6/26, p.2) after the Clear Channel-AMFM merger to do his own thing. Kantor worked a strategy that delivered 66M listeners to the network—38% of its unduplicated—which translated to adding further appeal to network advertising. That new audience suddenly filled in the holes that put network radio on a reach par with cable and network TV. Let's face it—both AMFM and Premiere Radio Networks' new RADAR-rated networks brought new advertisers to the biz.

While David will end up staying a consultant to Premiere into early next year, he's embarking on new and different career agendas. Here, David tells us about it.

How does it feel to be truly on your own?
It feels great. I think it's an exciting time in our business. Not only has consolidation led to lots of opportunities for the big companies like Clear Channel and Infinity or the networks like...
Want to know what all this really means?

Tracking Trends: Married Male

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

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

Want to know what all this really means?
Westwood One and Premiere AMFM, but it's, I think, creating holes for lots of opportunities for entrepreneurs. I hope to get involved in some of those opportunities.

**What is the opportunity you will be working with Tom Joyner on?**

Tom announced that he was going to launch/develop a portal for the African American community. I think the timing is perfect. Not only will this be, as Tom puts it, an AOL for African Americans in terms of information, but one of the main interests in Tom is to eliminate the divide that exists in the computer access in the African American home. So, one of the things we're going to be working on is getting equipment and access to the net—easily accessible by people who may not otherwise be able to afford to do it.

**What do you think your role is going to be and your term as a consultant to Premiere when does that begin for you?**

The consultancy will officially begin after the merger. I have the utmost respect for Kraig Kitchin and think that if anyone can bring these two organizations together it's him. I hope that Kraig will come to me and bounce ideas off me and ask my input on strategy or how to do something or personnel issues or ask my assistance in going and talking to advertisers since I have a close relationship there. It's really going to be his call.

**What are all the areas you might want to throw your hat into?**

Definitely working directly with talent to develop their ancillary businesses. Like with Tom Joyner, developing not only the Internet but eventually television and maybe live entertainment aspects of the Tom Joyner brand. I'd like to do that with some other talent, too. A lot of radio talent has successfully gone across media to do projects like Howard or Rush or Dr. Laura with her television show. But there are a lot of talent out there that have the capability to do it and just haven't taken advantage of it yet. I will probably get involved with some other Internet businesses that are unrelated to radio. I've been contacted by quite a few and whether it is sitting on their board or just providing a strategic assistance, I will probably do that. I'd like to continue my role with Scott Ginsburg and Matt Devine on sitting on the DGIT board and actually hope to find some other boards at small or medium sized companies that would like to get me involved. And then, I'm looking at some projects. My kids, my older two kids are getting through college now. Some ideas they have on launching businesses. I might get involved with that.

**Will you be doing anything with advertisers you've made relationships with?**

There's been some interest on the part of advertisers for me to be involved with them on the part of their planning and buying radio in general. I probably would not look to do that until after I was done with my consulting with AMFM. But, long term, there's a vantage point to bring to the advertisers about the strength of radio that they don't always see not working in the medium.

**Why did you choose the consulting role with Premiere?**

I really learned growing AMFM Radio Networks that I loved the entrepreneurial aspect and the building aspect. And that what I don't really love is the administrative/management aspect of it. I love creating the vision and moving towards that vision. I think, too often entrepreneurs linger too long after their companies have taken on a life of their own. One of the things that I've always tried to do is to get out before I become "useless." I think there are paradigm shifts going on every day and I'd like to be involved in the next paradigm shift. Some of that's the Internet. Some of that is the talent. I'm always liking a new challenge. Whereas I ran ABC, which resembled in those days, a lot like what Premiere-AMFM Radio Networks will resemble after the merger. I thought it was something I would rather not do. I actually have so much confidence in Kraig that I didn't feel I had to be around to do it.

**What were you going to do with the road show to agencies in July?**

Right now within the company, we're working on what the inventory will look like next year for Premiere-AMFM Radio Networks combined. This year is pretty much locked in stone. The AMFM Networks will sell as they have and Premiere will, but will move to a transition. Once that's been decided, in the next 30 to 45 days then Kraig and I together will go out and present that along with the combined Premiere-AMFM advertising sales forces to the major agencies and advertisers in the marketplace to make sure they understand what's going forward. One of the successes of AMFM was that we went out and communicated clearly what we felt we were doing and what we were or were not promising to advertisers in the marketplace.

**What are your thoughts on the latest Radar 65?**

I think, what it showed was consistency and stability. If you really look, overall network radio stayed almost to the rating point exactly what it was the last one, which was almost to the rating point as the one before. What it shows is that after consolidation, pretty much everything has leveled out in terms of who's affiliating with what and how they are clearing, etc. It's nice to see that our inventory is pretty stable going forward.

**Being in the network biz as long as you have, what sort of changes have you seen? What can the network biz expect down the road?**

We've all seen consolidation. That's clearly been the giant earthquake that has affected all of our businesses and has had many ripple effects. [Network] consolidation [went from] many players at one time to two players, Westwood One and ABC, and now has expanded again to include Premiere-AMFM, [which] I think is significant too.

Down the road I think network business is very healthy and going to grow dramatically. If you really look out there, radio has a significant opportunity to grow its national business. Whether it be spot or network, it clearly has a huge upside out there to take that money away from broadcast and cable TV.

In addition to that, one of the things that has been my goal has been to have the industry improve upon its standards and accountability to the advertising community over the last few years by setting our standards higher than they have ever been in network radio. The other networks, Premiere probably being the leader, have moved to that. I think what it has done is raised the confidence level on the part of advertisers in network radio, which has obviously increased the amount of budgets to it.

**How do you think the radio broadcasting network model is going to change down the road when we have Internet broadcasting everywhere with census-quality accountability?**

I think that clearly radio is going to be a part of that. Radio isn't just radio anymore; it's audio delivery. There is no question Clear Channel has done their deal with XM and all the radio companies are gearing up to be on the Internet and putting out product there. There are clearly two distinct markets you're talking about in different ways in which advertisers market their products. One is to have broad reach at certain times during day with a certain frequency, but they're more interested in reaching as many people as possible. Procter and Gamble doesn't just sell coffee to one person. They have the whole US universe to sell coffee to. Then, there are going to be other products where clearly there is a narrower, definable consumer marketplace where a targeted ad would make sense, and they'll take advantage of those.
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The Starguide receiver is being rolled out by three separate networks, all up on the same bird with different carriers. The receiver has six slots, currently taken up by ABC, Westwood and Premiere/NSN. In order to get their product to market, other syndicators have to go through these nets and supply their own card to the stations. If a syndicator’s specific card isn’t in the station’s system, or nothing piggybacking off of another syndicator’s card, the station can’t hear it. Needless to say, there are only so many cards that will fit in a Starguide receiver. In addition, an ABC or Westwood One isn’t likely to preempt live programming running in the same time slot for a syndicator sharing the carrier, nor would they likely want to carry competing programs in similar time slots.

“The networks have decided that they are going to own their content more closely and they wanted to control that affiliate base. There was a lot of consolidation. It was very important for them to know exactly what’s going on with their business and this was the perfect tool,” responds Starguide EVP Business Development Ian Lerner. “If they don’t have enough slots, what’s happening is radio stations are adding receivers. Some of the stations have actually gone out and bought four receivers. If they put a card in, they can do anything they want as long as they know where the carrier is and as long as the network that’s feeding it permissions it.”

But Star questions how the thousands of small or unrated market stations can afford to buy enough receivers at about $2000 a pop to equal the choices they currently have with SATCOM C5 receivers. He also questions how smaller syndicators could afford to buy the card and receiver for affiliates/potential affiliates. “If I want to put our network on a particular radio station, I buy one card and that one card would be good for two networks plus a news network,” says Star. “I am going to have to buy cards for everyone (stations). Not only am I supplying for myself, I’m supplying for everybody. More importantly, it’s going to be very difficult if you have a radio show and you’re on channel 26 and you’re the only program there. It’s going to be difficult to change to that channel. It can only take so many channels, not enough for all the networks out there.”

“The syndicators have less control, but at the same time, I think it accomplishes the same task by working with one of the big networks. The topology definitely changed. And in some cases you have to buy new receivers. But this is the new world and this is what the Wall Street group wanted to do—this is driven financially, not because the radio industry wants to piss off affiliates,” responds Lerner. “When the Starguide receiver was originally designed, it was designed so that there would be one big carrier, and everybody would be on equal footing. Radio stations could sit there and literally flip through the dial and networks would turn them on or turn them off. Jacor, ABC and Westwood all decided they were going to keep their own separate carriers.”

—Starguide EVP Business Development Ian Lerner

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But what about stations that can’t afford four receivers? “What is the value of the station to the networks? They will sell the receiver to the station, barter it, pay for it outright, or go half and half,” a Starguide source reminds us. “Tom Star goes to a lot of these smaller stations and he says we are discriminating against him. He says he is at a disadvantage because these stations don’t have enough ability, and he’s right. Equity radio is in the same boat. They called the other day and said, “What do I do?” I said go between Clear Channel’s NSN, Westwood and ABC and see which one will give you the best deal. And buy the space from them. Once you’ve done that, then negotiate as to access to the stations.”

Not all of the independent syndicators are worried. Broadcast Programming is on Westwood’s carrier. Jones bought BP last year and doesn’t want to be beholden to any of those networks. Jones may go as far as to build their own headend. “We’re looking into all of our options. It’s a significant change for the business. We’re going from an open system to a closed system and we haven’t made a final decision as to what we’re going to do,” says Jones/MediaAmerica EVP Jed Buck.

“They’re just whining because they have to pay for it—that’s all. They already bought the SATCOM C5 receiver, now they have to turn around and buy a Starguide receiver. It’s a new technology, the old bird is falling from the sky, so that’s it,” says Fisher Entertainment CEO Glenn Fisher, who rents space from ABC. “If they want decent programming, they are going to have to put some money up for it. Tell you what—anyone who comes to me with an FM stick, I will pay whatever it takes so that they can receive our programming.”

RBR observation: While Starguide doesn’t really change the industry that much in the respect that independent syndicators have always subcontracted carrier space from the big networks, it still makes it somewhat harder for independent networks to market themselves to stations. In some cases, the syndicator will have to buy a new receiver for the station, as well as an audio card. The Internet is a good solution to allow stations to check out programming, by hearing streamed audio. As T1 lines become more reliable and less expensive, satellite distribution can be increasingly bypassed.—CM
NextMedia buys out Pride Communications; two others

NextMedia’s Carl Hirsch, Steve Dinetz and Skip Weller are acquiring Jim Hooker’s Pride Communications and its Pride Suburban Network (we featured it in the 7/99 Manager’s Business Report), for $57M. Pride leverages a ring of stations around Chicago: WAIT-AM Crystal Lake, IL, WBVS-FM Coal City WI, WEXT-FM Sturtevant WI, WJOL-AM Joliet IL, WJTW-FM Joliet IL, WLIP-AM Kenosha WI, WLLI-FM Joliet IL and WZSR-FM Woodstock IL. Hooker becomes part of NextMedia.

Adding more to that circle around Chicago is NextMedia’s $9.4M purchase of WKRS-AM and WXLC-FM Waukegan, IL from Marathon Media. What’s CEO Hirsch up to? “Obviously, these stations fit together. The Pride Suburban thing probably works. There are some pieces that we think were missing and that could be added to it,” he tells RBR.

Hirsch anticipates little if any changes to the stations as they are—don’t expect any added simulcasts or trimulcasts. “These suburban markets are fast-growing, these stations have their own advertising—they are as big as some big markets in and of themselves. We’re going to beef up the sales concept, but it works. They’re making a lot of money.”

With these stations, NextMedia is up to 55 stations and two out-of-home media companies, A.J. Outdoor (Minneapolis) and Gas Station Advertising (Phoenix). Brokers: Elliot Evers, Media Venture Partners (Pride), Peter Handy, Star Media Group (Marathon).—CM

Equicom sets new Cornerstone

Equicom is shifting its 13 stations in unrated Texas markets from one pocket to another. KBST-AM & FM & KBTS-FM Burnet-Marble Falls, KEPF-AM & KINL-FM Eagle Pass, KKYN-AM & FM & KVOP-AM & FM Plainview and KVOU-AM, KUVA-FM & KYUF-FM Uvalde are all being sold to Cornerstone Radio Holdings, headed by Jamie Clark, for $7M. Equicom will then become an investor in the new group. Seven other stations, in the rated Corpus Christi and Bryan-College Station markets, will remain with Equicom’s Texas Eagle Radio Network. Broker: Kalil & Co.—JM

Walton stations go to Midwest

Duke Wright’s Midwest Communications is branching out to two new markets, each adjacent to the group’s existing markets. Wright is paying $10M for the four stations now owned by Michael Walton Sr. & Jr. WHTC-AM is Wright’s first station in the Grand Rapids, MI market, but he already has four right next door in Kalamazoo. The deal also includes WHBL-AM, WWJR-FM & WBFM-FM in the unrated Sheboygan, WI market, just southeast of Wright’s three FMs in the Appleton-Oshkosh market. Broker: Blackburn & Co.—JM

Another Midwest grabs Hibbing trio

Tom Bookey’s Midwest Radio Network LLC is bulking up in northern Minnesota. Midwest is paying $2.15M for Al Quarnstrom’s and Dennis Martin’s WFMG-AM & FM & KMFG-FM Hibbing-Nashwauk, MN. Midwest already owns WNMT-AM & WTBX-FM Hibbing, MN. Broker: Jerry Johnson, Johnson Communication Properties—JM

Crystal green persuasion? FL broadcaster expands again

James Hilliard’s James Crystal Radio Group, which until recently has confined its operations to Florida’s Southeast coast, has struck another
deal in the Western desert. It is plunking down $4.5M cash for Radio Venture Partner's Religious KXEG-AM. The station has the FCC's go-ahead to double its daytime power to 15kw. JCRG recently announced a $2.5M deal for AM blowtorch KCKN in Roswell NM (RBR 5/22, p. 21).—DS

Last Centennial station sold
We now know what's happening to the last station from Allen Shaw's Centennial Broadcasting. After selling his six Las Vegas and New Orleans stations to Beasley (O:BBGI) for $138M (RBR 6/12, p. 6), Shaw is selling WOSN-FM Ft. Pierce-Vero Beach, FL to Mitchell Rubenstein for $4.1M. That will give Rubenstein's Vero Beach Broadcasters LLC one AM and three FMs in the market. Broker: Bruce Houston, Blackburn & Co.—JM

California price revealed
Radio Unica's (O:UNCA) purchase of KATD-AM Pittsburg, CA will cost $4.5M. As reported (RBR 6/19, p. 12), Radio Unica will move the far suburban signal out of the San Francisco market for a double benefit: 1) Full coverage of the Sacramento market by KATD on 990 kHz and 2) A power boost for the Spanish Talk network's KIQI-AM San Francisco on 1010 kHz.—JM

Baker adds in Charlotte outskirts
Vernon Baker is picking up a duopoly partner for WNOW-AM Charlotte, filling in coverage of the York County, South Carolina portion of the Charlotte metro. Baker is paying $500K for WBZK-AM York, SC. The seller is Curtis Signon's York Clover Broadcasting Co.—JM

Charlottesville deal revised
The Richardson family's Charlottesville Broadcasting Co. and the Eure family's Yorktown Communications Corp. have called off their planned merger in the Charlottesville, VA market. Instead, due to the death last year of principal shareholder Laurence Richardson, CBC is selling WIMA-AM & WQMQ-FM to Yorktown for $3.15M. An LMA began 6/1. Each company has agreed to sell an AM to Clear Channel (N:CCU), so Yorktown will end up with a duopoly of WIMA-AM, WQMQ-FM & WWWV-FM, plus a JSA of student-programmed WUVA-FM.—JM

Otmar quads FMs on Eastern Long Island
Peter Otmar's AAA Entertainment, which spent $3.5M for WEHM-FM & WBEA-FM on the far Eastern end of Long Island late last year (RBR 11/22/99, p. 12) has struck another deal for two more FMs. It is getting WBAZ-FM & WBSQ-FM from MAK Communications LLC. The price was not disclosed. However, current owner Mal Kahn bought the stations from Peconic Bay Broadcasting three years ago for $1.65M (RBR 3/10/97, p.11), so we expect to see a pricetag somewhere north of that. Brokers: Blackburn & Co. Inc. (seller), Media Services Group (buyer)—DS

Clear Channel forges into Fargo
Two of the Ingstad brothers (Tom and Jim) are selling their station cluster in Fargo, ND. The radio sixpack is going to Clear Channel Communications (N:CCU) for $46.3M. At least one of the Ingstads was already in the market before buying six stations from Otter Tail Power Co. for $24M (RBR 3/22/99, p. 13), then packaging a mixture of Ingstad and Otter Tail stations in a deal with Triad Broadcasting (RBR 5/24/99, p. 12). The deal will put Clear Channel into two of ND's three markets.—DS
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.


$5,500,000 KATD-AM San Francisco (Pittsburg CA) from People's Radio Inc. (Joe Rosa) to Radio Unica of Sacramento License Corp. (Joaquin Blaya), a subsidiary of Radio Unica (O:UNCA). $450K escrow, balance in cash at closing. Note: No contour overlap with KIQI-AM. Radio Unica plans to reconfigure the signal of KATD (990 kHz) to serve the Sacramento market and upgrade the signal of KIQI (1010 kHz).

$4,000,000 KTMO-FM Kennett MO from by Jack Messmer & Dave Seyler

Legend Broadcasting Inc. (Scott Krusinski) to Kennett Broadcasting LP (Albert Kaneb and family members), part of the Barnstable Broadcasting group. $500K escrow, balance in cash at closing. Note: This station has received FCC approval to change its city of license to Munford TN where it will add to Barnstable’s superdupoly in the Memphis market.

$1,600,000 WLRX-FM Nappanee IN from North Central Broadcasting Inc. (James & Marilyn Cobb) to Talking Stick Communications LLC (Alec Dille, John Dille IV, Sarah Erlacher). $400K cash, $1.2M note.

$550,000 KADI-FM Springfield MO (Republic MO) from Snowmen Broadcasting Inc. (David F. Oseland) to Vision Communications Inc. (R.C. Amer Jr., Karen Amer). $25K cash, $525K note.

$500,000 WBZK-AM Charlotte-Gastonia-Rock Hill (York SC) from York Clover Broadcasting Co. Inc. (Curis Sigmon) to Carolina Metro Radio Inc., related to Baker Family Stations (Vernon H., Edward A. & Virginia L. Baker). $25K escrow, $225K cash at closing, $250K note (80% of which will go to a non-competition agreement). Duopoly with WNOW-AM.

$225,000 WBHL-FM Florence AL. 100% interest in Tri-State Inspirational Broadcasting Corp. from Aaron, Judy, Harold & Gregory Clemonson to Mark A. & Lisa Michel Pyle and C. Jeffrey & Lou Ann Chandler. $10K deposit, balance in cash at closing. Station is a noncomm which is installing a new board of directors.

$65,000 WBIK-FM CP (92.1 mHz) Pleasant City OH from W. Grant Hafley to David L. Wilson. Cash.

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By Jack Messmer & Dave Seyler

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