

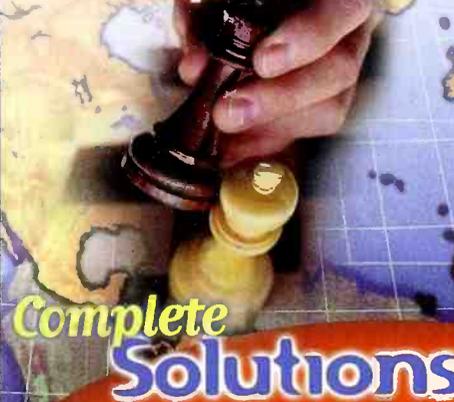
Radio Business Report™

Voice Of The Radio Broadcasting Industry®

December 4, 2000

Volume 17, Issue 49

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EEO rule appeals struck down

The FCC has rejected attempts by the NAB to eliminate the EEO requirement that broadcasters recruit for every vacancy that occurs (*RBR* 1/24 p.3). NAB had argued that mandating a separate recruiting effort for each and every vacant job was no longer necessary, since 30 years of broadcaster compliance with EEO regulations had resulted in minorities and women making great inroads in the broadcasting industry. The FCC said NAB failed to prove its case and rejected the petition to reconsider that part of the new EEO rules adopted in January, along with rejecting other modifications sought by the broadcast trade group.

Commissioner **Harold Furchtgott-Roth** dissented from the FCC order and argued that the new EEO rules "suffer from essentially the same constitutional and statutory flaws as the original set" which were struck down in 1998 by a federal court. The dissenting commissioner also accused the Commission and Chairman

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RBR News Analysis

Royalty ruling: Does it matter?

Much was being made elsewhere last week of the US Copyright Office ruling, expected as *RBR* went to press, on whether Internet streamers, including radio stations retransmitting their on-air signals, must pay performance royalties to record companies. That ruling had been sought by the Recording Industry Association of America (RIAA), which also wants to serve as the agency to divvy up those payments.

If history is any indicator, the Copyright Office will rule in favor of the RIAA and against broadcasters. Indeed, we at RBR would be shocked by any other outcome. The Copyright Office might as well be a wholly-owned subsidiary of the RIAA, for all the attention it pays to fairness and law. (No, this is not our judgement based on the make-up of the current Democratic administration—the Copyright Office has operated in this biased manner through a series of Republican and Democratic governments.) Indeed, if the Copyright Office had its way (and Congress over the years has made sure it hasn't) broadcasters would already be paying performance royalties to the RIAA's members for broadcasting music, in addition to the royalties already paid to ASCAP, BMI and SESAC.

Broadcasters should not expect to win before the Copyright Office. Nor should anyone believe that the Copyright Office decision is the last word on anything. Streaming royalties will be decided on Capitol Hill and in the courts (where NAB has already sued to block RIAA). The Copyright Office ruling is merely a sideshow being run in conjunction with the RIAA to try to build legitimacy for a performance royalty which is at odds with decades of precedent and likely with US law as well.—JM

DG-StarGuide merger OKed

Audio content and spot delivery network DG Systems' (O:DGIT) shareholders approved (11/21) a merger with digital program delivery company StarGuide Systems. The merger of the two, both operated by Chairman **Scott Ginsburg** and CEO **Matt Devine**, will proceed as follows: Closing in early 1/01, StarGuide will merge with DG with the issuance of 1.7M DG shares for
(continued on page 4)

Latest Florida result: RBR wins Morrone

Ann Morrone has joined *Radio Business Report* as an Account Executive and will be based at *RBR*'s new Daytona Beach, FL sales office. Morrone entered the radio industry seven years ago with Blackcrow Broadcasting in Daytona Beach. She then became Director of New Business Development for Clear Channel in West Palm Beach and most recently was with *Radio Ink* magazine.

"We went to Florida seeking someone named Chad," explained *RBR* VP/GM and Associate Publisher **Ken Lee**, "but it turned out that Ann had cuter dimples."

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(continued from page 3)

each outstanding share of StarGuide common stock. DG will issue 41.2M basic shares and assume options and warrants covering 10.1M shares. After the merger, the new entity will have 80.3M shares outstanding, with current DG shareholders owning 40.75% and current StarGuide shareholders owning 59.25% of the combined operation.

The merger is said to create a more powerful delivery network, via both Internet, DG's private network and satellite. The elimination of duplicative facilities, personnel and technologies, is also expected. "Combining the assets, management and offerings of these organizations will create substantial near- and long-term synergies and growth opportunities for the combined entity and its shareholders," says Ginsburg.—CM

Infinity buyout set for early January

Viacom (N:VIA) says it expects to close its stock-swap buyout of other Infinity Broadcasting (N:INF) stockholders the week of 1/8/01. It's set the record date for Infinity shareholders to receive the final merger prospectus as 12/8/00. In the deal which was boosted a few weeks ago (RBR 11/6, p. 12), Viacom is exchanging 56.4% of one of its non-voting Class B shares (N:VIAb) for each share of Infinity stock. That will take Viacom's ownership of Infinity from 64.3% to 100%.—JM

Soundsbig.com site down...and out?

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RBR News Briefs

Broadcastspots.com becomes Mediapassage

Online ad buying vehicle Broadcastspots.com has completed its merger with Mediapassage.com and changed its name to Mediapassage, to reflect added functionality to the combined offering. Mediapassage allows media buyers to be connected to a database of 34,000 media outlets in print, radio and TV. For broadcast, buyers can make a real-time purchase on hundreds of radio stations, or send and avail request to every radio and TV station in the US.—CM

XM Radio's Satellite Arrives At Launch Home Port

XM Satellite Radio (O: XMSR) announced that the first of its two Boeing 702 satellites will arrive 12/2 at Sea Launch's home port in Long Beach, CA, in preparation for its scheduled launch 1/8. XM's satellites—"Rock" and "Roll"—launch from Sea Launch's floating launch platform near the equator. "Roll" launches 1/8; "Rock" launches Q1 '01.—CM

Sonics on the block?

Officials of The Ackerley Group (N:AK) hinted broadly in a Wall Street conference call 11/29 that the company may sell all or part of its interest in the NBA Seattle SuperSonics. Giving their outlook for Q4, Ackerley officials said operating cash flow is expected to decline approximately \$6M from the year-ago figure of \$15M—a drop that was blamed primarily on a "substantial decrease" in operating cash flow for its Sports & Entertainment and Radio Broadcasting units. Ackerley said Q4 net revenues for its five Seattle radio stations are expected to be down 10%, with operating cash flow falling to \$2M from last year's \$3M—declines the company blames primarily on a format switch by its 95.7 MHz station, which is now 80s Hits KMBX-FM, "The Beat."—JM

Soundsbig.com has been down since the Thanksgiving holiday. The player comes up, the "song playing" displays, but nothing will play—via two computers, DSL and dial-up. The main phone number (Boston) does not answer. We also could not reach the PR representative for the company...the numbers ring with no voice mail.

RBR observation: While this may be all explainable, it doesn't look good for the company for now. We hope not... Soundsbig offers some very impressive and unique formats.—CM

Gorton's grim outlook

It looks like Sen. **Slade Gorton** (R-WA) will lose his seat to newcomer **Maria Cantwell** (D-WA). A recount is underway in Washington, however Gorton says his outlook on winning is "cautiously pessimistic." Gorton needs 1,953 more votes, which seems unlikely. The recount results are expected by 12/7, but either candidate may then request another recount at their own expense. With the ousting of Gorton, there will be a total of three Republican seats up for grab in the Senate Communications Subcommittee.—ED

Jones launches 80s format

Jones Broadcast Programming has launched its new 80s format (11/27) from BP's TotalRadio Group format services division. BP's Rock/Pop Director **Steve Young** is the programmer: "It's more of a hybrid between the Rock and some of the Alternative 80's stuff—maybe a little broader than some of the current Alternative 80s stations [ie. WPLT-FM Detroit]." The format complements Jones' "Awesome 80s" Pop/CHR leaning format.—CM

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TV spot production costs up 16%

The average cost to produce a 30-second national television commercial increased 16% in 1999, according to a survey released 11/16 by the American Association of Advertising Agencies (AAA). That was the largest one-year increase in the 13-year history of the annual report—beating the previous record of 12% set in 1991.

According to the AAAA survey, the average :30 cost \$343K to produce in 1999—up \$48K from \$295K in 1998. Production costs had actually dropped 4% the previous year.

The AAAA survey used information from 1,232 :30 national TV commercials produced in 1999. It also gathered data on 521 spots produced in lengths other than :30, finding that production costs rose 14% last year when all lengths are considered.—JM

Emmis names Esayian to new VP Integrated Sales position

Building upon the synergies that it is creating with its broadcast and Local Media Internet Venture (LMIV) division, Emmis Communications (O:EMMS) has created a new position: VP Integrated Sales. Former Emmis-owned jobcityusa.com Director, WJBR-FM Wilmington, DE SM and Next generation Radio founder **Deborah Esayian** takes the title. With her dual web and radio background, Esayian will train and guide the company's integrated web and on-air sales and cross-promotional approach to advertisers.—CM

Radio AdBiz

Who's not on radio?

The 42 brand names listed below are, for the most part, ones you've never seen mentioned before in *RBR* or any other radio publication. Why? They're major national advertisers who don't use radio.

The 11/13 issue of *Advertising Age* included a list, compiled in conjunction with Competitive Media Reporting, of the top 200 "megabrand" advertisers, based on ad spending for the first half of 2000. Of those 200, *RBR* found that these 42 had zeroes in both the network radio and national spot radio columns.

Of course, a few are brands which do quite a bit of radio advertising through their local distributors/dealers, such as Budweiser and some of the auto models. It appears that only one, Marlboro, is barred by law from advertising on radio. The others, it would seem, could use an education in how to make use of a targeted and efficient medium.—JM

Non-radio advertisers

(by spending rank, 1 st half 2000)		
20. Jeep Vehicles, \$166.3M	95. Dr. Pepper, \$60.7M	161. Flonase Nasal Rx, \$39.2M
21. Circuit City Stores, \$155.8M	97. Maybelline Cosmetics, \$60.5M	167. Huggies Diapers, \$38.4M
25. L'Oreal Cosmetics, \$139.7M	103. Slim-Fast, \$57.9M	168. Zyrtec Allergy Rx, \$38.3M
28. Budweiser Beers, \$135.0M	106. Gatorade, \$56.6M	169. Nintendo Computer Games, \$38.3M
40. Best Buy Stores, \$120.3M	110. Clorox Cleaners, \$55.2M	172. Fry's Electronic Superstores, \$37.4M
46. Mitsubishi Vehicles, \$113.1M	118. Gap Stores, \$51.5M	175. Kleenex Facial Tissue, \$36.9M
50. Acura Vehicles, \$109.6M	124. Canon Optical & Business Machines, \$48.7M	177. Sprite Beverages, \$36.6M
55. Vioxx Osteoarthritis Rx, \$95.2M	136. Publisher's Choice Products, \$45.8M	178. Audi Vehicles, \$36.6M
61. 1-800-COLLECT, \$81.7M	145. Prudential Insurance, \$43.0M	184. Pier One Import Stores, \$35.0M
63. 10-10-220 Telephone, \$80.4M	148. Revlon Cosmetics, \$42.5M	185. Payless Shoesource, \$34.9M
65. Clairol Hair Products, \$77.0M	153. Lipton Tea & Foods, \$40.9M	188. T. Rowe Price Financial, \$34.3M
78. Marlboro Cigarettes, \$66.9M	154. Conseco Direct Insurance, \$40.1M	191. OnStar Vehicle Monitoring, \$33.8M
90. Morgan Stanley Dean Witter, \$63.1M	155. Celebrex Arthritis Rx, \$40.1M	199. Iwon.com Internet, \$32.6M
93. Quaker Foods, \$61.8M	160. Lamisil Athlete's Foot Spray, \$39.5M	200. Victoria's Secret, \$32.6M

Source: *Advertising Age*, CMR

Get a job, get a car

Automotive and Recruiting both bumped up in October as sources of non-traditional revenues for radio stations. What declined? Food/Grocery. The Automotive gain was really a return to normal levels after a fall-off in September. Many radio groups also reported a September drop in spot buys by the auto sector.—JM

Non-traditional Revenue Track % of vendor/new business by category (October 2000)

	Apr	May	June	July	Aug	Sept	Oct	YTD
Automotive	15.69	11.37	18.91	12.50	11.63	5.17	10.19	10.45
Food/Grocery	22.44	26.65	34.59	14.57	23.50	40.42	28.90	26.80
Leisure	34.61	29.21	13.14	33.73	30.61	26.40	20.55	28.70
Health & BC	1.57	6.85	0.91	3.59	6.15	5.12	8.64	6.30
Home Improv.	0.86	17.63	19.12	7.64	7.88	2.17	5.23	6.66
Office	8.19	0.95	1.04	15.89	5.29	7.19	6.61	5.75
Clothing	5.72	5.24	2.44	8.07	6.39	0.84	1.42	4.91
Recruiting	10.93	2.11	9.85	4.01	8.55	12.70	18.47	10.43

Source: Revenue Development Systems, based on revenues from 76 stations in 32 markets.

NATIONAL NEWS

NATIONAL SPORTS

"WHITE HOUSE REPORT"
with April Ryan

"HOLLYWOOD LIVE WITH TANYA HART"
The Hottest Gossip from Tinseltown

"USA MUSIC MAGAZINE"
The Urban Sound of America with John Monds

"THE BEV SMITH SHOW"
National Nightly Talk Show

"COMING SOON"
Movie Review with Lorraine Turner

"BLACK COLLEGE FOOTBALL WEEKLY"
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- "The Bev Smith Show," the only national nightly talk show that explores today's issues affecting the African American community;
- Comprehensive sports coverage on the Black Collegiate scene.

WE ENTERTAIN

AURN is...

- "Coming Soon," daily movie reviews on the latest box office coming attractions;
- "USA Music Magazine" America's top urban entertainment program featuring the best in urban music, news and interviews on the industry's hottest stars;
- "Hollywood Live with Tanya Hart," a daily show that goes behind the scenes to bring listeners the juiciest gossip on Hollywood's celebrities.

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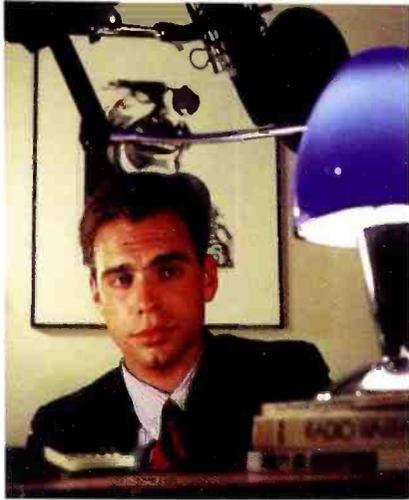


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Stalin and the Big 8:

Radio's secret weapons in the Age of Immediacy

by Franklin Raff

"How can we establish an audio-link right along the front-line? [We must] record every rustle, every whisper, the sound of a waterfall, a public speaker's address, etc. In the broadcasting program of every radio station, a fixed ratio can be established between radio dramas, radio concerts, and radio news from the life of the peoples in every land. A radio-newspaper minus paper and limits of distance: that is radio's basic significance."

—**Dziga Vertov (Mikhail Kaufman)**
Kinopravda & Radiopravda, 1925.

It has been 75 years already since Vertov wrote his Leninist 'new technology' treatises and manifestos; it has been some 55 years since his ideas were suffocated by Stalin's bureaucracies. But in his own formalist-propagandist way, Vertov predicted our strongest selling proposition: as catalysts of imaginations *en masse*, free from the financial and temporal constraints of outdated (paper) delivery systems. Vertov maintained radio news should fundamentally serve as "an audio link right along the front line," an aggressive observer and participant in the lives of its listeners.

Many of our programmers have come to believe that contemporary demographic targeting and music repetition-programming trends have indoctrinated us with certain false ideas, one of them being that stations should strive to appeal to an inattentive audience.

We are increasingly forced to defend this philosophy, as its practical execution has helped generate a nation of inattentive listeners. At the same time, contemporary targeting practices dictate that programming shouldn't try to be all things to all people (12+). We all play the pinpoint demographic/psychographic targeting game, of course, and the quality movement instructs us to benchmark—to chase—our industry leaders while carving a niche and cutting costs. But in the face of radio's declining national audience shares, many business professionals wonder whether we lemmings are not simply trying to mount each other *en route*.

I do not mourn the days when radio was new, when national networks were new, or even for the infancy of free-form FM Rock 'n Roll radio. But allow me, at least, to hearken to the hard-hitting, blood-and-guts style of CKLW AM 800 in the late sixties and early seventies. I am thinking of CKLW's 20/20 News—news on a top-40 station—pioneered by **Byron MacGregor**, **Grant Hudson**, and the silent board-ops that ensured 'heavy' audio element layering with a 'no air failure' mandate to seamlessly wage an all-out audio attack. CKLW—The Big 8—was a *madhouse* of sound. It *demand*ed active listenership. It did try to be everything to everybody. And CKLW was a ferocious success. Under **Bill Drake**, CK held at number one (and only occasionally number two) in Detroit, Cleveland, Toledo and Akron/Canton. All while garnering equally astonishing numbers north of the border.

Of course it was the 'little things' that made CKLW win. While competitors read the news at the top of the hour, for instance, CK's hits broke at the top-twenties for news bits that were as brief, wrenching, and compelling as gunfire. Hudson's news copy was legendary. Former CKLW DJ **Mike Rivers** recalls Hudson's reporting a

local pedestrian-traffic fatality: The victim was "strained through the grille of a '65 Cadillac." And though copy was hypercreative, CK's teletype-clacking, SFX-bedded, caller-eyewitness cutaways would launch in and out of the hits in seconds minimizing the tune-out factor, maximizing TSL. The sound was big-time, the content was *local*. CK *broke* the news. It was said: First you called the cops, then you called The Big 8.

Today's radio has a new advantage when it comes to reporting the news, a secret weapon the Big 8 would have eagerly employed: *cell phones*. Each is a microphone and a Marti; each listener is an eyewitness. From the standpoint of production, it takes no more than a few minutes to verify a story (call volume, police-band monitoring, etc.), edit, and break the news. Compare this with the clip-gathering, layout, and postproduction times of our TV, print and Internet competitors! Today, rapid response is more important than ever: In an age of limitless media choices, news consumers expect *immediacy*. Convergence has armed radio with an unprecedented capability for nearly instantaneous on-line eyewitness action reporting.

Radio is still positioned, technologically, to dominate the front lines of information media: to break the news, to scoop the press, to get local. Yet this potential seems to be largely unfulfilled. In small, medium, and major market stations nationwide, air talent (where they remain) pull 'news' from the wire services and regurgitate—often tracking the VOs hours before airtime. We are usually last to report the news, and concurrently suffer from chronic local content deficiency. Do we believe that radio news must be preceded or validated by the national networks and print? Or are we just too short-sighted to properly staff the

air, production, and news departments of our stations?

To be sure, we are presently more interested in benchmarking our immediate competition (other radio stations) than in redefining our approach to radio programming. **Al Ries** and **Jack Trout**, at least, maintain that benchmarking doesn't work. An earnest study of national media audience trends might induce us to agree with them. It is better to be *first*, they say, than it is to be *better*. History would agree: From a programming standpoint, at least, it may be said that radio's victors, news-breaking stations like CKLW, were relentless, radical, and fearless in their pursuit of the *new*.

Radio is softly losing the war for national media audience shares, and this is not altogether due to the inherent strengths of competing media. Maybe it is that we are relinquishing our most crucial weapon: content. News is important: News/Talk stations still garner a greater total national audience share than any other format. But if we resign ourselves to regurgitative parasitism, how can we hope to reposition ourselves at the top of the food chain? Let us remind ourselves, at least, of Vertov's old idea: Radio technology has intrinsic, immutable strategic advantages with regard to the collection and delivery of news and entertainment. We are *gatherers* and *providers* of compelling audio content. Convergence has multiplied our potential in this regard. Times have indeed changed, but the old question remains: Does our potential come with a special duty? Is it our duty to serve on the front lines?

Franklin is President/Executive Creative Director of Raff Radio Marketing Group, Inc. He can be reached at franklin@raffradio.com or (703) 925-5921

Management, Sales & Marketing

Q1 Survival Guide

By Elisabeth Derewitz

It's the time of year when broadcasters must look at their sales and create a forecast for the upcoming year. As most sales managers and account execs know, it is also the time of year when it gets more difficult to keep the sales numbers as high as the previous quarter. In a quarter that is labeled as "soft" many broadcasters switch to non-traditional types of revenue. It may seem like a frustrating time, but relax. *RBR* spoke to some of the top radio sales consultants as well as some GMs to bring to you our very own *RBR* Q1 Survival Guide.

The professional point-of-view

In an effort to help stations deal with all types of revenue difficulties, sales consultants are called in to find a solution. In Q1, sales consultants can provide a unique database of ideas and suggestions to help all stations not only make it through Q1 but thrive in the process. Q1 may also be a great time to bring in a sales trainer to help motivate your staff and provide insight as to where ads should be placed and what sectors to look into for hot ad spots. In any case, you don't have to weather the Q1 storm alone.



Alec Drake: VP/GM at Maxagrid International—Revenue Management Services for Media.

There are three key areas that should be addressed when dealing with the first quarter. First, it's a great time for stations to cut back on supply if they had increased supply through out the year. Where a station was running 16 spots an hour, it would be a good time to cut back to 14. Secondly, the other temptation that comes in Q1, as a way to compete with clusters, is to increase the intensity of promotion as it relates to packaging, discounts and incentives. As the promotion gets more intense in the market, it can really drive pricing down. Situations where stations give away a free commercial when a client buys two, are really counter productive because it's important to promote low-charge rather than no charge. Also, if you are going to discount, then you have to manage them very carefully. If those discounts get out of control you can over-discount your station or your cluster. Third, a problem can arise when companies try to meet expectations on Wall Street. Through that process, they are sometimes prone to go against the grain of what is good judgment or to do things in the market that are very competitive in terms of price. It's a challenge for other broadcasters that may not be in that position because they don't feel that pressure to price so aggressively when it comes to discounts.

We suggest to our clients that they look to add value to what they can offer the customer. The one thing that adds value is differentiation. You can do this by finding out what the customer really is looking for and helping them attain that. Find out

what stage they are currently in, be it the awareness, interest, desire or action stage. For example, if they are new and are looking for awareness, then you could offer them some type of cooperative marketing. If they are looking to promote the action stage, invite them to co-sponsor a remote, activity or event.

This year Q1 is different in a few key ways than last year's. First, there was a great demand last year from the dot-com business in Q4. That carried over into Q1, but that is not going to be the case this year. Second, we had a stronger economy last year and third, we had the whole Y2K issue which had an affect on advertising. All of these things created more demand. For a good Q1 this year, it's going to take a more aggressive effort, a stronger sales effort and a stronger customer focus. Don't just survive Q1, have a plan and strategy for Q2 that has some kind of merging between the sales strategies for both.

GMs Weigh In

Each station has its own outlook for Q1. How Q1 is handled can place stations in either a great position to begin the new year, or put them behind the eight ball. Here are three unique approaches.

THE MENTALITY

Henry Callie: VP/GM of Clear Channel Communications' WODE-FM and WEEX-AM Allentown/Bethlehem: One of the most important things about Q1 is how you approach it mentally. When



I was an account executive, I had some of my best sales in Q1 because most of the other radio people around town would be saying how slow Q1 is, but I would go out and hustle more. I tell my sales staff to do that because the businesses are coming off of Q4 and their wallets are probably pretty fat and their doors are all still open for business. I think that the better you do in Q1 the less pressure there is on Q2, Q3 and Q4. If the sales team makes more calls than they usually do with that in mind, then Q1 doesn't have to be a situation of "survival." Nothing is really different in Q1 because the businesses are all still open, selling the same products and our listener base is the same. The only difference is how sales people approach it.



What I do to motivate my staff is make sure that, first of all, they have the same mind frame that I do. It's not a situation of management propaganda. We give bonuses predicated on in-

Management, Sales & Marketing

creased business from the previous year, it's not just "hey go out and work hard and here's your bonus." It's more like "go out and work hard and do better than you did last year."

Generally what we do to motivate our customers is for people who spend a certain percentage over what they spent in Q1 of last year, we offer them a merchandise rebate in the amount that they spend over last year. It's not a trip or anything like that. We have a listing of goodies that they can choose from. I like that because not everyone is into trips. What this allows my staff to offer them is a choice of whatever suits them individually. We don't lower our rates at all in Q1. We establish our rates for the year, but what we do is provide additional commercials, as inventory will allow. For example, for every three commercials you buy at rate card rate, we'll give you a free one. My strong belief is that a commercial on my station is worth the same amount in February as it is in December. Everything is still the same. But it's no secret that I may have a few more commercials in Q1 than I do in the end of the year. I am more than happy to bolster somebody's schedule with additional commercials with no additional charge to them. I do this because I might as well use those commercials for my good clients to tell them that I appreciate their business. But we don't have to address the issue of a \$50 commercial in January and \$100 in April.

THE LONG-TERM OUTLOOK

Tom Moyer: *GSM of Salem Communications Group's WAVA-FM, WTTN-AM, WABS Washington, DC, Baltimore, MD:*



We sell most of our business as long term, annual contracts. We give our clients incentives to do that such as the best rates and the best production and the best service. We provide lots of perks and lots of opportunities such as mini WAVA interviews etc. We don't lower our rates or get into a situation of bonus packaging. The only time we do that is if there is a client that we really want to have on badly. Typically it will be an agency deal where we'll just have to meet a cost per point. We'll make a decision if we really want to do it or not because our rates never hit the cost per point.

In 1994, we changed our compensation for our sales staff from small salary and a commission structure on quantity of business to a bigger salary (65-70%) and the



bonuses are paid in a large part for selling long term contracts and annual business. This way we give incentives for our sales people to sell more long-term deals and are compensated for it. Short-term business, bonusing and accepting lower rates are the cocaine of our business. Cocaine is very addictive and so is offering bonus packages.

This way of dealing with Q1 is becoming a trend for smaller stations that are not the highest rated in the country. But in any given market it's still the same. If you go to the top five rated stations, they are selling virtually the same way that they were selling 20 years ago. This is by saying "we've got the numbers, we've got the list, let me run the Arbitron's for you." We can't sell based on Arbitrons, so long-term contracts work the best for us.

THE NEWNESS ADVANTAGE

Steven Sinicropi: *GM of Infinity's WKRK-FM Detroit:* One of the things that we will try to do for the clients who get in early is give them the unsold inventory, which is always a possibility in the first quarter. We take extra good care of the advertisers that are large and have made early commitments to the radio station. We try to create value with our advertisers so that if there are fewer advertisers in Q1, it's a great opportunity for people who want to have a larger share in mind of the people who are listening. This is especially for those advertisers

that have a limited budget that want to make a big impact. In first quarter they can cut through the clutter and stand out. We go to some of those advertisers and put together programs where they really will be able to stand out.

We don't really give our sales associates any type of incentives because we believe that our people are well motivated by the commission rates. They know that they are well served to work in advance to get that Q1 business. We typically like to go into the month at or above 75%. Our objective is to be at the January budget when January rolls around. That really means working on it in November and December.



The unique thing about our station is that we have been in the format of FM Talk for two years and we are relatively new. Q1 last year was a big increase from the previous year. We are expecting a pretty robust first quarter this year. I think it's because we are sort of still in the development stage of our format. We have a lot of newness which opens the way for a lot of growth. We are counting on a good first quarter.

Station Profiles

by Carl Marcucci



K-105 guests and staffers, with Ewald on right.

Station: WEBK-FM
Frequency: 105.3 FM
Web address:
www.webk.com
City of License: Killington, VT
Market served: Rutland, VT
Power/antenna height:
1,250 watts @ 2,240 ft. HAAT
Format: Adult Alternative/
Freeform
Owner: Killington
Broadcasting, Ltd.
GM, PD, MD & SM: Dan Ewald
Webmaster: Michael Cunniff
Streaming provider:
Web Radio.com

How would you describe your format and programming? Any unique shows?

Dan Ewald) We are an "Adult Alternative" station, also known as Progressive Adult radio. Specialty shows are "Northbound Train" a Grateful Dead show Sundays 10p-12m, "Planet Rock" Thursdays 8-10p, "Everybody's Blues" Sundays 8:30p-10p, "Putumayo World Music Hour" Sundays 10a-11a and "The Reggae Connection" Wednesdays 8-10p.

How would you describe your listeners?

Our listeners are adults 25-54 years old...people who "get it!!!" the station's tagline: "For people who get it", meaning we don't broadcast, as 95% of all broadcasters do, to the lowest common denominator. We broadcast to a little more high-end, more sophisticated listener who likes new music. Here we are in a society that creates all things new, with the exception of music, it seems sometimes. So obviously it's a double entendre because of the nature of the signal. We do have a strong signal, obviously, but the mountains do cause havoc with it.

Describe any events you sponsor.

We do "Mountain Jam" every year. It's a weekend of music in the mountains, usually the first weekend in August. It's in the clubs on Friday night in Killington, about six or seven music venues. We bring a bunch of bands up. And on Saturday, we're outdoors at Pico Mountain with six or seven bands from 1PM 'til 10PM. About 1,500-2,000 people show up. And then back Saturday nights at the clubs again. You buy one ticket and it's good for all. We tie it in with the restaurants too, to get discounts on meals.

Tell us about your local advertiser base.

Our advertisers are local and resort businesses.

Who is your national rep and what percent of your advertising is national?

No national rep.

What is the maximum number of spots you would run in an hour and why?

No more than 12 spots an hour, i.e. 12 minutes otherwise. We are a music station, not a shopping network.

Describe your website and streaming strategy.

Our website is designed to be helpful to all the millions of visitors coming to the region who want to know what's going on. The streaming [supplied by Web Radio] simply backs that all up since so many folks want to

know what's happening in Killington prior to their visit.

Tell us about the station's imaging and on-air talent.

Our imaging is low-key, low ego, respectful to the listener. On-air talent follow along and are to be intelligent and informative about the music we present.

What do you think about your station adding a digital broadcast signal, should the FCC approve it?

We would love to add a digital broadcast but I have no idea how we are going to be able to afford the equipment replacement/upgrades...it's going to be expensive.

Allen nabs 1-On-1

Vulcan Ventures, the investment arm of Microsoft (O:MSFT) co-founder **Paul Allen** that owns KXL-AM & FM Portland, OR and *The Sporting News*, announced that it is acquiring the OneOnOne Sports network. OneOnOne will be rebranded as "The Sporting News Radio Network." **Chris Brennan**, OneOnOne President/CEO will run the net under the title EVP, The Sporting News.

Says **Bill Savoy**, Vulcan President: "The synergies are many between these new radio properties and programming, and our print and online business at *The Sporting News*—including potential future joint broadband initiatives." Financial advisor: Greenbridge Partners LLC—CM

Media Markets & Money™

by Jack Messmer

Bonneville scores in Windy City

Bonneville International has won the bidding for the **William & Sonia Florian's** WNIB-FM Chicago and its North Shore simulcast station, WNIZ-FM Zion, IL. Combined, the signals (on adjacent frequencies 97.1 & 96.9 MHz) cover the market from Portage, IN to South Milwaukee, WI. Bonneville is rumored to be paying around \$165M for the stations, although no one is confirming that price.

Chicago is currently the only US market with two full-coverage commercial Classical FMs and Bonneville President **Bruce**

Reese says the company will conduct extensive research before deciding what format is best for the new acquisition. He's not, however, ruling out Classical. "There's certainly a possibility," he told *RBR*. "We like the Classical format," adding that Bonneville's KDRC-FM San Francisco may be one of the fastest-growing stations in the country. (Bonneville also owns long-time format leader WGMS-FM Washington, DC.)

Bonneville's current Chicago stations are Modern AC WTMX-FM, Hot AC WNND-FM and Rock WLUP-FM. Broker: **Jack Minkow & Bob Heymann**, Broadcasting Asset Management

RBR observation: No matter how much Bonneville and its sole stockholder, the Church of Jesus Christ of Latter-Day Saints (Mormon), may like the family-friendly Classical format, being the number two station in the format doesn't look very attractive. Although WNIB occasionally beats WFMT-FM in the Arbitron ratings, the neck-and-neck ratings race isn't reflected in the revenue race. Perhaps due in part to its co-ownership with WTTW-TV (Ch. 11, PBS) and its worldwide radio syndication arm, WFMT outbills WNIB by a substantial margin.

LMA to O&O costs CCU \$7M

Don and Linda Davis have been LMAing WDKS-FM Evansville, IN to first Connoisseur and now Clear Channel (N:CCU) since 1997 for approximately \$30K per month. Now they're going to get more than 233 months of rent in a single payment. Clear Channel has filed with the FCC to turn the LMA into an O&O for a cash payment of \$7M to Newburgh Broadcasting Corp., which the Davises own. Under an assumption agreement signed last November, Clear Channel faced a drop-dead date of 4/7/01 to either sign a deal to buy the FM or lose the LMA.

The Davises also own WGAB-AM, with Clear Channel now selling its ad inventory under a JSA. Don Davis tells *RBR* that JSA will end once the FM sale closes. "We're going to fly solo to sell the Music of Your Life format," he said.

Sacred Heart buys KBLE
Howard Goldsmith's HHH Broadcasters is flipping KBLE-AM Seattle at a profit just shortly after closing its purchase. HHH

Press Communications, LLC

has purchased the assets of radio stations

WHTG-AM/FM

Eatontown, New Jersey

from

WHTG, Inc.

for

\$15.0 Million

Kevin C. Cox of

Media Services Group, Inc.

represented the Seller in the negotiations.

179 St. Clair Circle, Berwyn, PA 19312

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paid \$2.85M for the station (RBR 9/4, p. 15) and is now selling it for \$3.2M to Sacred Heart Radio, headed by **Ron Belter**, President. It will be the first station purchased by Sacred Heart, which sponsors the local broadcast (on KBLE, as it happens) of the nationally syndicated "Catholic Answers" program. Broker **Lisa Bierman** of John Pierce & Co. said she'd been working with Sacred Heart for over a year to find a station it could buy in the Seattle market.

CRN: Five down, three to go

Catholic Radio Network is selling KCNW-AM Kansas City to Wilkins Communications Network, a Religious radio group that already has stations in six markets. **Robert Wilkins'** company will pay \$725K for the station. So far, CRN has sold five stations for a total of approximately \$23M. Still to go are WPYA-AM in suburban Philadelphia, the right to acquire the expanded band (1640 kHz) facility of KDIA-AM San Francisco and the big kahoona, KPLS-AM Los Angeles. Broker: **Tom McKinley & Austin Walsh**, Media Services Group

Citadel takes its temperature

Citadel Communications (O:CITC) says Wall Street should expect Q4 net revenues of approximately \$92M and a broadcast cash flow margin of 39%. That would translate into BCF of around \$35.9M. In its first monthly advisory (in response to SEC Regulation FD, which restricts non-public communications with Wall Street analysts), Citadel said pacings are running a bit ahead of Q3's rate and the company has already booked 92% of its expected Q4 revenues.

Looking ahead to 2001, Citadel estimates that its net revenues will grow 7-8%, BCF 13-15% and after-tax cash flow 50-55%. The company noted that its strongest quarter is generally Q4, followed by Q2,

then Q3 and finally Q1.

RBR observation: Kudos to **Larry Wilson** and company for this creative way of dealing with the restraints of Regulation FD (for "full disclosure"). A widely distributed monthly update on pacings and financial data gives everyone on Wall Street and Main Street full and fair access to the company's information. We hope others will follow Citadel's lead.

Ceridian split delayed

The IRS has finally given Ceridian (N:CEN) the green light to split off Arbitron as a separate company without any tax consequences. However, the time it took to get the IRS ruling pushed Ceridian past an SEC deadline to complete the transaction. Now Ceridian will have to resubmit its Form 10 registration and start the 60-day SEC clock ticking again. Rather than splitting into two public companies by the end of 2000, Ceridian is now targeting Q1 of 2001.

Emmis joins S&P MidCap 400

Effective 11/29, Emmis Communications (O:EMMS) was added to Standard & Poor's MidCap 400 Index. The action was announced as part of a reconfiguring of three S&P indices. A number of companies were dropped from the indices due to pending mergers or buyouts, or because of poor investor support. In the MidCap 400 Index, Emmis and Advanced Fibre Communications (O:AFCI) replaced Federal-Mogul (N:FMC) and MarchFirst Inc. (O:MRCH), both of which recently fell into penny stock territory.

For the record

Mike Bergner of Bergner & Co. should have been credited as the broker for **George Buck Jr.**'s sale of two Augusta, GA FMs to Beasley (O:BBGI) in last week's issue (RBR 11/27, p. 13.)

CLOSED!

KNCQ(FM)/KISK(FM)
KEWB(FM)

Redding, California
from

McCarthy Wireless, Inc.
Craig McCarthy, President

to
Results Radio, LLC
Jack Fritz, President

for
\$6,110,000

Elliot Evers
represented the Seller.

CHARLES E. GIDDENS
941-514-3375

ELLIOT B. EVERS
415-391-4877

BRIAN E. COBB
202-478-3737

TELECOM GROUP

GREG D. WIDROE
JASON D. HILL
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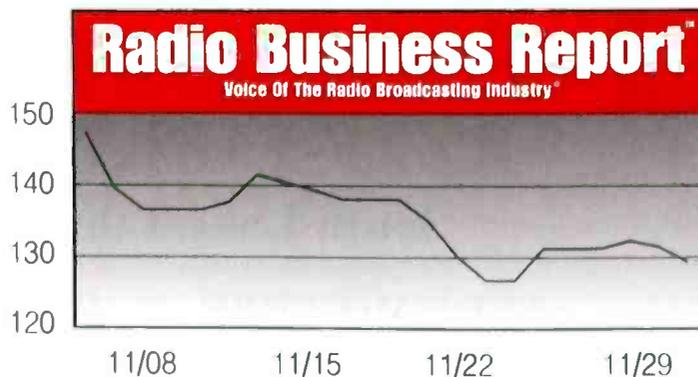
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MEDIA VENTURE
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The Radio Index™

Radio stock prices flattened out at a low level. The Radio Index™ edged up 2.464 for the week to close 11/29 at 129.332.



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	Yield Manager	
Sell It Right	Account List Manager	SalesMinder
	Productivity Enhancer	
	Activity Monitor	
Schedule It Right	Flexible Traffic Options	D32/Deltaflex Traffic Systems
	7,100 Client Stations	
	Revenue Maximization	
Play It Right	Totally Linear Audio	Digital Universe
	Flexible, Adaptable	
	Industry Standard Hardware	
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