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Voice Of The Radio Broadcasting Industry®

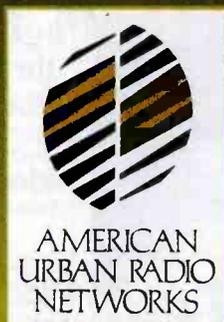
April 2, 2001

Volume 18, Issue 14

AMERICAN URBAN RADIO NETWORKS

#1

THE URBAN RADIO LEADER



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RADIO NEWS

National is a drag, and local isn't so hot either	2
A year after the dot-com feeding frenzy, revenues appear to be moribund—national is way down, local is slightly down.	
McCain-Feingold headed for the House?	2
RealNetworks in the swim with baseball stream	2
Would-be commish Wood gets Energized	4
RADAR 68: Many horns warrant tooting	6

RADIO ADBIZ

Q3-Q4 outlook prompts many to look out	7
Agency perspective: Opt for all the options	8

SALES

Success in a recession is the mission	9
---	---

PROGRAMMING FOR PROFIT

AURN more than a RADAR blip	10-11
-----------------------------------	-------

MEDIA MARKETS & MONEY

Emmis expects to be in black ink by year's end	12
With radio properties in New York, Los Angeles and Chicago, Emmis is struggling with dot-coms, but it sees light at the end of the tunnel.	
N:ARB spreads its wings on Wall Street	12
Look out Belo! Multimedia companies cut estimates	12
April in Paris? Yes, Paris TX (if you take the 'BUS)	13

Crossownership review in May

Is the FCC going to eliminate the newspaper/broadcast crossownership rule and the 35% TV cap? Chairman **Michael Powell** (R) chuckled when a member of the House Telecommunications Subcommittee asked (3/29) for a yes-or-no answer to that question. "I can't do that," Powell replied. However, he



Powell

said the two issues are going to be dealt with soon and are currently slated for the FCC's May meeting. Powell said his view toward reviews of existing rules is to "validate or eliminate."

Powell's testimony didn't touch directly on any radio issues. He was also gracious toward his predecessor, **Bill**

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Kennard (D), in saying that his current efforts to reform the FCC are building on work begun by Kennard. Energy and Commerce Committee Chairman **Billy Tauzin (R-LA)**, who attended the meeting of the subcommittee that he used to chair, did not mince words in criticizing Kennard and suggested that Powell had learned from working with the previous Chairman "how not to run the FCC."

"The agency has been adrift," Tauzin said of the Kennard years. "It's been adrift from its mission and it's been adrift from the law." Tauzin was particularly critical of the FCC's past dealings with mergers in broadcasting and telecommunications. He urged Powell to bring an end to the FCC's practice of using merger reviews for what Tauzin characterized as "shakedowns" of corporations—forcing them to accept extra-legal provisions and spin-offs to win FCC approval.

RBR observation: Tauzin's comments came in the hearing's opening statements and he didn't stick around to quiz Powell on the merger review issue. However, Powell had said in a speech the previous day (3/28) to the antitrust section of the American Bar Association that 75-80% of the FCC's merger review efforts duplicate the work done by the DOJ and FTC. "I personally would like to see much less of that," Powell noted. So should we all.—JM

Revenues: If 2000 was a plum, 2001 is a plummet

Radio revenue was down a total of 6% for the month of February 2001, according to the latest revenue report from the Radio Advertising Bureau. A precipitous 20% drop in national business was primarily responsible, although the

bread-and-butter local category was also off, albeit by only 2%. YTD, local revenue is down 1%, national is down 18% and total business is down 5%.

The gaudiness of last year's February numbers are largely responsible for the grotesque appearance of this year's ledger entries. A year ago, local was up 17% and national was up 38% for a total increase of 22%. Tough comps indeed. At least, the increase last year was greater than the decrease this year by a healthy margin—in other words, compared to 1999, 2001 revenues would be up significantly.

RBR observation: Radio has several more months of this to look forward to. Last year, March was up 21%, April was up 22% and May was up 25%. National numbers for the same three months were 40%, 32% and 38%. June, with a 14% gain in both categories, was the first month to show even faint signs of the dot-com winnowing-out process, and until that month rolls around this year, radio accountants had better keep the red ink handy.—DS

McCain-Feingold vote at deadline

The McCain-Feingold Campaign Finance Reform Bill (S.27) was expected to win final passage by the US Senate a few hours after *RBR* was sent to the printer (3/29). The bill's future is cloudy however, since it still has to go before the House. The Senate had defeated an alternative, offered by Sen. **Chuck Hagel (R-NE)**, which was closer to the type of bill that President **George W. Bush** had indicated he could support.

The final Senate bill also contained some language which could drag it down. In an appearance on the "Imus in the Morning" radio program 3/27, Sen. **John McCain (R-AZ)** admitted that his bill suffered a

setback 3/26 when the Senate narrowly approved an amendment to expand its ban on attack ads. The amendment, offered by one of the Senate's most extreme liberals, Sen. **Paul Wellstone (D-MN)**, carried 51-46 with "yes" votes from several conservative Republicans who oppose McCain-Feingold—an obvious attempt to load the bill down with baggage that will kill it.—JM

Update: RealNetworks fee structure revealed for MLB

Not long after announcing it had secured exclusive streaming rights for Major League Baseball (*RBR.com* 3/27), RealNetworks (O:RNWK) unveiled its fee structure for fans who want to listen. The deal will bring about exclusive subscription-based services to online baseball audiences that will include live games, archived games, pitch-by-pitch animation, synchronized game statistics and customizable daily game coverage options.

It will now cost \$9.95 for the 2001 season. Real is guaranteeing MLB \$20M over three years. The end result: most radio stations that air MLB are now losing the rights to stream the games over their websites. Real may allow a link, however.

The shape of things to come? The NBA's fee is \$29.95 for similar service. Premiere's **Rush Limbaugh** now charges a flat fee of \$40/year to hear the audio stream.

RBR observation: We predict Viacom (N:VIA) President **Mel Karmazin** will soon allow streaming of Westwood One (N:WON) programming—he may have finally found a way to make it profitable, thereby solving the issue of why WW1 and Infinity have waited so long.—CM

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Wood to FCC, not FCC

Pat Wood won't be joining the FCC. President George W. Bush nominated Wood to be a member of the Federal Energy Regulatory Commission. Wood had been a contender for the FCC Chairmanship (*RBR* 12/8/00, p. 3), which went to Michael Powell, and his name had also circulated as a possible nominee for one of two open Republican seats on the FCC. Wood is currently Chairman of the Public Utility Commission of Texas.—JM

Disney/ABC cutting 4,000 jobs

Responding to the weak economy, The Walt Disney Co. (N:DIS) is cutting 4,000 jobs worldwide across all divisions. ABC Radio will not be spared in the cost cutting, according to *RBR* sources.

The cuts are supposed to save Disney \$350-400M per year. In a memo to "Fellow Cast Members," jointly signed by Chairman/CEO Michael Eisner and President Bob Iger, employees were told that cuts will be made first through a voluntary separation program. That program, the memo says, "will provide participating employees with special severance incentives, extended benefits and outplacement services."

Eisner and Iger say they hope enough employees will take the offer that no involuntary layoffs will be required. "However, if our goal is not met through the voluntary plan, mandatory workforce reductions with lower severance benefits will be required." The 3/27 memo says that people eligible for the voluntary layoffs will be notified within the next 10 days.—JM

Tristani rails again

This time the FCC's most excitable Commissioner, Gloria Tristani (D), is upset that the Enforcement Bureau dismissed a complaint from a Wilmington, NC man who heard the word "penis" used in a morning show promo on WXQR-FM Jacksonville, NC (Greenville-New Bern-Jacksonville market) while

driving with his 13-year-old daughter on a Sunday afternoon last August. The station was then owned by Cumulus (O:CMIS), but now by NextMedia. The listener did not supply a tape of the broadcast and the Bureau dismissed the complaint because it "did not provide sufficient context to enable us to determine that the material is obscene or whether the material meets the Commission's definition of indecency."

"The Bureau once again dismissed a complaint without seeking the information needed to answer the context question and construed the facts alleged in the complain in the light most favorable to the broadcaster rather than the complainant," Tristani charged in her latest denouncement of the Enforcement Bureau. "The cure for a deficient record is to improve it rather than turn a blind eye to our duty."

RBR observation: If Tristani really wants to fix the problems with the FCC's indecency enforcement—rather than just grandstand for her upcoming Senate campaign—she should insist that the Commission comply with the seven-year-old federal court settlement which requires it to spell out its indecency policy. No one—not Tristani and certainly not Enforcement Bureau Chief David Solomon—knows what standard the FCC uses for determining what is or is not indecent. The lack of any consistent standard has been demonstrated repeatedly by the haphazard nature of the FCC's indecency citations. Broadcasters can't enforce a standard if they don't know what it is, so the radio industry is forced to fly blind. Station owners and managers can only hope that one of their listeners doesn't happen to send in a complaint that happens to land on the desk of an FCC enforcement official who's in a bad mood. It's regulation by fiat—govern-

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LA into the red zone

They need so much red ink in the City of Angels, perhaps some enterprising AEs can persuade manufacturers of the stuff to run some ads to make sure they get a healthy chunk of this growing business. Pacing numbers from Miller, Kaplan, Arase & Co., which were obtained by *RBR* from an anonymous source, are, in a word, ugly. The study is through the week of March 11.

There are two silver linings accompanying this dark cloud. One: Note that March totals aren't all that bad, with three weeks remaining to close the gap on totals from the previous year. Odds are that the same effect will help to improve the awful numbers posted for April and May. Two: June totals aren't all that bad with plenty of time to whittle them down. June is the month when tough comps will begin to ease.

	Local	National	Total
March	-13.2%	-42.0%	-21.0%
April	-22.5%	-60.0%	-31.0%
May	-33.4%	-65.0%	-39.6%
June	-20.0%	-59.0%	-28.0%

Source: Miller, Kaplan, Arase & Co.

ment at its worst and nothing short of a disgrace.—JM

Tower company sued

Pinnacle Holdings (O:BIGT) faces a class action lawsuit, filed 3/23, which accuses the company of misleading shareholders. Milberg Weiss Bershad Hynes & Lerach LLC, a law firm which specializes in shareholder lawsuits, charges in the case filed in a Tampa federal court that officials of Pinnacle put out press releases between 1/18/00 and 3/17/01 which made "material misrepresentations" and artificially inflated the price of the company's stock. Pinnacle announced 3/17 that it was revising its financial statements for 1999 and the first three quarters of 2000.—JM

AOL Time Warner to launch an MTV competitor

AOL Time Warner (N:AOL) is planning to launch a music-based cable network, "AOL

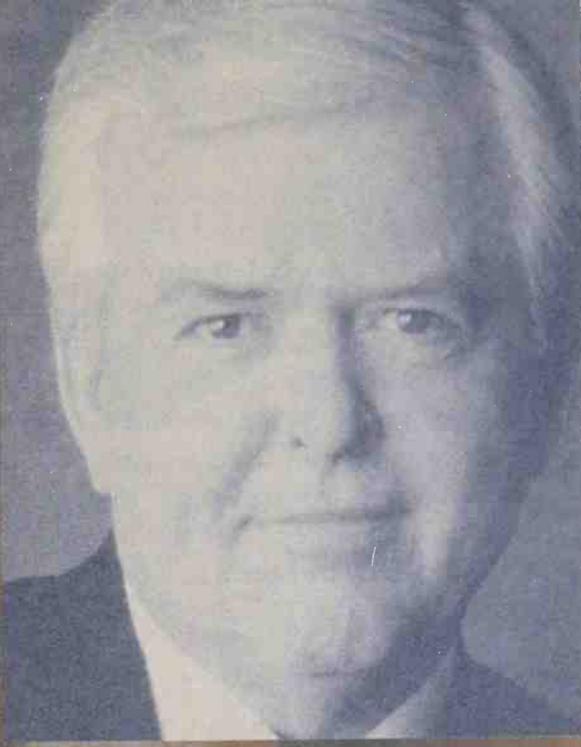
Music," to compete with Viacom's (N:VIA) MTV. It may be an especially good time to do so, given that the main MTV net (there is also MTV2) has evolved its programming over the last two years to air very little music in favor of other features.

The launch is planned for late this year or early next year. MTV co-founder/AOL co-COO Bob Pittman is involved with the project that will likely be headed by Jamie Kellner, AOL/Time Warner's Turner Broadcasting Group CEO. AOL/TW should have no problem getting the network carried in 13M homes, given its ownership of Time-Warner cable. In contrast, MTV is carried in 78M homes; MTV2 in 30M.

Meanwhile, MTV announced it is planning to integrate those two cable nets with MTV.COM for a new product called "MTV360." Full launch is expected in July.—CM

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WMEL/Melbourne: GM John Harper:

"Lou Dobbs has brought instant credibility and high recognition when it comes to the business community...his reports are "tune-in" factors for many business-oriented listeners. Dobbs is the perfect match for any station looking to distance themselves from the competition. I strongly recommend **Lou Dobbs and his daily business reports for a solid one...two... combination with programming and sales.**"

KFIG/Fresno (Sports format): GSM Mike Kerr:

"In the first week that we aired Lou's reports, we sold a package to a large local brokerage firm. We are currently under negotiations with another brokerage firm and feel confident this too will be a successful sale. **It is a great program and well-received equally by our audience and clients.**"

KGU/Honolulu: PD Mike Buck:

"A local company advertised their Japan cruise on Lou's reports and had a great spike in reservations; they **attribute this to the upscale listener.**"

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Family seeks to save licenses

In an attempt to save the licenses of WSTX-AM & FM Christiansted, US Virgin Islands from threatened revocation, **G. Luz** and **Asta James** have asked the FCC to let them transfer their 93% ownership of Family Broadcasting Inc. to their four adult children—"none of whom were involved in any of the alleged wrongdoing," the application states. One of the children, **G. Luz James II**, is currently Lieutenant Governor of the US Virgin Islands.

The FCC ordered Family Broadcasting in February to show cause why the combo's licenses should not be revoked. The licensee is accused of moving the FM transmitter site without authorization, then lying to the Commission about it, along with several engineering violations.

In a Petition for Reconsideration, Family Broadcasting asks that the FCC give it "a reasonable opportunity to correct the various technical and other deficiencies," let the James children take over and drop the revocation proceeding (Docket No. 01-39). A declaration filed by Luz James admits that he was "inaccurate" in statements to the FCC about the location of WSTX-FM's transmitter, but did so not because he was trying to deceive the FCC, but rather because he was embarrassed at having been evicted from the authorized site for non-payment of rent. James is an attorney, but says he "made a mess" of representing Family Broadcasting himself, instead of retaining a communications attorney. He has now resigned as President of the company and asks approval of the plan to transfer stock to his children.

The FCC's Enforcement Bureau was quick to file its own opposition to Family Broadcasting's petition. It said the filing did not respond at all to the issues in the revocation proceeding. The Bureau asked that Administrative Law Judge **Richard Sippel** deny Family Broadcasting's petition.—JM

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RADAR 68 charts continued net growth

All in all, RADAR 68 was another good book for network radio, which was up 1%, reaching a weekly audience of 193M listeners, or 76% of the total P12+ audience. This was also the highest number of measured networks yet—Statistical Research Inc. (SRI) measured 30 nets from Westwood One, ABC, Premiere, and American Urban Radio Networks (AURN)—broken down on 108 age and sex categories, 51 socio-economic groups and 49 dayparts.

In P12+, Westwood One's CNN Max had the highest ranking with a 7,448,000 average audience/3.3 ratings share. Premiere scored seven of the Top 10, with its Morning Drive AM scoring the number two slot with 5,808,000/2.6. ABC Prime found its way to the #5 position with 3,954,000/1.7.

One big change from RADAR 67 are Premiere's 10 newly configured nets, post-AMFM Clear Channel merger. "I'm over the top ecstatic," Premiere President/COO **Kraig Kitchin** tells *RBR*, "on how well our new cluster of radio affiliates have come together and our in-house operations have assembled the information to literally meet every estimate that we supplied to advertisers in July and August 2000."

American Urban's pair of networks registered excellent gains, providing further evidence that the decision to split its then lone network into two last summer was a good idea.—CM

Rank	Network	RADAR 67		RADAR 68		%chng
		(000)	Rtg	(000)	Rtg	
1	Westwood CNN Max	7,476	3.3	7,448	3.3	-0.4
2	Premiere Morning Drive AM	n/a	n/a	5,808	2.6	n/a
3	Premiere Diamond	n/a	n/a	4,850	2.1	n/a
4	Premiere Morning Drive FM	n/a	n/a	4,203	1.9	n/a
5	ABC Prime	3,860	1.7	3,954	1.7	2.4
6	Westwood Source Max	3,493	1.5	3,768	1.7	7.9
7	Premiere Pulse	n/a	n/a	3,514	1.5	n/a
8	Premiere Action	n/a	n/a	2,958	1.3	n/a
9	Premiere Ruby	n/a	n/a	2,935	1.3	n/a
10	Premiere Pearl	n/a	n/a	2,507	1.1	n/a
11	ABC News/Talk Production	2,308	1.0	2,506	1.1	8.6
12	Premiere Focus	3,096	1.4	2,487	1.1	-19.7
13	ABC FM	2,317	1.0	2,482	1.1	7.1
14	American Urban Pinnacle	2,009	0.9	2,477	1.1	23.3
15	Premiere Emerald	n/a	n/a	2,311	1.0	n/a
16	Premiere Sapphire	n/a	n/a	2,143	0.9	n/a
17	Westwood CBS	2,055	0.9	2,067	0.9	0.6
18	ABC Young Adult	2,160	1.0	1,985	0.9	-8.1
19	ABC Advantage	1,799	0.8	1,897	0.8	5.4
20	American Urban Renaissance	1,551	0.7	1,857	0.8	19.7
21	ABC Genesis	1,746	0.8	1,827	0.8	4.6
22	ABC Platinum	1,801	0.8	1,785	0.8	-0.9
23	Dr. Laura Schlessinger	1,602	0.7	1,738	0.8	8.5
24	Westwood NBC	1,710	0.8	1,688	0.7	-1.3
25	Westwood NeXt	1,602	0.7	1,676	0.7	4.6
26	Premiere Axis	n/a	n/a	1,545	0.7	n/a
27	Westwood Edge	1,196	0.5	1,300	0.6	8.7
28	Westwood WONE	1,346	0.6	1,291	0.6	-4.1
29	ABC Urban Advantage	915	0.4	974	0.4	6.4
30	ABC Galaxy	658	0.3	614	0.3	-6.7

Source: Statistical Research Inc.

Q3-Q4 outlook

In this new era of uncertainty and soft ad markets, many are looking to the future—Q3 and Q4—for optimism. We asked some of our agency buyer columnists—both national and local, spot and network—what their clients are saying and where things stand in this vastly different marketplace.



LA-based Ocean Media—Mike Robertson, President

Is Q3 and Q4 is not looking any better than Q2?

“Absolutely not. We have seen no change whatsoever. We are still buying a ton of remnant because it’s still opportunistic. We’ve laid down two and three week buys in two days because of open inventory. Local appears to be very soft, especially in the major markets—hey, if it’s tight in Tulsa, I don’t know.”

What do you attribute this to?

“Right now, I attribute it to a real strong conservative wave based on where the market may be going. The jury is out on the trend of the economy and companies are still being extremely careful about their spending. 90% of our advertisers are publicly held. 90% of the publicly held stocks out there are significantly down right now. They are looking to cut costs and they are being pressed to try and be the one standout while the economy is turning down. The only way they’re going to stand out is they’re getting leaned on by all their CFOs to reduce spending.”

Is it as bad as some are saying, though? Any up-side?

“Personally, I don’t think it’s as weak as people are worried about, but it still doesn’t mean the money is just flying in here. And I know the market hasn’t turned around because I can get what I need. Ocean Media is still not experiencing the demand equal to what we had last year and they’re finding it an easier course of business working with major market stations. We feel fortun-

nate that, even though we do see a weakness in the local, we’re still able to get plans done in a quick amount of time because there isn’t the demand that we experienced last year. Right now, I don’t have to play games with buying media—three and four calls to the same person who’s posturing themselves. Right now, if they posture, I go to the next station and they get the money.”

What about scatter?

“The scatter market is considerably off this year from where it was last year. Last year, we were getting great scatter orders just about weekly. That’s not happening this year. If they can look better on their bottom line by simply not spending the money, and especially if they’re a well-established brand, there’s times you just don’t spend as much and now is one of them.”



Philadelphia-based Harmelin Media—John Camilleri, VP, Technology Group

How is local looking for Q3 and Q4 at this point?

“In terms of local, I have some activity up for September, October and November. I was going to put it out there, but I’m holding back. I want to see how things develop. I’m six months out, I don’t want to put it out more than three months in advance at this point because I think the marketplace might deteriorate slightly, or a little bit more and I might be able to get a better deal. I don’t think it’s going down that much more, but it’s too early for spot.”

What about Q2?

“Q2 is a little busy, but certainly off from previous quarters and years. I would compare it to 1992.”

Camilleri plans spot buys for the automotive, retail, health care and financial categories.



NYC-based OMD USA—Natalie Swed Stone, Managing Partner/Director of National Radio Services

How’s business, especially, how are Q3 and Q4 looking?

“Clients seem to be committing by quarter, and if they commit anything beyond, they’re asking for cancellation options. So we’re not seeing anybody who wants to make a commitment without being able to get out of it. We think Q3 and Q4 are still unsigned. The word is that Q4 is going to be good. The question is third, I think. And yet, we have not seen our Q4 budgets yet—we haven’t even seen third. And we’re in second now, so that’s pretty amazing. I can’t tell you what’s going to happen with third or fourth, because they haven’t told us.”

How is that affecting your planning?

“We should be planning further out. It’s just not happening. It seems that everybody is very tentative about what they want to do and what they’ll commit. They end up committing, but very late in the game. I think the clients are leading here, based upon their own needs, their own fiscal reality. Everybody is watching their belt, basically, and saying ‘We can’t release yet. I don’t know how it’s looking, let’s all be a little careful.’ And they will release at the end, when they can. And whatever they are able to get, they get. They’ve been fortunate that it hasn’t really cost them or hurt them. The marketplace is not driving what they do. They’re driving the marketplace. It wasn’t like that in 2000. They weren’t watching quite as tightly, and the demand was strong. This is putting pressure on us to deliver at the last minute.”



Boston-based Hill, Holiday—Karen Agresti, SVP, Director of Local Buying

Are Q3 and Q4 looking any better than what we’re seeing now?

“I don’t see any relief yet, except for a couple of isolated markets where business is still good locally, but from the clients’ perspective, no. I haven’t seen the slow turnaround that everyone is saying is going to happen. We’re not doing all that much in third or fourth yet, so we’re a little early. Q2 is dismal from our end too because we certainly like spending money! We did Q2 about two months ago. Right now, we’re doing some Q3 stuff that looks really soft that we’re in the marketplace for—which is Dunkin’ Donuts, and we just finished up Marshall’s, TJ Maxx and we’re about to do Fidelity.”

How are individual markets faring?

“It looks soft, but there are some markets that are looking better than others. I heard Philadelphia is pretty tight, but everything is relative, compared to a year ago. From our perspective, our clients are pretty stable in terms of money. Their budgets aren’t down yet, but we are nervous about what the budgets will look like in Q4.”

What are your clients saying?

“Everybody is more cautious about radio, in terms of what they’re billing. For somebody like Dunkin’ Donuts, radio is great. They are not going to cut back their radio because of its immediacy. The other clients have made issues about if they have to start cutting their marketing budgets, what they want to protect is their network TV first, then their spot TV, and then radio is the third.”

By Donna Spurrier

"It's hot!" "It's not!" "Banners rock!" "Banners are dead!" "Television viewership is the worst in years!" "2/3 of people surveyed say they'd give up Internet before they'd give up their TV set." "TV is the best medium to promote web site trial." "Radio is the best medium to promote web site trial." Wow. It's a good thing that most of us in the media planning and buying profession are well educated in the world of media analyst hype. If we weren't, we'd still be trying to figure out "whose tower is the tallest!"

New ways of reaching defined audiences are being tested every day. The once pure blue water of basic media buying has been muddied by the influx of the many new and innovative means to impact people, and by the sheer number of brands vying for attention. But where the mud may cause confusion for some, it allows the resourceful the ability to utilize these tools for more effective media campaigns. The truth is, anything that can cause the potential consumer to pause in their day, long enough for the ad image to make an impression, is probably worthy of our attention.

There is a growing need for specialist who can weed through today's media landscape. What works for one brand probably won't have the same result for another. Broadcast, cable, radio, out-of-home, print and other traditional media all have fairly reliable success criteria data that we can project and analyze. Internet is the toddler of the group and its greatest strength right now is its ability to allow brands test and trial. The only thing consistent with online campaigns is inconsistency. We must be prepared to educate our clients on the value of trial and testing with online advertising.

One thing that is indisputable, Americans still watch an alarming amount of television, we still listen to the radio, we still see all of the huge outdoor images every day, more and more of us are spending considerable time online, and, believe it or

Radio AdBiz[®]



*Donna Spurrier, founder of Spurrier Media Group, and her father, Richmond radio/TV personality and adman, Jess Duboy
Photo by: Thurston Howes*

not, we still manage to read.

What is changing is the dynamic of consumption and usage.

Researchers and media planners have a pretty good idea how most media is consumed. We can certainly look at data that tells us who's watching and listening to what. But what I am suggesting is that to truly get the maximum benefit from all of the media options, new and old, we have got to get inside the head of those receiving our creative messages. Lots of agencies run the qualitative reports, but how many are implementing the findings beyond planning at the grass root level? It's not good enough anymore to buy 250 points a week, 26 alternate weeks per calendar year at goal cost-per-point.

What we really need to know is how is this message being consumed? How is this image affecting the population segment we are trying to influence? (I try to avoid using the term "target" whenever possible... seems so "gotcha!" And as a consumer myself, I don't want to feel like a target!)

For the sake of this article, I'm going to focus on radio to make the point. For years people have said that radio is the "background" medium. Oh really? Why then have radio ad revenues increased over 14% in the past year and more and more brands are beginning to, if not continuing, to use radio in their media mix? Radio is not just for the car and home anymore. Desktop listening continues to increase. Edison Media Research discovered that 65% of us listen to the radio at work. While a 1998 Yankelovich Study reveals that listening to the radio is the leading activity while surfing the net. It is key to understand what role radio is playing in our ever evolving lifestyle.

I believe it has **everything** to do with what else the person is doing when the message comes into their stream of consciousness. How many other times has this person been exposed to this message through additional media and perhaps promotions that the media partners are coordinating? Is this person in deep thought about something completely un-

related, is the brain in autopilot (you know, driving down the road and you have no idea how you got where you're going)? Is the person seeking information? Is the message coming during a time of the day when the average person's possible information retention is in full-blown overload?

There aren't too many research and data services that go quite this deep into their questioning. I'm not sure that most of those surveyed would even know how to answer, but the value in this thinking, is that it raises the bar on what is or should be an acceptable way to spend billions of advertising dollars each year. Until we all have a microchip implanted at birth that will relay all of this information to some central operation facility, (heaven forbid we come to that!) all of us in the field need to scavenge for as much information about consumption, lifestyle and behavior as we can possibly find. Merging all of this data with the traditional is a step in the right direction.

For those media nerds who have been slaving away for years, shouting to be heard, "It's more than spots and dots!" your day has come. All of the traditional media still has tremendous value. The ever-growing new media options offer value and efficient trial and testing. Determining who's synching with which media format and how often, and in whose company becomes more complicated and necessary as technology continues to grow opportunity. Now, more than ever, savvy agencies and clients are agreeing with the need for media specialists in the early stages of brand development strategies. Yea! Our time has come.

Donna is President of Richmond-based Spurrier Media Group. She can be reached at 804-698-6333 or dds@spurriermedia.com.

THE 10 ESSENTIAL THINGS YOU MUST DO TO SELL MORE DIRECT BUSINESS IN A RECESSION

Sales

By Paul Weyland

In this exclusive two-part RBR report, direct sales trainer Paul Weyland will discuss the 10 things you must teach your salespeople so that they can better educate direct clients in order to close and keep their business, especially in a recession.

For the past several years we've had the luxury of leaning on agency business "the way drunks lean on lamp-posts." But with a worsening economy agency revenues are down (substantially in some markets) and everyone is now scrambling to sell more direct business.

The problem is that most of our sellers are not prepared to handle a shift in their working habits, from hanging out in the office, on the computer and on the telephone with media buyer to going back out on the street with good, logical pitches for new direct clients.

The reason we are not selling more direct business is definitely not for a lack of clients to call on. Count the number of businesses in the white pages of the phone book. Divide that number into the number of direct accounts your staff has running on your station in a single month and calculate how successful your sales staff is at effectively reaching out to your neighboring businesses. Are you coming up with a number like .01 percent or worse? Most stations do. If you think that most of those businesses don't advertise, you're wrong. Next try calculating the percentage of the businesses in your area who are paying the yellow pages every month. Plenty of direct businesses are advertising. They're just not advertising with you.

The biggest reason we're not selling more direct business is because our pitches are poor.

Our salespeople know less about advertising and marketing than some of our clients. It's a case of the blind leading the blind. Radio looks hard to buy because we make it look hard. We can't manage our client's expectations and keep them on long-term because we don't know how to teach them how to calculate return on investment. We can't get appointments because instead of looking like resources with expertise in advertising and marketing, we look like pests looking for a monthly handout. We can't even explain the difference between a good spot and a bad spot.

There is no question that an educated client is more likely to buy than an uneducated client. Unfortunately, a majority of our salespeople have very little real advertising or marketing training and are not qualified to properly advise direct clients. Consequently, media salespeople encounter a lot of rejection. Rejection is painful and we tend to avoid unpleasant things.

If you tell a joke and everybody laughs, it's easy to tell that story again. But if you tell a story and the response is not good, you would be reluctant to repeat it. Same with sales pitches.

Over many years, I have worked on better ways to sell direct business both here and overseas. Through this process I have developed a very logical and cohesive story designed to educate salespeople and clients. When a client understands the logic of marketing and advertising and when he is familiar with the correct way to use a radio station, he is much more likely to buy.

Here are 10 things your salespeople must know and be able to get across to direct

clients if they want to earn that client's business and then correctly manage that client's expectations.

1. Teach your client that our job is easy. As radio reps all we have to do is teach our listeners who the client is, what the client does and how to get in touch with the client. For the most part, we have made the radio process look very difficult to understand and buy. We distribute complicated rate cards. We have introduced direct clients to complicated ratings information. We have badmouthed our fellow radio stations. We make it look hard to do business with us. We must make our industry look easy to work with, not complicated...because it is.

2. Teach the client how important advertising is to the success of his business. The easiest way I have found to do this is to draw a pyramid on a piece of paper. On one side write product/service. On the next side write salesforce. On the bottom write advertising. Explain that this is a model of a perfect business. Explain that if a client had a good product or service and good advertising, but a poor sales force, wouldn't the business be in trouble? Or if a company had a good sales force and good advertising but the product or service was overpriced, hard to get or poorly conceived or packaged, that the business would also be in trouble. And what if the product or service and the sales force were both fine but there was no advertising? How would people know who the client was, what the client did, or how to get in touch with the client? Ask the client what his business pyramid looks like. A witch hat? Usually the weakest side of the

pyramid is advertising. This is also a good way to bring up the fact that even the best conceived advertising program in the world cannot help a client with marketing problems (bad product or service).

3. Explain to the client that the average person is exposed to a minimum of 2,500 commercial impressions per day. Marketing gurus **Trout** and **Ries** said it something like this. The first thing you experience when you awaken is a radio station on your alarm clock. You hear a few spots. Then you look to see the time and see the word SONY. You get out of bed and use a coffee machine that says MR. COFFEE and pour FOLGERS in it. You pour your coffee into a mug with a logo on it. You use a certain brand of milk. You make breakfast with KELLOGG'S. You look at the local newspaper and see many ads. You watch TV and see more ads. You use a certain brand of shampoo and hand soap. You use certain brands of other personal products and wear a shirt that says RALPH LAUREN. You get into a certain brand of automobile with a dealer name on it. You read signs and billboards. You notice people drinking COKES, etc. You get the idea. By the end of the day, the average person has been exposed to a minimum of 2,500 commercial impressions. Tell your client that advertising clutter is getting worse every year, not better. What is your client doing to break through the clutter?

Part Two next issue

Paul Weyland is president of Paul Weyland Training Seminars. He can be reached at (512) 236-1222 or by email at weyland@swbell.net

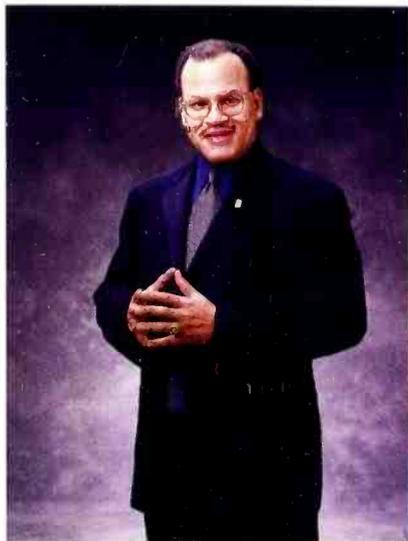
Jay Williams: Putting AURN on the RADAR-screen

Jay Williams has come a long way from being an assistant staff auditor for an accounting firm in Lancaster, PA to President of American Urban Radio Networks. He got into radio after working on an ad campaign for Armstrong Floors, joining KYW-AM Philadelphia as a co-op specialist and moving up to Sales Manager in a year and a half. Staying with Group W, Williams moved to WINS-AM NYC as Sales Manger. Ron Davenport Sr. recruited Williams in 1986 to help launch the Sheridan Broadcasting Network. He started as Sales and Marketing Manager, moved up to President and oversaw the merger with another Urban network to create AURN, before exiting in 1993 to seek new challenges—some major consulting jobs that turned him into an international jet-setter. Davenport recruited Williams again three years ago and he returned to AURN as President in June of 1999—launching the current growth period which has seen AURN shoot up the chart as a RADAR-rated competitor to Westwood One, Premiere and ABC.

What makes AURN such a special place to work?

I think we have a group of talented, senior people in the network radio industry. Our head of programming has been there for 20 years. Our combined marketing team's time in the industry and marketing is over 200 years. Our head of affiliate relations, William Bryant is just a phenomenal guy, who has been the Research Director and head of sales in New York before he moved to affiliate relations. He brings a broad perspective to his role and is able to coordinate his activities with the sales guys. Jerry Lopes, head of Programming, certainly understands the news business that we've been in from the very beginning...development of new programs works with our Entertainment Programming Chief, Jerry

Boulding, who is based out of Atlanta at our operation down there. Jerry is one of the top people in urban radio. He's pro-



grammed over sixteen stations. He has consulted many more. He is revered by many urban radio programmers nationally and to have him on board leading our entertainment programming is just phenomenal. The team of people we put together is fantastic. We just added one, Ron Atkins, to the staff as Director of Entertainment Programming. He brings a really tight close look from the radio side. He had been working in our station in Pittsburgh, WAMO, the legendary WAMO. He brings a unique perspective and some real close to the street ideas that connect to the hearts and minds of what urban radio programmers want to see from a national operation such as ours. I think I'm delighted because I've got a tremendous group of people to work with. We challenge each other, help each other, we beat an idea up until we make it the best that we can. And it is fun to work with a group of talented guys.

Sounds like a good group of entrepreneurs.

I think everybody in today's world needs to focus on being entrepreneurial. Our guys see the need

Programming for Profit

By Ken Lee

to treat this business as if it was their own personal business. They want to see it succeed. They want to develop ideas that they know will win in the marketplace. We are constantly searching for ways in which to improve ourselves. And frankly, we challenge ourselves continually to improve what we do to better serve the 365 radio station affiliates that we have in the network.

Why did you reconfigure your RADAR rated networks?

Back in the fall of 1999 and after being back for about 90 days, we pulled together a management conference and took the senior staff down to a resort in Miami. We sat down and analyzed every aspect of the business. We looked at what the competition was doing at that point, what had happened over the last six years while I was away. I wanted to make sure that I was taking into account all that had transpired in the industry and ensuring that I left nothing to chance. As part of analyzing, we looked at how networks had begun to split up their audiences into different marketing networks, not from a programming standpoint, but from a marketing standpoint. We analyzed what had been done. We looked at what we had and how that might benefit from such an application. And we had a process of about six months of analysis, working close with RADAR to ensure that as we did it, we built something even stronger than what we had at that point. We were able to reconfigure the old network into two new RADAR-rated networks. We named them American Urban Pinnacle ("pinnacle" obviously being the top of the mountain) and Renaissance for the rebirth of the

business. Pinnacle, in the reconfiguration, the audience level went up over 122% in the first book and in Renaissance, the audience level went up 68%. We were delighted and expected to do well, but we were tremendously excited to have that level of growth in that period. The second book later went up even further and so, over the course of the last two books, we've seen dramatic growth and tremendous acceptance from the advertising community. American Urban Pinnacle Network is the #1 Urban audience ever in network radio history. American Urban Pinnacle is over 2,000,000 AQH and American Urban Renaissance is over 1,500,000 AQH. So it is a tremendous audience to provide to advertisers. It is larger than many TV shows that reach Urban audiences.

Are advertisers starting to wake up as to the power of that marketplace?

Let me go back to 1988, when I began to discuss the opportunity to grow with the urban consumer to many clients. Those that got on board in the late 80s and early 90s have maximized and have created a warm, close relationship with the urban consumer market. Over the last several years, more advertisers began to understand that the shift in population of America was coming and that it would be wise from a marketing standpoint, and frankly from a business bottom-line standpoint, to ensure an outreach of that marketplace, and to develop a constant dialogue with that marketplace. Many discovered that the best way to reach that marketplace and the medium that they used more than any other was radio. Those that had already been on board deepened their

relationship. Many new ones came on board and began to understand the power of the \$590 Billion African-American consumer market in America. When you rate the African-American consumer market in America on a global basis, it has a higher income than all of Russia, Italy, Australia, Canada, and many other major democracies. It is a vibrant consumer base with a tremendous income. Obviously, this tremendous amount of growth is there for any client who recognizes this marketplace. It helps to differentiate them from their competitor and frankly, grow their bottom line. We see the really sharp marketers understand that.

Sounds like you've done a little bit of research.

We've done a tremendous amount of research. We spend quite a bit of money every year to develop the best research on this marketplace, to be able to provide wise counsel on the value of this marketplace to marketers. In many cases, we do major research studies for them to show them the value of the marketplace, and what the growth has been for their specific product. We are delighted to work closely with them to secure this marketplace and grow their business.

Are there new advertisers that you are seeing that are waking up to this?

The categories that have opened up in the last several years are frankly, new product categories like the internet and computer-related products. You see some consumer products that have awakened to the value of the marketplace. Some household goods products are moving in that direction. Some of the pharmaceutical industry and consumer healthcare products area recognize the strong self-medicators in the African-American and other minority

communities. They have focused a strong amount of attention on that marketplace. We see growing evidence of more marketers recognizing the value of this marketplace.

You seem to be a very aggressive advertiser right now in the marketplace. Why are you so aggressive, while other RADAR networks seem so silent?

Well, I can't speak to their particular thrust, but I know as part of helping to ensure that our growth continues, we want to make sure that people understood the unique opportunities of interfacing with our company to reach this marketplace. We want advertisers and agencies to clearly understand the value of what we bring to the marketplace and we have found tremendous results by doing so. A lot of people—after many years in the business—they still did not know about our existence. Obviously that is one of the things that I was brought back to correct and move forward on. We are taking a strong tack in ensuring that people know about us, the value that we bring to the marketplace.

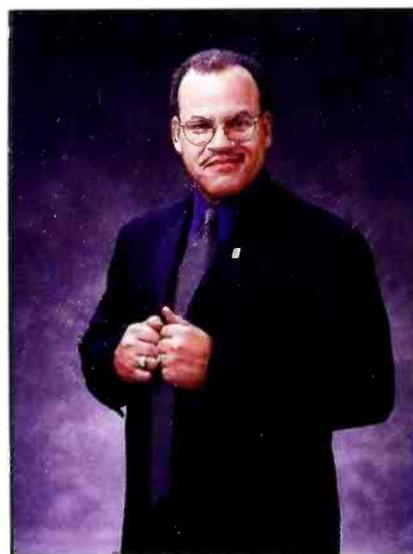
How's business?

We choose not to participate in the recession. We talked with the staff a couple of months ago and said that there may be a softening, but that we had a mission. We were expecting to fulfill that mission. So we focused in on strong marketing techniques, ensuring that we increased our visibility working more closely with clients and began that probably last fall. And that has paid off for us handsomely. There has been some softening in the national marketplace. Obviously, some major advertisers have made some corrections in their marketing budgets. But we know

that in order to move ahead, we've got to develop new businesses on a consistent viable basis and our present techniques are helping us to withstand what other people are seeing as a recession. It has not yet entered our realm.

So things are up then for you guys?

Things are coming along nicely. We are pleased with the year so far. We know that there is a huge challenging year ahead. We do not take a day for granted and know that in order to win in the marketplace, you have to stand ready on a razor's edge to meet the marketing challenges that exist out here. I believe it is even more important for people to advertise at a time that there



may be some softness at the consumer level. It is even more important to differentiate their product from other products to ensure that if a consumer is going to make the decision to buy, they need to make the decision about your product. I think visibility is key during a period like this to enhance a consumer's feeling about your particular product.

So, is this an opportunity to grow market share?

I think it is the only way to grow market share at a time where people may be retrenching. There is still a tremendous growth potential there, particularly for

our medium. Radio is the medium of choice when it is softest in the consumer marketplace. Historically, over the years when you see consumer products retrench from other mediums, they retrench and then return to radio because radio is a cost efficient, extremely effective vehicle. They recognize that. They are retrenching from some of the Internet advertising that they were doing a couple of years ago when the Internet appeared to be all golden. Some of that has retrenched and frankly, I believe, has returned to radio. Good, smart marketers, when they analyzed their cost for advertising and gross impressions returned to radio. As a guy mentioned down at the RAB2001 conference—the "R" word, don't run from it. The "R" word was not recession, it was radio. Radio works at all times, including the tough times.

What trends do you see coming?

I think advertisers today appear to be analyzing every dollar spent, looking for a return on their investment. And they look to the expenditures and expenses of advertising. They look for a return on that investment as well. So they analyze even more than ever before. If they make an investment in radio, they want to see a return at retail and they want to see products moving. I think radio over the years has proven to be just the most effective product mover - moving products off shelves. It is a call to action. You can paint word pictures about your product. It is the theater of the mind as many have said over the years. It is the closest advertising that people can have on their way to making a purchase. It is the last thing that they hear and it is the last opportunity to give them a reason to buy. So radio is just a tremendous vehicle in all these times.

Arbitron flies solo

Today's the day (4/2) that Arbitron begins trading as an independent company. Its stock will trade on the New York Stock Exchange as "ARB." CEO **Steve Morris** and other Arbitron officials were scheduled to ring the NYSE's closing bell Friday (3/30) to mark the separation from Ceridian (N:CEN).

With the split, Ceridian was dropped from the Standard & Poor's 500 stock index and added to the S&P MidCap 400. Arbitron has joined the S&P SmallCap 600.

Arbitron has also become a component of The Radio Index, calculated daily by *RBR*. The radio and Internet ratings company will join Westwood One (N:WON), the largest radio network company, as Index components who do not own radio stations.

Media Markets & Money™

by Jack Messmer

Emmis sees 2% radio revenue growth

CEO **Jeff Smulyan** says he hopes the real number will be better, but for now Emmis Communications (O:EMMIS) is projecting that radio revenues will grow only 2% for the company's new fiscal year, which began the first of this month. Due to cost cutting, however, Emmis is projecting that it can still manage a 10% gain in radio cash flow.

Despite early indications that ad placement was strengthening this month, Smulyan said March is actually finishing worse than February. "We think that February and March were probably the

bottom of the trough," Smulyan said 3/29 in a conference call with Wall Street analysts. Even so, Emmis isn't expecting much improvement for April and May, so the company has cut its forecast for its fiscal Q1 and Q2—that's now through August.

Emmis Radio President **Doyle Rose** said that the company's big three markets—New York, LA and Chicago—remain in negative territory for revenues year-over-year and are expected to remain there for a few more months. The bright spot is in markets like Denver and Phoenix, where revenues are stronger. Rose cited movies, soft drinks and telecommunications

(other than Internet) as sectors where demand has remained strong. He also noted that imported auto advertising has been strong and said there are now signs that domestic auto makers are returning to buying ads.

"We can't control the overall economy, but we can control our operations," Smulyan said as the company reported on its fiscal Q4, which ended 2/28. Net revenues rose 46.5% to \$117.4M and broadcast cash flow (BCF) rose 12.3% to \$28.8M. After-tax cash flow (ATCF) increased a penny per share to 31 cents. Fiscal Q4 radio revenues rose 25.2% to \$54M and BCF gained 3.2% to \$17.3M. (Emmis did not provide a same-station break-out.)

For the entire fiscal year, net revenues rose 44.7% to \$470.6M and BCF increased 38.9% to \$174.2M. ATCF gained 32 cents to \$1.96 per share—but Emmis warned that is expected to decline to \$1.87 for the new year, due in part to a recent financial restructuring using zero-coupon bonds. Radio revenues gained 26.8% to \$239.6%. Reflecting Emmis' acquisition of a number of stick and underperforming stations, radio cash flow declined 47.5% to \$46.7M. On a same-station basis, Emmis said, radio revenues gained 9% and BCF 16%.

Tribune and Belo cut estimates

Tribune Co. (N:TRB) and Belo (N:BLC) are the latest media giants to tell Wall Street to expect less for Q1.

Tribune said 3/22 that February revenues were down 5%, making year-to-date down 1%. Broadcasting & Entertainment Group (including radio) revenues were down 8% in February and 7% YTD.

"Based on the first two months of the year, Tribune is revising its earnings guidance

East Texas Broadcasting, Inc.

has agreed to purchase radio stations
KPLT-AM/FM, KBUS-FM
and **KOYN-FM**
Paris, Texas

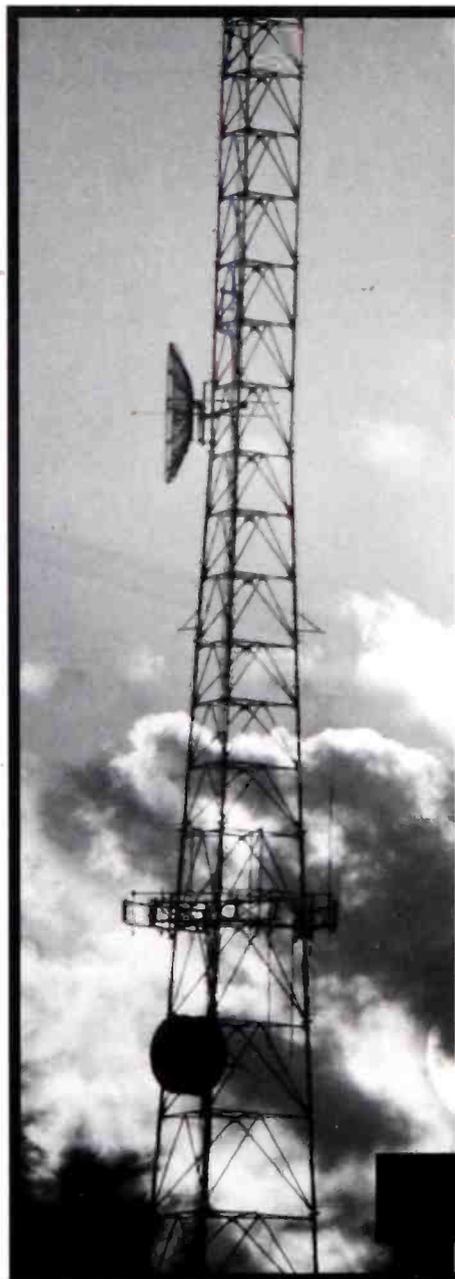
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for the 2001 first quarter to the range of 18-20 cents per share on a diluted basis, excluding non-operating items," Tribune said in a statement. "The company expects the current soft advertising trends to continue in the second quarter, but advertising revenues are expected to be stronger in the second half of the year, especially as comparisons ease. As a result, Tribune still expects to achieve double-digit earnings and EBITDA growth for the full year."

Belo warned Wall Street 3/29 that it will miss the analysts' First Call/Thompson Financial consensus that the company would post Q1 net earnings of four cents per share. Even that would have been down sharply from 13 cents a year ago. Now, Belo says it will be at or near break-even. Belo says Broadcast Division revenues dropped 8.2% in February on a pro forma basis. Publishing Division revenues were off 4.3%. Belo is a multimedia giant in TV, newspapers, cable and interactive media—but owns only a single radio station, KENS-AM San Antonio.

Two other companies with ties to the radio industry also warned 3/29 that they would miss their Q1 targets. Audio equipment maker Harman International (N:HAR) said it will come in about 5% below expectations. A big advertiser, Coca Cola Enterprises (N:CCE), said North American sales will be flat for Q1 and that it will report a net loss of 19-21 cents per share—twice as big a loss as Wall street had been expecting. Coke Enterprises is the largest bottler of Coca Cola and the Coca Cola Company (N:K) is its largest shareholder.

East Texas adds second market

East Texas Broadcasting Inc., owned by **John Mitchell** and **James Kitchens**, is expanding 50 miles northwest from its current four-station cluster in Mt. Pleasant, TX. East Texas is buying a four-station cluster in Paris, TX—KPLT-AM & FM, KBUS-FM

& KOYN-FM—from Phillip Silva's Carephil Communications. Broker **Bill Whitley** of Media Services Group lists the total consideration at \$2.7M. The contract calls for cash payments totaling \$2,382,500 at closing and \$100K in advertising credits over five years. The balance is apparently in anticipated payments related to a signal upgrade. KPLT-FM has an application pending to upgrade from Class C2 to C1.

Show Low quartet brings \$2.8M

A problem with the FCC's new electronic filing system has finally been resolved (at least for one filing), so we now know that **Tom Troland's** Skynet Communications is getting \$2,799,000 for its four stations in Show Low, AZ—KVWM-AM, KVSL-AM, KSNX-FM & KRFM-FM. The buyer is **Henry Ash's** Petracom group. Now, about

the duopoly engineering study—which indicates that these four Arizona radio stations are actually a Pittsburgh TV station... (Still a few bugs to be worked out, apparently.)

Vox adopts a family

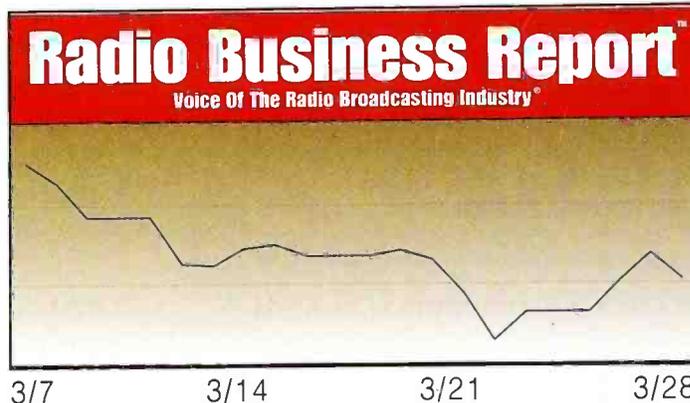
Vox Radio Group, controlled by **Bruce Danziger** and **Jeff Shapiro**, has a deal to acquire all of the stock of Family Broad-

continued on page 15

The Radio Index™

A two-day rally fizzled and the bears moved back in. The Radio Index™ hardly moved for the week, gaining 1.543 to close 3/28 at 150.543.

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160
150
140



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Transaction Digest[®]

by Dave Seyler & Jack Messmer

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.

\$2,800,000 WBTF-FM & WLXO-FM Lexington KY (Midway-Stamping Ground KY) from Blue Chip Broadcasting Licenses II Ltd., a subsidiary of Blue Chip Broadcasting Inc. (Ross Love) to LM Communications of Kentucky LLC (Lynn Martin). \$75K escrow, \$1.3M (less escrow) in cash at closing, \$1.5M note. **Superduopoly** with WCDA-AM, WGKS-FM & WLXG-FM.

\$2,000,000 WINY-AM Putnam CT from Gerardi Broadcasting Corp. (Michael Gerardi) to Osbrey Broadcasting Co. (Gary & Karen Osbrey). \$1.5M cash, \$500K note.

\$2,779,000 KVWM-AM, KVSL-AM, KSNX-FM & KRFM-FM Show Low AZ from Skynet Communications Inc. (Thomas Troland) to Petracom of Show Low LLC, a subsidiary of Petracom Media LLC (Henry Ash, Joseph Fry, Daniel Simon, Frank Nickell). \$100K escrow, balance in cash at closing. Existing double **duopoly**.

\$1,500,000 KZYR-FM Vail CO (Avon CO) and **KSNO-FM** Aspen CO (Snowmass Village CO) from AGM Rocky Mountain Broadcasting 1 LLC (Anthony & L. Rogers Brandon), part of the American General Media group, to Cool Radio LLC (Thomas Dobrez). \$75K escrow, balance in cash at closing.

\$1,500,000 WQII-AM San Juan PR from Communications Counsel Group Inc. (Nieves Gonzalez-Abreu) to Broadcasting Network of Puerto Rico, a subsidiary of Ferre Investment Group (Antonio & Luisa Ferre and other family members). Asset transfer for cancellation of \$1.5M debt.

\$1,075,000 WWOD-FM (formerly WGVL) Hartford VT, 100% stock sale of Family Broadcasting Inc. from Alexander McEwing and Canaan Foundation (Bill Shaw) to Great Northern Radio LLC, a subsidiary of Vox Media Corp. (Bruce Danziger, Jeff Shapiro). \$50K escrow, balance in cash at closing. **Superduopoly** with WNHV-AM & WWSH-FM White River Junction VT and WDHQ-FM Claremont NH.

\$1,000,000 KSKE-FM Vail CO from Clear Channel Broadcasting Licenses (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU), to AGM Rocky Mountain Broadcasting 1 LLC (Anthony & L. Rogers Brandon), part of the American General Media group. \$50K escrow, balance in cash at closing.

\$550,000 KSLD-AM & KKIS-FM Soldotna AK from Chester P. Coelman to KSRM Inc. (John & Katherine Davis). \$200K loan to seller to be applied to purchase price, assume outstanding balance on \$235K note, balance in new note. **Superduopoly** with KSRM-AM & KWHQ-FM Soldotna-Kenai AK.

\$350,000 KULH-FM Wheeling MO from Par Broadcasting Co. Inc. (Michael Ransdell) to Resources Management Unlimited Inc. (Brent & Jill Kline, J. David Copeland, James & Lori Shiflett, Mitchell Putnam, Stan & Michelle Saunders, Timothy Fischer). \$20K escrow, additional \$100K in cash at closing, \$230K note.

\$300,000 KNXN-AM Sierra Vista AZ from Nogales Community Service Broadcasters Inc. (Rufino Cantu Jr.) to Good Music Inc., a subsidiary of Good News Radio Broadcasting Inc. (Douglas Martin, Pres.). \$30K escrow, balance in cash at closing.

\$219,000 (for 50%) **KDJI-AM & KZUA-FM** Holbrook AZ, 50% stock transfer of Navajo Broadcasting Co. Inc. from Jay B. Williams to Richard Watkins. Cash for stock. The remaining 50% is owned by Roy E. Friedman.

N/A WSTX-AM & FM Christiansted US Virgin Islands, 93% stock transfer of Family Broadcasting Inc. from Gerard Luz A. James and Asta K. James to their adult children, Barbara James-Petersen, Emmeth C. James, Gerard Luz A. James II and Kelsey G. James. This combo is the subject of an FCC license revocation proceeding. The elder Jameses have asked the FCC to drop the revocation proceeding and allow them to transfer their ownership stake to their children—"none of whom were involved in any of the alleged wrongdoing," the application states. The FCC's Enforcement Bureau is opposing this request.

casting Inc. for \$1.075M. Family is the owner of WWOD-FM (formerly WGVL) Hartford, VT. The selling stockholders are **Alexander McEwing** and the Canaan Foundation. The deal adds a third FM to Vox's cluster of WNHV-AM & WWSH-FM White River Junction, VT and WDHQ-FM Claremont, NH.

Plus two more

Two more Wall Street firms checked in with radio forecasts after last issue's averages had been calculated (*RBR* 3/26, p. 13). Both are a bit lower than the averages we published, but in the same range as other analysts.

At AG Edwards, **Michael Kupinski** and **Chris Stein** are expecting radio revenues to decline 2% in Q1, then rise 2% in Q2, 6% in Q3 and 8% in Q4. That will give the year a gain of 3.9%.

At Thomas Weisel Partners, **Gordon Hodge** expects Q1 to be down 4%, Q2 flat, Q3 up 7% and Q4 up 8%. That works out to a 3% gain for all of 2001.

The big stock giveaway...not

Based on a 3/24 feature story at SmartMoney.com, we thought Emmis Communications (O:EMMS) had come up with one of the strangest radio contests ever—giving away company stock! According to the story, "Some of its stations have recently been promoting a contest with a large number of Emmis shares as the grand prize. Taxes, fees and ulcers from reading stock pages are the responsibility of the winner." A check with Emmis, however, revealed that the contest is not being run on-air for listeners, but rather in-house for employees only. An Emmis spokesperson said that SmartMoney.com had promised to publish a correction—but when we looked 3/28, all that had happened was that the sentences had been cut out of the story.

Sound Off

To the Editor,

It's been interesting receiving "promo" copies of your magazine—ahead of the bill, if I wish to continue.

Being the owner of what we here affectionately call a two-bit station in a two-bit town, my take on your publication is that it does not deal with the small market, independently owned station. It's almost as if you're there to espouse the interests of AMFM, Clear Channel, and the like.

Absorption of countless small stations by these conglomerates is not good for anyone except the honchos at the top. Stations are acquired for amounts far in excess of what revenue could be generated to cover the cost of capital, let alone any other expenses. In real estate, it's the purchase of a property for too much money in hopes of selling it for even more money to a "California Fool"—hence the phrase "California Fool Rule."

Your March 26th issue talks about selling Radio Stations for "in the mid teen" times cash flow in major markets to 11 times in smaller markets (pg. 7). Yet the same issue says banks will loan only to six times. Is the pay-out really there?

If WYPA-AM in Chicago (*RBR* 3/19/01) sold for \$10.5M, the cost to amortize the note at 10% over 15 years would be \$112,875 per month. That's \$157/hour by my home mortgage amortization cards—every hour, come hell or high water, dead of night, whatever. Maybe it will pay.

The Telecommunications Act of 1996 was and is an abomination. It was pitched on the premise that radio was moribund and allowing one owner to take over failing stations would make things more "vibrant." In reality, radio was in trouble because stations were purchased for more than the ad revenue could support. Period. So currently, big players are parleying up empires like the tulip investment bubble in Holland in the 1600's. Their size extends the time before they actually have to make their investments pay for themselves.

Other than politics—I suspect Commissioner Gloria Tristani is a flaming liberal and I am a rabid right-winger—I am sorely tempted to write to her and say "take on the big boys!" But, like the gingerbread man on the fox crossing the river in the fairy tale, I suspect her attitude might come back to bite even small (one station, AM daytimer) broadcasters like me.

The Telecommunications Act of 1996, I'm sure, bloated the prices of licenses—so that just to become a broadcaster as of November 2000, I had to look too far away from home and pay too much for even what I got.

As for satellite radio, the big FMs already program the "same old, same old"—with the jukebox format and mindless liners. It is unlikely that broadcasting from a satellite will improve that mindset. Actually it will harden that mindset. The more money involved, the less people are allowed to try new ideas. It's like choosing paint colors by church committee. All things must "test" well and become pabulum in the process.

Some of the "Trades" are already talking like they have read my "19 Points of Radio Theory" formulated over years of listening to radio and railing at the so-called experts who claim to know the only way things can be done. You know the drill. We must play what people know. Everyone knows "White Christmas." So, like calculus in college taking this out to infinity, if we play this song over and over we will be a success. This is illustration by going to absurd lengths, but awfully close to the truth. We are trying to avoid that trap here at WAGS. You have to be live, local, and look beyond just the "hits." You must talk intelligently to your listener, particularly for the 35 and up crowd.

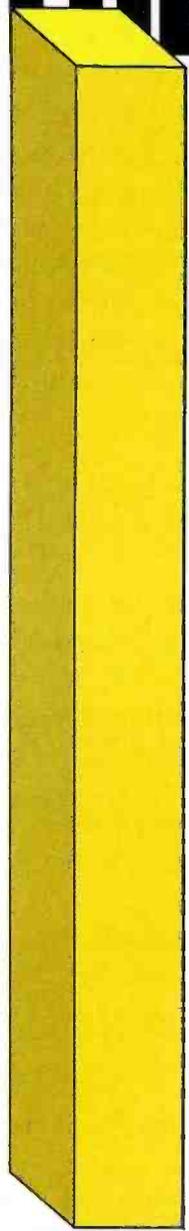
As for digital, do you really think the consumer wants to find their equipment is obsolete? The real beneficiaries will be the nationwide after-dark AM's who will have a wide spread FM-grade signal. We independent, small time stations will face incredible costs that will be hard to cover with increased ad revenue. The ones that will really hurt are the 3-to-6kw FMs which will see higher costs, but no signal improvement. The big FM's will be able to absorb the costs, but see no benefit.

Actually, digital may help us two-bit daytime AMs. If we can withstand the cost, we will be getting an FM-grade signal. However, in a small market it will always be tight. How much can you afford to pay for a signal to reach all 20,000 people in the county—even if they all listen to you (and you know that can't happen)?

James D. Jenkins
Owner/General Manager
WAGS
Bishopville, SC

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