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Radio Business Report
Voice Of The Radio Broadcasting Industry®
September 3, 2001
Volume 18, Issue 36

RADIO NEWS

GM TALKBACK

FEATURE

SALES

MEDIA MARKETS & MONEY

Tristani sets departure date

FCC Commissioner Gloria Tristani has set September 7th as the date for her departure from the Federal Communications Commission. In a brief announcement issued late Monday (8/27), Tristani said: "It has been a great honor to serve as a member of the FCC during this period. I am proud to have advocated for the E-rate and better access to telecommunications for all Americans. After nearly four years, however, I believe it is time for me to move on. I plan to return home to New Mexico in the near future. I would like to thank my past and present colleagues and the staff at the agency for their commitment to public service and their dedication to this institution. The FCC is entrusted with enhancing communications for all Americans, and I will always value the agency's core mission to serve the public interest."

Tristani did not mention the reason why her departure had been widely anticipated for months—her expected bid for the Democratic nomination to challenge Sen. Pete Domenici (R-NM) for his US Senate seat.

Tristani, a Democrat, was appointed by President Bill Clinton and took office on November 3, 1997. Previously, she had been elected to the New Mexico State

Marsh says radio still in the bayou

Broadcast financial analyst James Marsh of Robinson Stephens is not expecting a dramatic turnaround in the radio industry's fortunes. Instead, he thinks a trend began in May, when the RAB reported total revenue loss to be 9%, followed by June losing 8%, will continue. He's expecting a pattern of diminishing losses—down 7% for July and down 6% for August. Marsh cited a possible 4-6% loss for September, but declared conditions too volatile at this point to make a reliable prediction.

As everyone connected with the radio industry already knows, national business is where the most significant numbers reside. Local is showing signs of at least pulling even with 2001 levels.

As for 2001, (getusedtoit). There is no sign that there will be enough of a business surge to make up for all the red ink spilled thus far. It's time to work on making a 2002 rebound come to pass.—DS

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Clear Channel unveils new management structure

Clear Channel Radio is unveiling its much-anticipated senior management structure under new COO Ken Messmer. The company is moving away from a divisional model,
<table>
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<td>Co-Lead Arranger</td>
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<td>$300,000,000</td>
<td>Co-Manager</td>
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</tbody>
</table>

And the beat goes on.

**FIRST UNION SECURITIES**

A powerful ally.
the first stations to come back up were the broadcast's Los Angeles FM stations—KIIS-FM, KHJ-FM, KRKD-FM, KVEST-FM, KINT-FM and KXTN-FM.

News-Talk remains king in largest markets

Intercom (O/HJ/9) has released its latest format number crunch for Arbitron's 93 continuously-measured markets based on Spring 2001 12+ numbers. What it shows is pretty much what it showed before Spring 2000. The biggest gainer was the Classic Rock category, picking up 0.4 share out of this too-groundswell of stations moving to some form of R&B Classic hits format. News-Talk did slide somewhat, but held on the top spot with an 0.5 share, and Contemporary Christian has an impressive 0.5 share as well, a doubling of licenses for this niche format.

The Standards format dropped 0.4 over the year—concerning declines should be in the future as the audience for the oldest of the Oldies formats erodes. Most other formats experienced mid-range slips. On the chart, YoY means year-to-year.

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<th>Format</th>
<th>Sp00</th>
<th>Su00</th>
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Sources: Arbitron, Intercom

Seann Hannity joins ABC Radio Networks

Seann Hannity, the conservative side of Fox News Channel's "Hannity And Colmes," will be syndicated nationally (36-EP) by ABC Radio Networks, in a five-year deal that begins 9/10. Hannity has had an afternoon show on WABC-NY, following Rush Limbaugh, since 1997. He will initially be placed on other ABC Radio Talk stations, including KABC-LA, KSFO-AM San Francisco, WMAQ-AM Washington and WBAI-AM Dallas.

RBR observation. With the consistent possibility that Clear Channel's (N CCU) Premiere Radio Networks may not renew existing Rush Limbaugh contracts with ABC Radio stations nationwide (to put Rush on CNN stations), it's no surprise that ABC signed right-wing HANNITY. He is well known with Rush listeners—he's been a regular substitute on the show for years.—CM

A safety guide for station buyers

Radio Deals A Step By Step Guide, the book by communications attorneys Erwin Kransnow and Eric Wernner, won't tell you what radio station to buy, but it will help you make the buying process easier—and the same is true for sellers.

Contracts, letters of intent and closing documents aren't nearly as much fun as planning format changes—or even calculating cash flow multiples—but they are an important part of buying or selling a station. By planning ahead and agreeing in writing on how every aspect of the transaction will be dealt with, including how unforeseen problems will be resolved, you can avoid costly litigation and additional stress.

Better to pay a lawyer a little bit up front than a lot down the road. What Kransnow and Wernner have done is put together a step-by-step guide to the process of getting a radio transaction from the tree-kicking stage to closing. They take you through the (optional) letter of intent, due diligence, required FCC filings and approvals and the actual closing. Along the way, though, they also point out potential pitfalls that you should be aware of—and explain how to deal with them. Many of the examples are drawn from "Contract Closeups," the series of articles which Kransnow and Wernner have written for RBR for many years.

For first-time buyers, the book provides a wealth of information about how to deal in CYA which will likely put your entire life savings on the line. It will also give you tips about how to negotiate some things that you may not have thought of.

In a section titled "Creative Uses of Accounts Receivable," the authors cite cases where accounts receivable have been used in various ways to protect the buyer and give the seller an incentive to keep rates, sales and morale high (i.e. out of the day of closing. You won't be able to use all of them on one deal, but you might find one which is particularly well suited to your transaction.

For old hands, this new book may prove to be more than just a refresher, especially if it's been a while since you bought or sold a station. After all, these things tend to become more complicated each year. Radio Deals A Step By Step Guide is published by Radio Business Report's RBR Books.—JM

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9/3/01
Radio News

Cancer claims
Norman Fischer

Veerny media broker Norman Fischer died 8/26 at his home in Texas after undergoing treatment for cancer. He was 77. The company he founded in 1974, Norman Fischer & Associates, Inc., will continue to operate under his son, Terrill Fischer. In addition to his son, Fischer leaves his wife, Cecile, and two daughters, Margaret and Karen.

RayNRAV tells the
tale of retail

New York area radio stations are raked in more from retailers in radio advertising Bureau's did in the same period the previous year. Of the top 25 retail radio advertisers, 19 increased their expenditures on the medium. Top U.S., Pathmark, General Nutrition Center, Today's Man, Home Depot, IKEA Furniture, Tower Records & Video, Kmart, and Genesee Drug all significantly increases J.C. Penney and Macy's picked up the pace in June, helping the retail category to a 25.6% gain over its June 2000 total. Restaurants were also doing well, with bigger buys from Burger King and Roman's Macaroni Grill.

Interrep extols
target promotional

In its newly-released study, "Radio Works for Automotive Advertisers," Interrep says automotive advertisers would do well to increase spending in radio because car buyers spend 39% of their time listening to the radio, not too far behind their 52% of time spent watching TV, magazines and newspapers.

While the average consumer spends $380M on national radio advertising yearly, that figure only accounts for 2.5% of the sector's total annual ad spending. Automotive spends 60% for national, spot and cable TV and more than 30% for newspaper and magazines, part of a total $11B ad category according to Competitive Media Reporting (CMR).

Says Debbie Durben, President of Interrep's Marketing Group: "We see a tremendous growth opportunity for radio within the automotive industry, and are aggressively targeting these companies. Our challenge is to introduce auto advertisers to the medium, since most are already using radio to some degree. Rather, we must show them the additional opportunities in radio that can be tapped into with a relatively low additional investment. Every 1% of automotive dollars that we can redirect toward radio brings an additional $100 million to the medium."—CM

RAB training course

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miracle diet.

Katz/Dimensions up on Urban

A new study of the African-American audience and the family of Urban formats has been released by Katz Dimensions. Entitled "City of Dreams: The Growth and Importance of Urban Radio," it is available at katz-media.com. Among its highlights:

- Radio beats out all other media when it comes to reaching African-American listeners, who spend about three hours per week with the medium above the average for the general population.
- Like general market radio, an array of Urban-related formats allow precise targeting of demographic groups within the African-American community. Also, they provide a healthier chunk of the prized younger demos.
- The African-American population is 3.5M strong, and it has $540B to spend.—DS

Staying in Potts: FCC refuses to pass the Saltillo

Olive Sisk's WCNA-FM is staying in Potts Camp, MS. The FCC, which previously denied its application to relocate some 40 miles southeast down US78 to the town of Saltillo, MS, denied it again upon Sisk's request for reconsideration. Arguments that the population of Potts Camp was in decline, and with only 465 residents, was not large enough to support a commercial radio station. The FCC noticed that there were, in fact, others able to pick up the station beyond those who reside within the city limits of Potts Camp. Since the Potts Camp area would not be able to pick up the station any longer should it move to Saltillo, the FCC continued to deny the move. Saltillo may have won had the proceedings convened an allotment, but the FCC did not give it preference at the expense of taking away existing service from the Potts Camp area.

FCC Observation: The real issue goes beyond a tug of war between the little towns of Potts Camp and Saltillo. Potts Camp is located on US78, not particularly near any population center. Saltillo is a five miles due north of Arhinson-rated Tupelo, MS. Sisk may well be having a hard time keeping this station's head above water, and in his argument, he mentioned the real possibility that it may be forced to go dark. Time will tell if the FCC made the right call or not.—DS

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in an hour!

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miracle diet.

The only option: a session taught in Florida last year proved that, with computers and the Internet, the intensive three-day course can be taught anywhere.

The Ohio Broadcasters Association has set up an offering in Columbus. Moreover, the Pennsylvania Broadcasters Association has invited the RAB to Hershey to run the program.

There are certain minimum standards to pass the RAB to take its show on the road, chief among them is at least 15 registered students. For more info, contact the RAB's Kippie Romero at 1-800-231-3511.—DS

Go are the days of hunt-and-cut editing, washing tape compression, and speed-up chipmunk audio. Now overstuffed, overtime audio productions can be reduced through a real-time, undetectable process that can cut up to one minute of audio from every twenty without reducing program content.

The Cash audio time machine from Prime Image is a fully automatic service that utilizes a patented system of random "micro-edits" to reduce the length of any production, whether voices, sound effects, or music. Cash works automatically, in one pass, reducing up to one minute of the time you want to lose and the period of time over which to lose it. Then push the start button and find something more important to do. Like licking (odd and enjoying a cup of coffee—but, in the interest of your waistline, take a pass on the donut.

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9/30/01

www.rbr.com
Are rumors that the retail category is starting to pick up true? Why? Katsnelson | I couldn't really comment on that because I don't have any retail clients, but it's not surprising that they may be picking up. Retail is very account-specific. At back-to-school season—which we're upon right now.

Clients are in-transit and package goods. I have a couple of the big ones and they've been for the year.

Leutl | I expect the markets to be soft or flat all through next year. I don't see any category of the retail mix becoming more new for Asian consumers. This will be a seller's market.

Katsnelson | Their period, as we've seen, has been really advanced.

Reynolds | All good is to have my way to judge this right now. Only what I deal is not done. (See previous note.)

Roberson | I don't have any evidence of one that I heard anything. Our advertisers continue to be very cautious in the overall retail market.

Petrelli | Basically, even as a down economy, retail still has to be out there. The numbers for the two weeks, on the clients that we deal with (we have a few retail clients) decreasing their expenditures or taking money out of the retail mix and doing more TV and radio as basically the same as last year. Retail, I believe, is going to be the one really coming down. I don't see it. It's just taking its time, and it's not happening as fast as it was. It's going to be slower. We'll go out there and get some of the money that they're selling to grow their product, they're not going to sell it and turn the merchandise.

Are there looking more positive for Q4 and the holiday season? Katsnelson | Not right now, to be honest with you. There's some decent deal activity that's still there, but it's not been very active. But we have not had anything that's anything significant yet for the end of year. I know that there are some significant advertisers who are coming in, negotiating next year's upfront.

No, such outrageous for end of year. Usually, retail's third quarter is really heavy, as opposed to Q4. There does not seem to be a lot of pressure. The Christmas week is not really going to change, this is retail as we know it. And it will be a big one for radio.

So, nothing outrageous for end of year. Usual trend, retail's third quarter is really heavy, as opposed to Q4. There does not seem to be a lot of pressure. The Christmas week is not really going to change, this is retail as we know it. And it will be a big one for radio.

So, nothing outrageous for end of year. Usual trend, retail's third quarter is really heavy, as opposed to Q4. There does not seem to be a lot of pressure. The Christmas week is not really going to change, this is retail as we know it. And it will be a big one for radio.
The programming and content you want the way you want it.

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Blaise Howard, GM, WTAZ-FM Radio Inc
Philadelphia, PA

Dusty Black, FVP Market Manager, Clear Channel's KASE-FM, KYT-FM, KHMR-FM, KFKE-FM, KFZY-FM, Austin, TX

How do you handle objections to scheduling costs in this ad environment?

Blaise: Price objections are bound to confront sellers regardless of economic conditions. They should be foreseen, anticipated and quickly, if not directly, overcome. The seller needs to ask good questions in an effort to clarify the client's objection. Next, the seller must shift the focus away from the objection itself. The seller needs to determine how much money the client is getting (or not getting) from the advertising they receive. If the seller positions value properly, the cost becomes justified. It all about making the client understand that they are getting their money's worth.

Columbus: First and foremost, we role play every week the efficiency of our radio stations. We've been doing this for about two years now. We role play with one seller selling for the local TV station, the local paper, etc. They must know what they are up against when dealing with a client. We sell the value of our entire cluster and our clients are overwhelmed with our budget. We design a plan that maximizes their budget without lowering their rates. The climb back to the top is a lot higher when the economy upturns than when I was 5 years lower. The board is more aggressive. It is imperative to use the strength of our cluster to give the client the most bang for their buck. We also use raw number of comparisons from clients that have grown success using our cluster. Success sells! My philosophy is get your rates, know the efficiency of our cluster and know how the competitive mediums sell.

O'Neal: It's a supply and demand business. What's wrong with a station that is going away from you? If the price is right, then you throw them in. If the price is right, you lose a client rather than a radio station that is in demand by both advertisers and listeners! A win-win for everyone! We don't offer a lot of money, and can you afford to throwcolleagues away on cheaper stations who might be cheaper because they have a lack of advertisers. If they have no advertisers, we wouldn't have a lack of advertisers.

Howard: No matter what you're pricing, it comes down to the need of the client and the objection on everything that you do. And if you're selling on an agency business, I don't think there should be any of them that we would submit on that they would sell for a percentage. We can't manage our money, and can you afford to throwcolleagues away on cheaper stations who might be cheaper because they have a lack of advertisers. If they have no advertisers, we wouldn't have a lack of advertisers.

How do you handle clients that want to cancel out of a schedule?

Blaise: Once again good questioning skills are critical. The seller must determine the real reason that the client is considering the cancellation. Often times the client has lost sight of the value of the schedule and is viewing the cost as an expense rather than an investment. We go with the client through the financial reasons the client needs to understand that advertising is even more important during a softer economy. We review your radio stations and cancel their traffic through their doors, that's what we need to be selling. If we focus on price (which too many radio salespeople constantly do) then we lose our clients. If they focus on price, we must re-focus on value and results.

Columbus: The very first rule here at Cumulus is that we must hold the AE directly accountable for the revenue. Therefore, if the Sales Manager then must place a personal call to the client to determine if we have a problem or not. Then I am apprised of the situation and I call the client to sell them what we appreciate our business and "no insurprise" when we need to get back together to resume our business relationship. This set the tone for the upcoming dialogue when the client is ready to get back on the air. They know by the end of this process that we are interested in the business. We have a two week cancellation clause in our contracts that can only be waived by the Market Manager (under different circumstances). We try to determine why they would like to go out of a contract and then react appropriately. If it's a lack of results try to determine if we can realistic expectations going into the sale. I will personally meet with each client who tries to cancel to see if there is something I can do to change their minds.

Black: What did we do wrong? Sometimes this means running a free schedule or pumping up the frequency to speed up the results process. Sometimes it means a payment plan and lowering the monthly contract for financial reasons. Sometimes it means bringing in the whole team to show that we're serious about your account. I know there were cases where we have lost business that we thought we were going to get that we priced aggressively for. The account managers today must get use to taking the head and face of the client, in front of the buyer, and hold them together in a different way. It's tough nationally, when an account comes down, you give it to your rep, your rep gives it to the buyer and the buyer goes to a salesperson. They don't know what's going on during that week. A lot of times, we're getting it off on Thursday and Fridays that start on Mondays.

How do you handle people calling in at the last minute and saying "OK, we're not going to give you the buy, but we want this exact type of promotion." And it may not even fit your format, the kind of promotion they want. We used to think there was a lot of promotions tied to everything. It's unbelievable now. We have a lot of unique promotions. We've had people come up and say, "Do this promotion and we'll talk about buying you. So I think it's time to kick in before we're going to get something. The American market has been hit hard with Tech layoffs and lack of business for new businesses. We've seen our local retail clients occasionally spending this year in a pretty significant way. With this in mind, we first have to find out what the client is primarily having issues with sales and what their expectations are as a return on their investment. We cannot sell an ad schedule anymore without accountability. There are just too many clients, and you can't just throw a bone to them. We expect our sellers to determine what the client is comparing our cost to and then quickly to do the real objection buyout and move from there to satisfy the customer that we're the right answer for them.

G&M Talkback

By Carl Merzina

How do you get into radio?

Blaise: I started on the air when I was 14 years old. When I was 23 I moved over to the daily show. I loved it. I enjoyed it. I learned the business. I worked my way up into sales management, general management and 14 years ago entered the radio sales training business with Howard Pittman. I'm currently on the left coast. I've been alternating my time between training, consulting and specializing in station revenue situations. I've been worked extensively in Canada and the United Kingdom. I recently spent 5 years as the East Coast Regional Manager for Cumulus Broadcasting overseeing 10 markets in Maine and Nova Scotia. Since then, I've been back in private practice working with several radio companies in New England. That includes serving as market manager for Cumulus and Clear Channel radio properties in many locations in metropolitan New England. That includes serving as Market Manager for Cumulus and Clear Channel radio properties in many locations in Portland, Maine.

Columbus: Well I was born into it. My Dad owned two small radio stations in Va., and I was in the business from the get go.

Dusty: Growing up in this environment gave me first hand knowledge of how every department in a radio station works. I was in the office at a very young age. We didn't have computers, but we had computer company. I went back for when I call all my accounts, I don't need a training and then left and became the youngest GM in Baltimore at the time (29). I became the Managing Director of New Market at Clear Channel, and was named to the Board of Directors. I left my own group and took my own radio stations so I know what meaing posting, making bank covunts at the station can be difficult to our business. We have a radio like it is—1 a log roller coaster side, and you to clip to it.

O'Neal: I was in retail (working for my family's business) and was a client of radio. I was sold properly and taught how to advertise correctly and got good results. Needless to say the family business was not for me and when an opportunity to get into radio became available.

Howard: I was in retail for 15 years. The family business was not for me and when an opportunity to get into radio became available.

Blaise: I worked in my sister-in-law was the traffic manager for a radio station in Pittsburgh, WTKQ-AM, "13Q-2" I was working the weekends and my sister-in-law was my boss. She told me that she thought I would be good selling air time. She got me an interview, and I got hired, quit my job right away. The two gentlemen I interviewed with, my wife is very close to me, were Steve Berger and Mickey Franco, who I worked for a couple of years as I got into the business.

Howard: I work for one of the brightest men in the business, Jerry Lee. I tell you what, Jerry Lee had the reins of a large radio group in the country. We're the whole landscape would look completely different from what's going on. We are successive industry. We don't do it. And we still screw up. I wish the whole business was on one little noise in morning drive and less in afternoon. We do over on radio stations here that have similar format—16-18 show an hour. Black 1 was a Radio/TV Sales at Texas Christian University (TCU). Initially I wanted to be a play-by-play guy, but reality and a lack of preparation to handle cancellations because "the funnel" is empty.

Howard: Our cancellation is a two-weeks notice. We do have a while there during the heyday of radio we'd give clients four weeks cancellation. Because it was coming in as just as fast as it was going out. You're really at the mercy of what the market's doing. If other stations are letting people out and they are maybe a large group, what are you going to do? Sit there and make an enemy with everybody else is letting them out. So we try to hold a week notice. We've even called up other stations and have asked if they are actually doing this and they say yes.

Black: We have a two week cancellation policy. If we have a client that has missed a product, or has been lazy and needs to pull back some, then we will work with them.

How do you get into radio?
Clear Channel staffers are new
Hogan's heroes. Clear Channel
(N-CCU) Senior VP John Hogan
has been named President and
CEO of Clear Channel Radio.
This is the second-in-command
spot vacated by Kenny O'Keefe,
who retired Friday. He will move
into the office next to CFO
Randolph Michaels, overseeing
the 1,200+ radio stations in the
Clear Channel portfolio.

Prior to his new position, Ryan was
KHOI's GM since '99. Paolo was previ-
ously GSM for KQOL-FM and KXOL-FM
in '96, since '96.

A Boy in hand is worth... Father
Communications (O-FSC) has raised
the bar of the newspaper industry to
find its latest member of its Executive
Management Team. Laura J. Boyd
will handle the company's human
resources and recruitment needs.
She exits the Suttle Times.

A Burke in hand is worth... David
Burke has been named SVP of
Northeast Broadcasting, overseeing ops for
the company's 13 stations in Vermont,
New Hampshire and Massachusetts.
The 16-year radio veteran was previ-
ously VP/GM for AMPFM's Denver
Cluster and Infinity in San Jose.

Emmis inclines toward Klein
Alan Klein is the new President of Los Angeles
Magazine, one of the many regional
periodicals in the portfolio of Emmis
Communications (O-EMMS). Among
his prior stops was the publisher slot
at Boston Magazine.

DMRntag a VP as Buckle Clear
out. Debbie Buckle is exiting the
GM slot at Clear Channel's
(N-CCU) WKSC-FM Chicago to take
on a new role as VP/Marketing
Strategy for Direct Marketing Re-
ports. In addition to working with
President Trip Eddidge, she will
be reporting to SVI/Marketing
Strategy Mark Parrott.

Richmond cluster is now Walden's
Podio. One (O-ROA) has brought
in Bob Walden as its
Rich-

mond market. He will oversee
national sales at WJRS-FM, WJMO-
FM, WOCX-FM and WRHI-FM.
He worked for Clear Channel, and
the rest of his resume is a primer in
what radio ownership used to be,
including stops with National
Eden, Park and Hare Hanks.

Viacom fills up with Phillips.
Buckeham's KPXI-FM PD in
Dallas/Director of FM Programming
Brian Phillips has been tapped as
Viacom's (O-NAVY) Country Music
Channel SMP GP. He will be re-

ponsible for the cable network's
day-to-day management. He remains
a consultant for Buckeham's Al-

tanta and Dallas stations.

LatinWorks Marketing brings in a
pair Ana Franco-Aguilera has
been named Director of Account Man-
agement, and Linda Hernandez
has been named Senior Manager of
Strategic Planning for LatinWorks
Marketing. The firm specializes
in marketing various brands to the
US Hispanic community.

Hernandez & Aguilera

Coppes takes the ini out of
interim. FCC Commissioner
Michael Coppes (O) has upped
three staffers from temp to per-
manent positions Carolyn
Conyers was named Coppes
Confidential Assistant. Jordan
Goldstein moves from intern
Sr. Legal Advisor to Sr. Legal
Advisor. He will also serve as
Legal Advisor for Competition &
Universal Service, Interim Legal
Advisor Susanna Zwerling be-

comes Media & Consumer Pro-
tection Legal Advisor, advising
Coppes on media issues.
Why is the RIAA against the recently introduced Music Online Competition Act?

As a general matter, the legislation, I think, is just a very complex and specific intrusion into the free marketplace. It tries to create winners and losers based on technologies that exist today. It suggests regulation is needed in areas where it's not. I think that these issues and these businesses really need to be able to operate in the marketplace without government intrusion on the Internet.

Would it create a lot of bureaucracy and controls?

It creates a lot of controls for the industry and it tries to sort of weak havoc with various rights that copyright owners take very seriously.

Why does the RIAA believe that Internet streaming of on-air programming should have a royalty scheme when the on-air signal remains exempt?

I've viewed the digital world as the start of entirely new businesses and new opportunities for everybody. I think the Internet and its successor entities/technologies represent new potential revenue streams for broadcasters, new potential audience-generators, a whole new series of outlets for their programming. Similarly, the music community—artists and record companies—think that just because the old rules applied for a static technology, as new businesses are created, it's appropriate to have the supplies and the music that's used to help create those new businesses be fairly compensated.

What are you planning on telling broadcasters at the NAB Radio Show about the recent US District Court decision (RBR 8/6, p.4) upholding that radio broadcasters must pay royalties for online streams? As you know, the NAB was very disappointed with the ruling. I think my message is going to be, "Get over it, and let's move on." We want broadband to succeed. We do have a good relationship with the broadcast industry. There are important, targeted promotional and marketing opportunities that we pursue together, but that doesn't negate the fact that artists and record companies are entitled to some compensation from these new businesses as well. So, my message is going to be that these numbers are not as great as you fear, that you should find ways to sort of pay it and let's get on with building these businesses together.

Will broadcasters find they aren't going to be as bad as anticipated?

We historically have sought very reasonable deals and individual deals with broadcasters on this issue. But people didn't want to engage. Now we're in an arbitration proceeding, which allows much less flexible rate schedules. And the rate schedules that have been submitted on our behalf to the arbitration proceeding are 4 cents per performance, or the alternative is about 15% of the broadcasters' online webcast revenue.

Now, if the online revenues were very low, 15% would not be a very big amount of money, right?

Well, I think arguing that these businesses aren't making a lot of money is sort of irrelevant, because then that means that their obligation wouldn't be very high. So I think that's exactly right—that what we're saying is it's in our mutual interest to have these businesses grow, and we want to support that.

So it's not just about fees, it's about supporting the industry, just like you do on the terrestrial signal side.

We usually think that there should be consistently good relationships, consistently good business opportunities for broadcasters and record companies to work together. This, in my view, is entirely consistent with that thought.

What could the retroactive streaming fees be set at? A lot of broadcasters are especially nervous about this. How can you determine what the fees will be? By what means can you prove airplay—old logs or airplay monitoring services?

The law does require that they be retroactive, and I think people should have anticipated that. I think the NAB did know that the law said that they would be retroactive. But we are flexible, understanding that for these simulcasts there might not be separate digital logs. I think we would be flexible in how we would determine airplay logs and try and work with broadcasters to make sure that this wasn't a burdensome process—that wouldn't serve anyone's interest.

What about fees for non-profit or college radio stations that stream music?

There are a whole series of notes from non-profit uses that we'd like to be considering separately and we're looking at various ways to do that.

Are streaming companies like SurferNetwork liable for these streaming fees? What about streaming technology providers like Activate?

If they are retransmitters, in other words, like Yahoo! Broadcast, where they're taking an existing stream and retransmitting it through their own service, they are clearly liable. If you are talking about a technology facilitator, if the broadcasters themselves control the actual signal, then I think that the liability lies with the broadcaster.

It should be clear we're not looking to play games, we're not looking for entertainment, and we're not trying to tax things every which way. We're perfectly prepared to determine the one party that's liable and have the system work that way.

We recently did a quick interview with Jack Starbuck, the CEO of the broadcast industry web consortium LCMB. He made a claim that these fees are really going to hurt the artists, because the streaming was one way to really them exposed across the country in markets that they might have never been heard. Do the labels see the value in radio station streaming to further extend exposure to their artists? Do they see the possible harm if everyone turns off their streams?

I just think that's a red herring. I've been getting emails. I think some stations are turning off their streams and giving people a direct link to my email site. And I get those emails saying, 'I want Internet radio. I'm certain that the fees that we're talking about are less than the cost of
What is the RIAA’s stance as it relates to radio station side channels/formats? Yes, there would be even more like a webcast. Is it the goal of the labels to own the Internet space and go direct to the listeners without needing the stations? The labels are currently forming their own Internet stations/subscription services like MusicNet and Pressplay. How do they get charged for streaming? Is it the goal of Clear Channel to own the Internet space? Actually, that’s a good question, because there’s a lot of misinformation out there about what’s happening in these spaces and what people’s intentions are. There are multiple services that are essentially B2B, that are getting licenses from copyright owners that will then offer as sort of a central repository to different online sites and music products. So for instance, MusicNet is essentially getting licenses from multiple record companies and publishers. And MusicNet will then sign deals with online sites to be the music provider on their site. And so, there’s not, in essence, a determination by the major record companies or anybody else to actually own all the sites. This is about how do they cross-license enough material to have multiple outlets for music. So in addition to Pressplay and MusicNet, which do have equity investment and ownership from major record companies, there are six or seven other companies that also have record company licenses and are likely to be out there as strong competitors in the marketplace. That’s in terms of furnishing subscription services. To the extent that any one of those services is in addition to offering the downloadable subscription, if they have webcasts, they will be paying the webcasting rate. If they’ve got interactive streaming, that’s an individual license deal.

So, there is every obligation whether a webcast, a broadcast signal, is being run by a record company, a third party site, an Internet company—it doesn’t matter who it is—the payment obligations are the same.

Tell us about the request for summary judgment you had filed on August 7 against Napster—it asks for copyright violation fees to be paid for each instance of violation, which would shut down Napster forever. I think the Ninth Circuit decision has already made quite clear that Napster engaged in significant willful copyright violations. But the policy is clear—what we’ve essentially been arguing about since is the technical compliance issues of how Napster can operate without infringement. And what we did in seeking summary judgment is to have, essentially, the court affirm the policy issue so that we can then move on to the compliance and other matters of this issuance—to actually put what we think has already been decided behind us in an official way. Napster has every opportunity, and has for the last two years, to be a legitimate service by seeking licenses. Obviously, they are liable for significant damages and I think everybody in the music community believes that significant damages should be paid.

Do you think Napster’s latest appeals victory will stick for long? Is this a blip on the screen? I think that’s a temporary glitch and I think Napster believes it too. They still haven’t gone back up, but I think they are making progress at this point.

What is your history in the music industry and with the RIAA? I’ve been at the RIAA almost 15 years now, and my history in the music business—all of the expertise I’ve developed—was when I was in high school, working at Sam Goody’s record store! Everything since then has been a learning curve.

What are some of the RIAA’s biggest goals and achievements? The one issue that has been consistently driving us for the past three or four years and will continue to drive us for a while is to do everything we can from a public policy standpoint, from an enforcement standpoint and from a public education standpoint, to help develop a legitimate online music market. I think that the technology that’s available to consumers and businesses alike is astounding and it’s so important that we be able to take advantage of this technological revolution. It’s important also that the heart or the passion and the investment that goes into creating new music doesn’t get left behind in the technology revolution, and I’m confident that people don’t want it to.

What do you see as the future relationship between the labels, radio and the Internet? I think we’re still in the early stages of this entire marketplace, but I think that we have begun to see a shift where consumers are not just getting their music by buying it in record stores. They are consuming it in multiple ways and the relationship between record companies and artists and radio, I think is just going to continue to grow. I think radio will always be important to the recording industry and hopefully we will always be important to radio.

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Local sales heroes keep companies on track

The dollars may look big on Madison Avenue, but even for the largest radio stations, national sales have never surpassed local sales. This year, in particular, it's strong local sales efforts that are easing the suffering at major market stations and allowing smaller stations, which never had that much national business anyway, to continue to show growth in a year when their larger brethren have had to turn in poor results.

With thousands of radio stations coast-to-coast, there are tens of thousands of local sales heroes—those talented Account Executives, General Sales Managers and General Managers who keep local sales running smoothly and know how to use their local stations to drive business to their advertising clients. We asked a trio of top group executives (selected to reflect both large and small companies) to recommend a local sales hero for the salute to the unsung heroes who are working behind the scenes to keep radio strong in a tough year.

Cumulus Media's Gary Pizzati

Gary Pizzati is General Manager of the Cumulus Media (OWC) group of stations in Mobile, AL and Pensacola, FL—meaning that he has two offices 77 miles apart. He oversees Gos- pel WGGQ-AM, CNN headline News WDLT-AM, Urban WBLX-FM, Urban AC WDLT-AM & WYOR-FM in the Mobile market and News & Talk WCOA-AM, CHR WJLQ-FM & Active Rock WREX-AM in Pensacola. "Out of the eight, three are 100kw and have city-grade signals in both markets," Pizzati noted, so WBLX, WYOR and WJLQ pull Arbitron numbers and ad sales in both markets. In speaking with RBR, he proudly pro- duced numbers showing that WBLX is not only the top-ranked station 18-34 in its home mar- ket, Mobile, but also number one 18-34 in Pensacola.

"So, what do you do?" he asked rhetorically. "Well, you drive it like a big old ship."

As market #90, Mobile gets more national buys than #124 Pensacola, so the larger of the two markets hasn't been completely untouched by this year's Madison Avenue pullback. "It's hurting Mobile, but it's hurting Pensacola even more. Pensacola for the people who don't understand good cluster man- agement that can drive local sales," Pizzati said. "We outper- form the market every month. We do that by driving local direct sales. We have our sales reps so focused on local direct sales that nothing else right now is important."

Drawing on Miller, Kaplan reports for Pensacola, the Cu- mulus GM said the local market was up 7.2% in July for Pensacola. "Our cluster was up 8.7%, he stated proudly. And while national spot revenues were never as important in Pensacola as in Mobile, that didn't stop us from clearing in the smaller of the two markets. "We don't rely on national business at all," Pizzati said of his Pensacola stations.

"Our rep firm, Intermountain Al- liei, does a great job driving and a lot of sales managers raved in the praise of the rep, which has a special Cumulus Radio Sales unit, but that hasn't over- come the loss of national ad dollars in Mobile.

What are you doing differ- ently this year in local sales? "Our Pizzati replied. "We're doing the same thing that we've done since I started working for Cumulus Media. We went out and designed a criterion of local direct business. There is a new business development requirement from both agency and local direct each month that each seller has to achieve the goals of the division. And in 2001, that's where I have my salespeople and sales managers focused on and that's number one, hitting their individual goals, number two, developing a certain amount of new local direct business each month (number three), keeping their accounts receiv- able in line with the Cumulus Media group and number four, that time it has a high volume of prospects, expecting propos- als that suit the needs of our clients. Direct sales are a major part of our internal information—and driving those local direct comp- anies to our company, away from the newspaper, coupon maga- zines, cable and everything else. "I don't just want a piece of the radio pie, I want a big slice of the piece of all of the ad dollars. I think a lot of market managers are not as focused on getting the radio dollars. I don't care about the radio dollars—I want that money to stay with the cable money. I want the TV money. If I'm going to go fish- ing, I don't want to go fishing where there's a lot of big fish. There are a lot of big newspa- per fish out there."

Pizzati says the key is working with local newspaper adver- tisers to try Cumulus' radio stations—"even if it's a small print ad and supplement it with radio. "They're renewal kings. Pizzati has 10 newspaper competitors. While the news- paper reps are calling clients on the phone to renew last- }

Greater Media's Tom Bender

Tom Bender is Senior Vice President and Regional General Manager for Greater Media's three FM stations in market #7, Detroit. He oversees Classic Rock WCSS-FM, AOR WLLI-FM and newly reformed AC WNGG-FM.

After 15 years in the same job with the same company (but a new philosophy), Bender's longevity alone makes him unusual in today's radio business. "It has eras attached to it," he said.

But while Detroit is far re- moved from Mobile/Pensacola by both market size and miles, we got much the same answers when we asked him what he's been doing differently this year. "We've done anything dif- ferently," Bender replied. "What we've done is continued our focus that we put considerable resources behind for the last three years—in terms of ongoing sales training, direct selling and advertising at a number of different levels. At that time, we made sure that each radio station had a new business development rep to become a station's sales manager. They were re- cruited for their skill in being able to go out and tap non- traditional sources of revenues. So, we have committed to that for some time. Fortunately, as luck would have it, we have had enough time and the phi- losophy has become incorporated in the sales department so that's really a lifesaver for us this year.

Where do you find people like that?

"We found one in radio sales and everybody else came ei- ther from a different depart- ment in radio or a different field. There was a process where we had a couple of people who started great, but didn't quite make the grade and didn't quite have the passion for it," Bender recalled. "When you're doing that type of business, you're virtually six months out on a calendar and making a whole different type of sale. It takes a very specific type of per- son, with a really good un- derstanding of selling as a process—this isn't just a sell- ing process—to be able to have both the vision and the patience to see it through."

National year-to-date is off

By Jack Massing

16% in Detroit. "That's significant dollars," Bender notes, "but cer- tainly not the type of crushing numbers that some other market have seen this year." Having not gotten as much of the dot-com spending last year, Detroit didn't sour as high last year—and hasn't fallen as much this year. So Bender is sticking to busi- ness—local business, with a fo- cus on building new business. He says each new hire is told up front what their client list will be, but they're also told about their territory. Bender relies on the development that they will be responsible, individually, for new busi- ness flow. Each salesperson then has some key accounts on which to execute that responsibility. Greater Media offers special in-house support for some areas, including a special- ized program. Bender is active in a newsletter that is not optional is their commit- ment to participate in new business development. Bender stressed. "They've given specific goals for that and they're not let off that hook. They're reviewed on one-on-one at least a monthly basis, if not more often.

Each salesperson at Greater Media's Detroit operation is as- signed to a specific station, but Bender says the company has healthy competition among the stations that want to deal with only a single rep for the group. "We're the only ones who have them," he told us. "Their job is not only being a sales rep, but they're also working into a marketing group. It's been all informal—and with 40-some salespeople, there are those who want to figure out how to work with their counterparts at the other stations for a given account—and it's working. It's a result of Bender's leaving that to take care of itself, though. He re- cently hired a group sales man- ager—a former sales manager from a crosstown competitor—to take a more structured ap- proach to selling the entire three-station package.

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Bucks turn out for the Greater Media 2001 Hartley First event

RBR
Nassau Broadcasting's Glenn Jones

t local or is it national? The sales effort—Glenn Jones heads Nassau Broadcasting—is something in between. He serves as Vice President of Nassau Radio Network (NRN)—a new division that sells the group’s radio stations in three clusters to advertisers who do regional business throughout New Jersey.

"It is the national sales division of Nassau Broadcasting," Jones explains, referring to the regional sales operation at the Knight Quality Stations used to sell advertising to New Jersey’s biggest advertisers. "In addition, Jones says, he and Nassau’s Joan Jones met last week with Scott Knight in New Jersey to try to sell advertisers that KQS had been busy along with its regional sales.

"New Jersey still suffers from a serious crisis," Jones noted, "but when we started out on this week we needed to put a face on New Jersey—specifically on the critical mass that we were representing." Using Arbitron data, Jones and his staff prepared presentations to explain to advertisers why they needed to buy Nassau’s New Jersey stations, at the very least as a supplement to their big market buys in New York and Philadelphia.

"More importantly, what we set out to do from day one was to try to reverse the process," he explained. "Traditionally, to buy New Jersey, you would buy New York, buy Philadelphia and then fill in the cracks. We went to the advertisers directly—we had vertical penetration at all of the agencies, along with our national rep, Katz Radio—trying to come up with the concept to reverse the process. Why not create a budget for New Jersey on the front end and then fill in with the New York and Philadelphia stations?"

What Nassau offers advertisers is critical mass. Jones explained that although Nassau’s owner Lou Mercantini had to scale back after the market turned sour just before his planned IPO, Nassau still has two powerhouse clusters in the Monmouth-Ocean (which Nassau calls its "shore" cluster) and Trenton ("Central"). plus a third cluster just across the line in Allentown-Bethlehem, PA and a standalone AM in nearby Wilkes Barre-Scranton, PA.

Nassau has some 80 sales rep pounds the pavement in its three markets to build local business, but Jones and his staff of six at Nassau Radio Network have their own mission: "Unlike most companies, where they define "national" as anything that their rep develops, we did it differently," Jones explained. "We wanted our national people to focus on all business that’s outside the state of New Jersey, whether it’s with a client, with an agency or with the rep firm. That left our 80 reps to focus on the back yard marketing—the advertisers within that fieidom, if you will. Anything that went cross-cluster was also under the domain of NRN. We ultimately built this division to not only handle the national rep, but to handle the regional business. We also incorporated an Internet division and then we incorporated an NTR division. Ultimately we were in a position to put a comprehensive marketing plan on the table, along with critical mass, to anyone.

New business prospects for NRN can come from the central office or from the National Sales Manager in each of the three clusters. If it is new business, each one of those NSMs in each cluster has the ability to sell that cluster, but also drive it to the other two clusters. That’s their task," Jones said. "Their first responsibility is to their own cluster of radio stations, but their secondary responsibility is to find a way to expand that. They are in constant communication.

How does NRN coordinate its efforts with its rep and keep from stepping on each other’s toes, we wondered? "The bottom line is that from day one, we wanted to build a really strong relationship with our rep," Jones said. By having all business outside New Jersey handled by NRN, rather than in some of the hands of individual account executives at the station level, it is up to the NSM of each cluster, and ultimately by Glenn Jones, to decide whether an account will be handled by Katz Radio or internally by NRN. Each NSM

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• Studio Systems & Design • Remote Equipment • Software Updates
• Studio Networking • Superior Service • Redundancy • eSTREAM
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The RIAA's Hilary Rosen

Hilary Rosen, the Recording Industry Association of America's President and CEO, entered the NAB Radio Show spotlight this year with the event's XStream keynote speech. Under her leadership, the RIAA has focused much of its energies on standardizing the delivery of music over new media platforms while protecting the rights of its artists and copyright owners. In that process, the organization has made numerous radio industry headlines over streaming licensing issues for broadcasters, webcasters, and of course, Napster. Currently in a six-month arbitration process that began 7/30 over web royalties, the RIAA/Music Industry and streaming broadcasters are trying to come to terms on rates—a battle that's been waged since the passage of the Digital Millennium Copyright Act of '98.

Here, Rosen speaks about those arbitration hearings and where the RIAA stands on a number of issues.

Why is the RIAA against the recently-introduced Music Online Competition Act? As a general matter, the legislation, I think, is just a very complex and specific intrusion into the free marketplace. It tries to create winners and losers based on technologies that exist today. It suggests regulation is needed in areas where it's not. I think that these issues and these businesses really need to be able to operate in the marketplace without government intrusion on the Internet.

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Why does the RIAA believe that Internet streaming of online programming should have a royalty scheme when the air signal remains exempt? I've long viewed the digital world as the start of entirely new businesses and new opportunities for everybody. I think the Internet and its successor entities/technologies represent new potential revenue streams for broadcasters, new potential audience-gainers, a whole new series of outlets for their programming. Similarly, the music community—artists and record companies—think that just because the old rules applied for a static technology, as new businesses are created, it's appropriate to have the supplies and the music that's used to help create those new businesses be fairly compensated.

What are you planning on telling broadcasters at the NAB Radio Show about the recent U.S. District Court decision (RRR 6/6, p.4) upholding that radio broadcasters must pay royalties for online streams? As you know, the NAB was very disappointed with the ruling. I think my message is going to be, "Get over it, and let's move on." We want broadcast to succeed. We do have a good relationship with the broadcast industry. There are important, targeted promotional and marketing opportunities that we pursue together, but that doesn't negate the fact that artists and record companies are entitled to see some compensation from these new businesses as well. So, my message is going to be that these numbers are not as great as you fear, that you should find ways to sort of pay it and let's get on with building these businesses together.

Will broadcasters find they aren't going to be as bad as anticipated? We historically have fought very reasonable deals and individual deals with broadcasters on this issue. But people didn't want to engage. Now we're in an arbitration proceeding, which allows much less flexible rate schedules. And the rate schedules that have been submitted on our behalf to the arbitration proceedings are 4 cents per performance, or the alternative is about 15% of the broadcasters' online webcasting revenue.

Now, if the online revenues were very low, 15% would not be a very big amount of money, right? Well, I think arguing that these businesses aren't making a lot of money is sort of irrelevant, because then that means that their obligation wouldn't be very high. So I think that's exactly right—that what we're saying is it's in our mutual interest to have these businesses grow, and we want to support that.

So it's not just about fees, it's about supporting the industry, just like you do on the terrestrial signal side.

We totally think that there should be consistently good relationships, consistently good business opportunities for broadcasters and record companies to work together. This, in my view, is entirely consistent with that outlook.

What could the retroactive streaming fees be set at? A lot of broadcasters are especially nervous about this. How can you determine what the fees will be? By what means can you prove airplay—old logs or airplay monitoring services? The law does require that they be retroactive, and I think people should have anticipated that. I think the NAB did know that the law said that they would be retroactive. But we are flexible, understanding that for these cumulae there might not be separate digital logs. I think we would be flexible in how we would determine airplay logs and try and work with broadcasters to make sure that this wasn't a burdensome process—that wouldn't serve anyone's interest.

What about fees for non-profit or college radio stations that stream music? There are a whole series of sort of non-profit uses that we'd like to be considering separately and we're looking at various ways to do that.

Are streaming companies like Surf/NetworK liable for these streaming fees? What about streaming technology providers like Activate? If they are retransmitters, in other words, like Yahoo! Broadcast, where they're taking an existing stream and retransmitting it through their own service, they are clearly liable. If you are talking about a technology facilitator, if the broadcasters themselves control the actual signal, then I think that the liability lies with the broadcaster.

It should be clear we're not looking to play games, we're not looking for entertainment, and we're not trying to tax things every which way. We've perfectly prepared to determine the one party that's liable and have the system work that way.

We recently did a quick interview with Jack Swarbrick, the CEO of broadcast industry web conglomerate LMIV. He made a claim that these fees are actually going to hurt the artists, because the streaming was one way to really them exposed across the country in markets that they might have never been heard. Do the labels see the value in radio station streaming to further extend exposure to their artists? Do they see the possible harm if everyone turns off their streams? I just think that's a red herring. I've been getting emails from record labels, saying, "I want Internet radio." I'm certain that the fees are what we're talking about are less than the cost of...
rate. If they’ve got interactive streaming, that’s an individual licensee deal.

So, there is every obligation whether a webcaster, a broadcast signal, is being run by a record company, a third party site, an Internet company—it doesn’t matter who it is—the payment obligations are the same.

Tell us about the request for summary judgment you had filed on August 7 against Napster—it asks for copyright violation fees to be paid for each instance of violation, which would shut down Napster forever.

I think the Ninth Circuit decision has already made quite clear that Napster engaged in significant willful copyright violations. But the policy is clear—what we’ve essentially been arguing about since is the technical compliance issues of how Napster can operate without infringement. And what we did in seeking summary judgment is to have, essentially, the court affirm the policy issue so that we can then move on to the compliance and other matters of this issuance—to actually put what we think has already been decided behind us in an official way.

Napster has every opportunity, and has for the last two years, to be a legitimate service by seeking licenses. Obviously, they are liable for significant damages and I think everybody in the music community believes that significant damages should be paid.

Do you think Napster’s latest appeals victory will stick for long? Is this a blip on the screen?

I think that’s a temporary glitch and I think Napster believes it too. The system hasn’t gone back up, but I think they are making progress at this point.

What is your history in the music industry and with the RIAA?

I’ve been at the RIAA almost 15 years now, and my history in the music business—all of the expertise I’ve developed—was when I was in high school, working at Sam Goody’s record store! Everything since then has been a learning curve.

What are some of the RIAA’s biggest goals and achievements?

The one issue that has been consistently driving us for the past three or four years and will continue to drive us for a while is to do everything we can from a public policy standpoint, from an enforcement standpoint and from a public education standpoint, is to help develop a legitimate online music market.

I think that the technology that’s available to consumers and businesses alike is astounding and it’s so important that we be able to take advantage of this technological revolution. It’s important also that the heart or the passion and the investment that goes into creating new music doesn’t get left behind in the technology revolution, and I’m confident that people don’t want it to.

What do you see as the future relationship between the labels, radio and the Internet?

I think we’re still in the entry stages of this entire marketplace, but I think that we have begun to see a shift where consumers are not just getting their music by buying it in record stores. They are consuming it in multiple ways and the relationship between record companies and artists and radio, I think is just going to continue to grow. I think radio will always be important to the recording industry and hopefully we will always be important to radio.

Is it the goal of the labels to own the Internet space and go direct to the listeners without needing the stations? The labels are currently forming their own Internet stations/subscription services like MusicNet and Pressplay. How do they get charged for streaming?

Is it the goal of Clear Channel to own the Internet space? Actually, that’s a good question, because there’s a lot of misinformation out there about what’s happening in these spaces and what people’s intentions are. There are multiple services that are essentially B2B, that are getting licenses from copyright owners that will then offer as sort of a central repository to different online sites and music products. So for instance, MusicNet is essentially getting licenses from multiple record companies and publishers. And MusicNet will then sign deals with online sites to use the music provider on their site. And so, there’s not, in essence, a determination by the major record companies or anybody else to actually own all the sites. This is about how does everybody else cross-license enough material to have multiple outlets for music. So in addition to Pressplay and MusicNet, which do have equity investment and ownership from major record companies, there are six or seven other companies that also have record company licenses and are likely to be out there as strong competitors in the marketplace.

That’s in terms of furnishing subscription services. To the extent that any one of those services is in addition to offering the downloadable subscription, if they have webcasts, they will be paying the webcasting...
The diallure may look big on Madison Avenue, but even for the largest radio stations, national sales have never surpassed local sales. This year, in particular, it's strong local sales efforts that are eating up major market stations and allowing smaller stations, which never had that much national business anyway, to continue to show growth in a year when their larger brethren had to break out the red ink.

With thousands of radio stations coast-to-coast, there are tens of thousands of local sales heroes—those who talk up sales to Executives, General Sales Managers and General Managers who know their local retail accounts and know how to use their local stations to drive business to their advertising clients. We asked a trio of top group executives (selected to reflect both large and small companies) to recommend one "local hero" who is salute to the unsung heroes who are working behind the scenes to keep radio strong in a tough year.

Cumulus Media's Gary Pizziati

Gary Pizziati is General Manager of the Cumulus Media (Omni) stations, both Mobile, AL and Pensacola, FL—meaning that he has two offices 77 miles apart. He oversees Goss-AM's, WTOK-AM, WWLX-FM, WYGC-AM in Mobile and WWIN-AM, WDBL-AM, WBLX-FM, WCN/AM 98.7 and WQJQ-AM/Pensacola. "Out of the eight, three are 100,000 and have city-grade signals in both markets," Pizziati noted, so they play a major role and WQJQ pull Arbitron numbers and ad sales in both markets. In speaking with RRMedia, he proudly produced numbers showing WBLX is not only the top-ranked station 18-34 in its home market, Mobile, but also number one 18-34 in Pensacola. "So, what do you do?" he asked rhetorically, "Well, you drive it like a big old ship." As market #90, Mobile gets more national buys than #124 Pensacola, so the larger of the two isn't off the charts, but hasn't been completely untouched by this year's Madison Avenue pullback. "It's hitting Mobile the harder. Mobile for the people who don't understand good cluster management that can drive local ad sales," Pizziati said. "We outperform the market every month. We do that by driving local direct sales. We have our sales reps so focused on local direct, that every one of ours ever increasing (and increasingly less effective) print dollars into radio ad buys. Doing the "retail" end of those 'renewal kings' on Pizziati's sales staffs.

There is a very strategic analysis of all of our sales reps' performance in all of our markets," he explained. "Our sales man... basically do that. We've aver-sus direct business, the number of new clients they manage and develop each month and we do the "retail" end of those 'renewal kings' on Pizziati's sales staffs.

"Our rep firm, Interplay AL, did, does a great job driving revenues to our market," Pizziati said in on getting the radio dollar, has a special Cumulus Radio Sales unit, but that hasn't over-ridden the local national ad dollars in Mobile.

What are you doing differently this year in local sales? "Mobile, but it's hitting tough times.

"We're doing the same thing that we've done since I started working for Cumulus Media. We have a different criterion of local direct business. There is a new business development requirement for agencies and local direct each month that each seller must achieve. As we move forward, there is one criteria that I have my salespeople and sales managers focused on and that's, number one, hitting their individual goals, number two, developing a certain amount of new direct local business each month, number three, keeping their accounts receivable in line with the Cumulus Media Group. At the same time it takes a high volume of prospecting, excellent proposals that suit the needs of our advertisers, let alone our internal information—and driving those local direct companies to our company, away from newspaper, coupon magazine, cable and everything else.

"I don't just want a piece of the radio ad dollar. I want a piece of all the ad dollars. I think a lot of market managers and a lot of sales managers look at one or two of the traditional spot dollars. I don't care about the radio dollars—I want the television, I want the newspaper, I want the cable money. I want the TV money. I'm going to go fishing. I'm going to go fishing where there's a lot of big fish. There are a lot of big newspaper fish out there. Pizziati says that they are trying to be those local newspaper advertisers to try Cumulus' radio stations, or at least lower their rates and become more flexible in regard to advertising.

"They're renewal kings," Pizziati says. "When I think a newspaper says, but that doesn't stop him from keeping his eyes open for quality additions.

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Nassau Broadcasting's Glenn Jones

Is it local or is it national? The sales effort that Glenn Jones heads at Nassau Broadcasting is something in between. He is Senior Vice President of Nassau Radio Network (NRR)—a new division which sells the group's 16 radio stations in six clusters to advertisers who do regional business throughout New Jersey.

"It is a national sales division of Nassau Broadcasting," Jones explains, "and our commitment is to the regional sales operation that the Knight Quality Stations used to have in New England. In fact, Jones says he and Nassau's Joan Gerberdine took a week with Scott Knight back in 1996 to study what KQS had been doing with its regional sales. (The KQS group was subsequently sold to Capstar and today is part of Clear Channel.)" New Jersey still suffers from an identity crisis," Jones noted. "When we started out on this task we needed to put a face on New Jersey—specifically on the critical mass that we were representing." Using Arbitron data, Jones and his staff prepared presentations to explain to advertisers why they needed to buy Nassau's New Jersey stations, at the very least as a supplement to their big market buys in New York and/or Philadelphia.

"More importantly, what we set out to do from day one was to try to reverse the process," he explained. " Tradition ally, to buy New Jersey you had to buy New York, buy Philadelphia and then fill in the cracks. We went to the advertisers directly—we had vertical penetration at all of the agencies, along with our national rep, Katz Radio—trying to come up with the concept to reverse the process. Why not create a budget for New Jersey on the front end and then fill in with the New York and Philadelphia stations?"

What Nassau offers advertisers is critical mass, Jones explained. Although Nassau owner Lou Mercantanti had to scale back after the market turned sour just before his planned IPO, Nassau still has two power-house clusters in the Monmouth Ocean (which Nassau calls its "Shore" cluster) and Tren ton ('Central') plus a third cluster just across the line in Allentown-Bethlehem, PA and a standalone AM in Schuylkill County Barre Scran ton, PA.

Nassau has some 80 salespeople pounding the pavement in its three markets to build local business, but Jones and his staff of six at Nassau Radio Network have their own missions. "Unlike most companies, where they define 'national' as anything that their rep de signs, we did it differently," Jones explained. "We wanted our national people to focus on all business that's outside the state of New Jersey, whether it's with a client with an agency or with the rep firm. That left our 80 reps to focus on the back yard marketing—the advertisers within that fiefdom, if you will. Anything that went cross-cluster was also under the domain of NRR. We ultimately built this division not only handle the national rep, but to handle the regional business. We also incorporated an Internet division and then we incorporated an NTR division. Ultimately we were in a position to put a comprehensive marketing plan on the table, along with critical mass, to anyone." New Jersey prospects for NRR can come from the central office or from the National Sales Manager in each of the three clusters. "If it is new business, each one of those NSMs in each cluster has the ability to sell that cluster, but also drive it to the other two clusters. That's their task," Jones said. "Their first responsibility is to their own cluster of radio stations, but their secondary responsibility is to find a way to expand that. They are in constant communication." 

How does NRR coordinate its efforts with its rep and keep from stepping on each others toes, we wondered? "The bottom line is that from day one, we wanted to build a really strong relationship with our rep," Jones said. "By having the business outside New Jersey handled by NRR, rather than some in the hands of individual account executives at the station level, it is up to the NRR of each cluster, and ultimately Glenn Jones, to decide whether an account will be handled by Katz Radio or internally by NRR. Each NSM deals with two columns of business, he explained—one called "National-Direct" and the other "National-Katz." "They are responsible for keeping their quotas up in those columns," Jones said of the NSMs. The end result is that Nassau, even in this down year for national business, is still getting about 25% of its total business through NSMs—a hefty "national" figure for a middle-market group—with that split about 60% from Katz and 40% from NRR's direct efforts.

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9/3/01
Reagan heads south for new market
Tom Gallaway's ConCorp is selling off its only station—a seven-station cluster that will be closed out to Regent Communications (ORRGO) for $39.4M. The acquisition of KQOM-AM, KQOM-FM, KMFX-AM, KQRA-FM, KQGE-FM, and KQWL-FM will make Regent one of the two largest operators in the Las Vegas market, along with ClearWater Communications which has one more station in its cluster (Galbo five FMs, but a third AM).

"We are already well positioned to create value as this seven-station cluster is already consolidated, providing us with the opportunity to focus our efforts on growing revenues and cash flow via programming and sales improvements," Regent CEO Terry Jacobs said in announcing Regent's first Arkan-
sas acquisition. He told Wall Street that the transaction should be accretive to share-
holders in its first year.

It was also announced that it had closed its $30M cash stock purchase of six stations from Bud Walters' Convell Group, pro-

RBR observation: It's difficult to figure exactly how much profit ConCorp is making on this sale, but it is substantial. As a small player in an industry with rapidly growing companies such as Clearway, Gallaway would likely look for a separate sale soon with a nice price tag.

Maverick takes over
When Paul Robinson announced his new station group last week, he took the rights to the Emerald City name with him. Henceforth, the Yellow Black stations will be called to Maverick Media LLC, the new name for the group headed by President and CEO Gary Rosynck.

"All the announcements, naming the 12-station group Maverick Media both represents and encourages a new way of thinking, collaborating and approaching business every day with the objective of delivering a difference, performing with excellence and creating value for its stakeholders."

"Clearly," he added, "this is not just a name change."

Small Town announces small town buy
Small Town Radio Inc. (O&O) has announced its first station pur-

RBR observation: Hoyt has already shifted the format of his News & Weather 107.7 fm (from 107.7) and change its city of license to North York, PA. That will put the station in a less competitive market and look for a separate sale soon with a nice price tag.

Economic news still supports stagnation
Recent economic news offers more support to the view of economists such as Jack Meyers (RBR 20, p. 1) that the US economic malaise is continuing for quite a while yet.

Radio stocks took a beating again last week, falling with the rest of the market. As The Street saw more gloom and doom in the monthly Consumer Confidence Index released by the Federal Re-

The deteriorating US job mar-

Last there was little support in the employee benefits report that the US economy grew in Q1. It didn't grow much, by only a 0.1% annual rate, but econ-

Radio Business Report
Where will the slide end? The Radio Index™ moved down 1.995 for the week to close 9.029 to 211.025.

Small Town Radio Inc. (O&O) has announced its first station purchase and, true to its name, the company is buying in small town. Small Town Radio Inc, headed by President Don Boyd, is buying WHIR, AM & FM Blackley, GA and WQEM-AM & WODM-FM in Donaldsville, GA. All are cur-

As a result, it is obvious, even for shareholders in the job market, to expect a slowdown in consumer spending.

There was little support data two days later (8/20) as the government reported a sharp decrease in new filings for unemployment benefits.

The decline of 1.2K in weekly jobless claims brought the total of first-time appli-

The good news heard last week (8/29) from Washington was that the US economy grew in Q1. It didn't grow much, by only 0.1% annual rate, but econ-

The Shelle Group Corporation has anounced that it is "in discus-

Shingles on the shell
SitelShells Corporation has announced that it is "in discus-

Recent Transactions!
SOLD! WPEZ-FM, Macon, GA, $55.0 Million CLOSED! KOYN, KBUS & KLPT-AM/FM, Paris, TX, $2.575 Million CLOSED! KFTZ-FM, KOSZ-FM, KLCE-FM, KCVI-FM, KECN-AM & KICN-AM, Idaho Falls - Blackfoot, ID, $13.00 Million Cash CLOSED! WKQB-FM, Southern Pines-Fayetteville, NC, $6.15 Million Cash CLOSED! KPCR-AM/FM, Bowling Green, MO, $725,000 CLOSED! WYPA-AM, Chicago, IL, $10.50 Million Cash Stop by the Windsor Court Hotel in New Orleans Sept. 3-7 during the NAB for a confidential discussion!

www.mediaservicesgroup.com
The deals listed below were not among recent FCC filings.

$16,000,000 KPKC-FM Las Vegas (Onion Springs) NV from Clare Cenere to licensee BRC License Corp. (Marc Tichrows), a subsidiary of Hispanic Broadcasting Corp. (HISP). Cash.

$156,221.80 WRBZ-FM Rainelle WV from Faith Broadcasting Corp. (Tom L. Holbrook et al) to Faith Communications Network Inc. (Tom L. Holbrook) 10% escrow at closing, due 20 days after closing.

$150,000 WEAV-AM Barre/VT (Plattsburgh, NY) from Plattsburgh Broadcasting Group (Greg Bateson, VP/GM) to Clear Channel Broadcasting Licenses (Lowry Marks), a subsidiary of Clear Channel Communications (N CCL). $75K cash at closing, $75K note. Superdrop on with WEZF-FM, WCPV-FM, WZPS-FM. LMA since 7/3/97 Clear Channel is exercising purchase option.

$1,500,000 WKBB-AM & WFZB-FM Lodi CA (Holinem, Trempealeau WD) from Riverview Communications Inc. (Pat Delaney, et al to Faith Sound Inc (Raymond Logan, Paul Logan, Timoti Logan, Dean Baumann). $5K escrow, $499K cash at closing, $10M note. Stations are currently in license, will be renewed. $19K annually for 10 years. Stations are currently delivering 2,200 with a different transmitter location which will provide full coverage of Las Vegas. (Kaill & Co. Seller).

$1,310,000 FM CP Rapid City SD from Gregory G. Dentinger et al. to New Generation Broadcasting LLC, related to Dellow Broadcasting Enterprises (William F. Dellow et al) Cash. Target date for closing is 11/3/01. If closing takes place on an earlier date, buyer receives a credit equal to a total purchase price of $265,300 per day for each day in advance of 11/3 if closing occurs on a later date, seller receives an additional credit equal to $265,300 per day for each day beyond 11/3. Superdroops with KOTA-TV, KDXQ-FM and (KZZE-FM, owned by Western South Dakota Broadcasting. Dellow also owns KOTA-TV). CP in fire is 92.9 FM.

$450,000 WRBM-AM Edenburg-Scamptown (Manitowoc WI) from Daughters Broadcasting Co. LLC (Teresa L. Daugheray et al) to Clear Channel Broadcasting Licenses (Lowry Marks), a subsidiary of Clear Channel Communications (N CCL). Cash. Includes non-compete. Superdrop with WUPP-AM, WTMX-FM, WMSN-FM, WIRB-BF, WKRZ-FM. LMA since 8/16.


$375,000 KSKX-AM El Dorado KS from Jefferson Broadcasting LLC. Stanley Fauber) to KT J Transport Licences LLC (Francisco Trevino, Luis Teixeira, Lorenore Mel.) $37.5K escrow, balance in cash at closing.

$250,000 KANA-AM KGM-AM & KRDR- AM Anaconda MT (Anaconda, Deer Lodge) from Aire Ink Inc. (Elrich Franzen) to Jim C. Holberry, Sumter Co, Miss. $10K escrow, additional $65K placed in escrow, $175K note. Existing duopoly. Broker: Media Services Group (Geller).

$1,067,221.80 WRBM-FM/WRBZ-FM Rainelle WV from Faith Broadcasting Corp. (Tom L. Holbrook et al) to Faith Communications Network Inc. (Tom L. Holbrook) 10% escrow at transfer from one related entity to another.

$100,000 WBMF-FM West Branch MI from Northern Radio Network Corp. (Robert Gerner) to Independent Television Productions of Michigan Inc. (Richard Seminger, Richard Nell, Janice Lawton, Peg Warren). Cash. LMA since 8/1.


$75,000 WZBR-AM Fort Walton Beach (Destin FL) from Willie J. Martin to Destiny Communications Corp. (Robert E. & Kelly M. Pitts) $10K payment upon commencement of LMA (which was 8/5/99), $15K by 10/20/99, $500/mo during LMA. Balance in cash at closing. Includes non-compete.

$10 WBFM-AM CP Atlantic City-Cape May (Port Republic NJ) from In His Name Network Inc. (Vincent J. Kleejac, Laurie B. Kleejac, Dominc R. Lettieri.) Cash.
Deutsche Banc Alex. Brown

Time after time, media clients turn to Deutsche Bank

**ClEAR CHANNEL**
$372.6 million
$200,000 Shares of Lamar Advertising Company
Registered Spot Secondary Offering
Sole Underwriter June 2001

**Clear Channel**
$246.7 million
5,750,000 Shares of Lamar Advertising Company
Registered Spot Secondary Offering
Sole Underwriter January 2001

**Viacom**
$1.65 billion
Senior Notes Offering
7.70% due 2010
7.875% due 2030
Senior Co-Manager July 2000

**Viacom**
$1 billion
FRRs of 2002
7.875% due 2005
Co-Manager June 2000

**American Tower**
$45 million
Private Placement
Sole Placement Agent May 2000

**IAC**
$400 million
5.00% Convertible Subordinated Notes
Due 2010
Lead Manager February 2000

**Clear Channel**
$240 million
5.50% Convertible Subordinated Notes
Due 2007
Lead Manager March 2000

**Clear Channel**
$22 million
Merger with Clear Channel Communications, Inc.
Financial Adviser August 2000

**Clear Channel**
$156.9 million
3,996,395 Shares of Emms Communications Corporation
Block Trade May 2001

**Heearst-Argyle**
$160 million
Radio for TV swap with Emms Communications
Financial Adviser March 2001

**RADIO**
$13.6 billion
Merger with Viacom
Financial Adviser February 2001

**SBG**
$825 million
Sale of 46 of its radio stations to Entercom Communications Corp.
Financial Adviser August 2000

**SBC**
$800 million
Senior Credit Facility
Lead Agent June 2000

**Carillon**
$350 million
10.25% Senior Notes and
12.875% Senior Discount Notes due 2010
Co-Manager March 2000

**PinNACLE**
$424 million
Follow-on Offering
Lead Manager January 2000

**PinNACLE**
$600 million
Follow-on Offering
Co-Lead Manager March 2000

**PinNACLE**
$3.2 billion
Senior Secured Credit Facilities
Administrative Agent November 1999

**Clear Channel**
$1 billion
1.50% Convertible Senior Notes due 2022
Joint Book Manager November 1999

Performance. Leading to results.

Deutsche Bank

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