Congressman calls for Clear Channel investigation

Congressman Howard Berman (D-CA), Ranking Member, Subcommittee on Courts, the Internet, and Intellectual Property, has written letters 1/22 to Attorney General John Ashcroft and FCC Chairman Michael Powell asking him to investigate—and potentially prosecute—Clear Channel (N:CCU) for possible antitrust and FCC violations with its Clear Channel Entertainment concert promotions division.

In addition, he’s requesting an investigation on CCU’s “parking” of radio and TV stations via third party shell companies in Chillcote, OH (WJRM 11/19/01, p.2; 12/17/01, cover); Monterey (WJRR 12/17/01, p. 20); San Diego, San Francisco, Hudson, NY, Catskills, NY, Charlotte, Oklahoma City and Waco.

Howard Berman (D-CA)

From the letter: “I write to express my serious concern about vertical and horizontal integration in the radio, television and concert promotion industries. Clear Channel’s actions in consolidating these businesses has negatively affected recording artists, owners of sound recording copyrights, consumers, advertisers, and competitors in the radio and television industries... According to numerous press reports, as well as first hand accounts by affected recording artists and copyright owners, Clear Channel’s consolidation of radio and concert promotions industries has had a variety of negative repercussions.”

Denver Concert promoter “Nobody in Particular Presents” filed suit (RBR 1/13, p.2) against Clear Channel and its four Denver FMs for alleged antitrust violations. Nobody in particular said Clear Channel and CC Entertainment have been working to knock smaller promoters out of business by denying entertainers radio time unless they sign exclusive in-market promotion agreements with the company.

Berman says Clear Channel punishes artists for refusing to use Clear Channel Entertainment by buying ads for their concerts and keeping their songs off playlists at CCU stations. He names Britney Spears as one example. Although ironically CCU in Atlanta promoted a Spears concert just through media a Britney Spears radio giveaway on WPCX-FM.

Responded Clear Channel spokesperson Rebecca Almonte. “We are satisfied and excited about the ways we have grown our businesses. Our company competes aggressively, fairly and totally within the law. If there is an investigation, we are confident that this will continue to be proven true.”

For more on this story, see related item on p.2—CM

RBR observation: Berman marks the second Congressman to get on CCU’s case. The earlier attack came from Congressman Sam Farr, also a California Democrat (RBR 12/10/01, p. 2), but it was confined to a local situation in his own Monterey district. Berman wants to look into CCU’s business operations from top to bottom and from coast to coast. We know that Berman has at least one like-minded friend in the other chamber in Senate Commerce Committee Chairman Ernest Hollings (D-SC). Republicans run the FCC, but its local ownership limits are under review, and with the stream of attacks on CCU continuing unabated, the prospects are good for some regulatory fireworks during the course of 2002. Stay with RBR for your front row seat—US

CMR: Hot Q4 will salvage 2002

CMR is out with a forecast that US ad spending will grow 1.5% this year, after dropping 9.4% for 2001. After losing even more ground throughout the first half of the year, the eventual gain will be realized during a surge in the second half, particularly in Q4. This is based on total revenues of $96.1B, up from CMR’s estimate of a total take of $94.6B for 2001.

CMR expects ad spending to be down 5.2% year-over-year in Q1 and also down 3.3% in Q2. The slow rebound the company foresees will begin with a 3.2% gain in Q3 and accelerate to a 10.9% gain in Q4.

2001 vs 2002 quarterly growth estimates

<table>
<thead>
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Commenting on the robust uptick predicted for Q4, CMR EVP George Shabbah told RBR, “We are expecting Q4 GDP levels to show a fairly robust rebound.” That, however, isn’t the half of it. The biggest reason for the gain will be the fact that the numbers for Q4 2001 is going to be so low. The projection will basically bring the advertising industry back to the Q4 1999 level

Radio News

California Congressman takes on Clear Channel

In a sweeping attack, Rep. Howard Berman (D-CA) wants both the FCC and the DOJ to take a look at radio’s biggest company.

Radio revs: S&P sees three percent growth

Are relationships at the top of Viacom viable?

RIMRMIC, Miller Kaplan adopt rev report standards

9/11 fuels surge in All News numbers

RAB2002 Special

Focus on sales: What can your station do now to improve your sales prospects for this year...and beyond?

Plus the first RBR Profiler

Ed Christian
Saga Communications

Part 1 of a 4-part in-depth series looking closely at Saga: How it operates. What it’s buying. Where it’s heading.
Behind the German assault on CCU

Clear Channel Communications (NCCU) has attracted yet another full-scale assault. This one, aimed at both the DOJ and the FCC, comes from an unlikely source-Howard Kimmelman (H-CA), who represents California’s 26th District. Kimmelman said RBR was he was contacted privately by numerous artists and entertainment companies throughout his district. He says that some of COCs alluded activities are made possible by consolidation.

A number of recording artists, performers in the radio and television business, and other constituencies involved in the entertainment business have expressed concern to me over the past months about consolidation in the radio, television, and concert promotion. In a lawsuit, the promotion companies so charge that they are subjected to the “censoring and blocking" by Consolidated. The lawsuits charge that these "warehousing" and "parking" allegations, and if true, should provoke any violation of law. It is also true that any investigation of possible antitrust violations by Clear Channel must contain the examination of the influence of warehousing or parking arrangements.

Does Congress have any Republican support in a Republican-controlled House? I must say that tried to hold that letter with any of our Republican counterparts, because I don’t know where they would come out on these issues. But certainly, it’s an issue that Congressmen need to play not only as the DOJ and FCC investigate, but hopefully through committee. So we’ll find out in the future whether there’s or colleagues are, said a Republican spokesman from California left the house on my own accord. I’m really not sure at the end of the day how many of these three "warehousing" and "parking" allegations, and if true, should provoke any violation of law. It is also true that any investigation of possible antitrust violations by Clear Channel must contain the examination of the power of warehousing or parking arrangements.

RBR observation: We were pretty much alone in saying that any investigation of possible antitrust violations by Clear Channel must contain the examination of the influence of warehousing or parking arrangements.

Drums grow in Viacom soap opera

Rimors of a rift in the executive suite at Viacom (VIA) were played up in prominent stories last Monday (1/22) in both the Wall Street Journal and the New York Times. Both raised the specter of a personality clash leading to CEO Sumner Redstone giving the high-heel to President Mel Karmazin. Some recent Los Angeles Times story, both stories last week noted that Karmazin and Sumner Redstone saw tail at their Viacom board seats for a bit more than a year yet-and that it taxes a vote of 14 of Viacom’s 18 directors to oust Karmazin, as reported by each (11/24). The WSJ story was far more negative: In Kimmelman is quoted as indicating that any attempt to reduce his authority when his contract comes up for renewal next year will have him fighting the suit. "I think I could get a job. He’s quoted as saying. The Times story quoted Redstone as characterizing reports of the rift as "garbage"-talking to Stu Vihn is doing a fine job" and saying that the two get along fine. Both stories quoted Wall Street observers as warning that ousting Karmazin would be a disaster for Viacom’s stock price.

Summer Redstone

All News radio took off in the Fall 2001 Arbitron survey, according to a study just released by Interpre (O-REPP). In the top 10 markets, listening Gnp, or average quarter-hour is up 7% in the format, and total or cum listening up 16% nearly one in four people over the age of 12 tunes into the format. Listening in automobiles was up even more, jumping 25%. Office listening was up 15% and student listening surged 25%.

"All News radio remains the top choice for news and information for millions of Americans," said Interpre Research Division EVP Susan Naar. "All News is a must-have on many pre-cut circuits." RBR observes: Every silver lining has a cloud, and the clouds in this instance are the murky standards for all markets where radio revenues are reported to Miller, Kaplan, Aron & Co.—re- solving disagreements between Miller and in LA RBR 14, p. 4) are elsewhere. The new standards adopted by the Radio Industry Market Research & Measurement Committee, under the auspices of the RRA, will take effect with the January 2002 report in all 140 Miller, Kaplan partner Gary Fries, on behalf of the industry committee—JM

S&P guru forecasts 3% radio growth

The latest 2002 growth forecast for radio comes to RBR from Howard Choe, who took over the broadcast/cable analyst chair at Standard & Poor’s a little over a year ago. In line with the majority of other forecasts (RBR 11/14, p. 49), Choe is expecting modest growth this year for radio—a gain of 3%—and much the same for TV and cable.

"Aside from the Olympics and the political advertising, I think the main driver is likely to be improved confidence from consumers," Choe said. "I don’t think it’s going to be a quick rebound. I think it’s going to be a gradual process.

"Although there are signs that the economy has continued to sputter, Choe is still concerned about the nation’s unemployment rate. Although the job numbers are flattish, the S&P analysts think the possibility of losing one’s job is still a worry in many people’s minds and could adversely affect consumer confidence."—JM

Radio Impact mostly psychological as Kmart files Chapter 11

A month ago it would have been unbelievable, but by the time Kmart (140) filed 1/22 for Chapter 11 bankruptcy reorganization, the company’s fortunes had fallen so rapidly on Wall Street that no one was surprised by the action.

In announcing the widely-ex-pected Chapter 11 filing, Kmart said it had $2.08 billion in debtor-in-possession financing from First Boston, Fleet Financial, GE Capital and JPMorgan Chase Bank. The giant retailer is calling the bankruptcy reorganization a “fresh start” and is targeting 2003 for emerging from federal bankruptcy court oversight.

National reps say Kmart wasn’t a big spender on radio, but they
Radio News

At deadline: Ackery shareholdere approce sale

Ackery (N.KH) shareholdere 1/24 approved the company's pending merger with Clear Channel (N:CCU). More than 97.5% of Ackery’s shareholders gave the merger a thumbs up.—JM

Limbaugh listen!

Limbaugh, who went undergoing surgery in December to remove his hearing after a dramatic loss of all of his hearing the past Autumn, did show live 11/21, giving the news that his left ear cochlear implant has been a success.

Rush began his show for the first time since the implant was activated. "Greetings to you thrill-seekers, conversationists, fun lovers and appreci- ators of medical marvels across the fruitio world. You are listening to—

and so am I—for the first time in three or four months that I'm actually able to hear this show. So I, ladies and gentlemen, am able to join you via a medical marvel. some say miracle." —CM

No cameras for Moussaoui trial

US District Judge Leonie Brinkema ruled there will be no cameras allowed in the courtroom of the trial of accused terrorist Zacarias Moussaoui. Court TV had petitioned the court for access to televise, but DOJ filings contended that public viewing of the trial could prompt all Qaeda to go after witnesses.

Brinkema ruled it was up to the Congress, and not her as a trial judge, to change the rule of "Federal Rule of Criminal Procedure 53," which bans radio broadcasting and the taking of photographs during federal criminal trials. The Federal Trade Commission, along with others, complained about the rule, but the court was ordered to let the trial proceed without cameras. She also ordered the court to let the lawyers have access to the tapes.

Meanwhile, Moussaoui's main concerns—Target and Wal-Mart—continue to spend. From January to October, Wal-Mart increased its retail spending by 9% and Target's by 12%—both compared to the same period last year. Meanwhile, Khan announced that decreasing their advertising over the past year was definitely a mistake.

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Insider pleads guilty in Tribune deal

The US Attorney in Los Angeles has announced that Daniel Wooten III had agreed to plead guilty to one count of securities fraud in connection with the $2.06 billion merger of Times Mirror into Tribune Co. (N:TRB) two years ago. Wooten had been a senior auditor at Times Mirror, but at the time of the merger he was comptroller of Rustyn Canyon Group, a venture capital company that advised the Chandler family Trust—Times Mirror’s largest shareholder—as the merger was being negotiated. Federal investigators said Wooten made $77K in illicit profits (on just a few days) by trading Times Mirror stock based on his inside information about the merger. —JM

Old hat? Format appeals to Boomers

The Italy Boomers generation is now between 57 and 57 years old, and one of the best ways to reach them on the radio is via the Oldies format, according to a new study released by Interop (O:IS). There are over 1,500 such stations in the US. 52% of the format’s listeners fall right into the Boomer age group, 55-74. 60% are in the 25-54 format. The format’s age group and women are roughly equal.

Spending power is the key to the Boomers generation. As a group, the Boomers are 19% more likely to exceed $100K in household income, and their median annual income ($38,700) is much more than that of any other group. Total spending power—which comprises 52% of all US spending—and will let you see all the whole of $2,000,000,000,000 per year—05

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Upfront 2002: a look back

In Part II of looking back at Upfront 2002, we ask why many advertisers held back until after the holidays were over before committing. Was anything different this time around? Depends on who you ask. Again, what some buyers would like more of from the networks, and their responses, of course.

Why they’re spending now

The frenzied pace of some last-minute upfront business makes one wonder: Were advertisers holding back a bit in committing on the upfront because of uncertainty from terrorism? Has confidence returned now that the holidays are over and no major terrorist attacks occurred? Says Karen Agresti, SVP/Director of Local Broadcast, Hill, Holliday: “I agree that some advertisers probably were holding back because of concern about all businesses prior to that date. I don’t think the hesitancy from some had really much to do with the threat of any further possible attacks on the US. I really think it was a reevaluation and holding money to say, ‘hey, let’s see what’s happening.’ Maybe some were saying, ‘let’s hedge our bets and go into scatter.’ From every tendency I see, there’s going to be a very healthy scatter market. And maybe once or twice in my lifetime have I seen people do better in scatter than on the upfront.”

Karen Agresti

Rhonda Monk, Premiere Radio Networks EVP/Director of Sales says the response from the upfront marketplace this year wasn’t solely representative of the recent media climate. “It was also characteristic of how most of all businesses prior to that date. I don’t think the hesitancy from some had really much to do with the threat of any further possible attacks on the US. I really think it was a reevaluation and holding money to say, ‘hey, let’s see what’s happening.’ Maybe some were saying, ‘let’s hedge our bets and go into scatter.’ From every tendency I see, there’s going to be a very healthy scatter market. And maybe once or twice in my lifetime have I seen people do better in scatter than on the upfront.”

Rhonda Monk

Natalie Swed Stone, Managing Partner/Director of National Radio Networks, OMD USA saw no impact whatsoever from 9/11 on this upfront, “My sense of our clients is that it has been business as usual. We weren’t sitting on any budgets. Whatever was prepared for 2002 prior to 9/11 remained planned. If in fact this recession did happen at the end of March or April, then this softness was coming. That is what we saw, we didn’t see fees of spending from recession. We had upfront budgets released and we placed them when we felt it was right to place them. Now the difference is how much you get for your dollar this year vs. other years, and we’re pleased.”

Natalie Swed Stone

Trading frequency for reach

Monk adds that while network radio isn’t providing frequency as easily as in the past, the flip side of the coin is unprecedented reach for the advertiser’s dollar. “I think the most striking statement about the industry that I feel the most proud of is the fact that we’re not just a frequency medium anymore. We are finalizing, and see this as really a big positive statement about network radio, a reach medium,” she explains. “We’re 80%-90% reach now, and five years ago it was at 65%. I just kept watching that graph go up with every merger. That kind of reach is TV stuff—that’s better than cable.”

Adds Warncke: “Who’s to say what turns up as a result of the PPM in Philadelphia. And what is the impact of that information going to show us?” The early indications are that radio isn’t as frequency medium-oriented as we might have thought. I mean it’s a very easy read and who knows if it will be home out by the data, but maybe radio isn’t exclusively frequency after all. It actually is closing the reach gap with other media.”

Matthew Warncke

More frequency and better inventory

Networks are always striving to get more business from the buyers. They debut new ad networks, tweak existing ones, add better stations, etc. to attract more business. What issues does network radio need to address better, and what has network radio already done to improve the marketplace?

Reach vs. frequency at age old advertising yin-yang struggle. "My biggest request from the networks is this is a frequency medium, and it’s been very difficult to get any kind of frequency on the mass reach networks. They’re very inventory, very high ratings, and of course premium-priced," says Katsnelson. "10 years ago, if you were looking in the upfront radio schedule, they were talking about starting at 40 spots a week on a network. But now, we’re lucky if we get five (laughs). The ratings are obviously a lot higher and you’re still reaching the people, but you’re not reaching them as many times as you’d like to. I don’t know that they’ve hurt the medium but I think that advertisers still look at radio as a frequency medium, and they really have gotten away from that.

"I would say more more valued, top-tier inventory so I think what we always seem to have short. I think the issue is more—high quality major market, top-station inventory," Warncke notes. "The networks know they need to get more of that. They need to affiliate more major market radio stations and make sure they have the inventory that’s in their inventory because that’s where the money is. You can get some of that prime inventory, but you have to buy carefully. You have to buy quickly, and maybe it sells out and then you do more want. You have to stay on top of it. We need that to get those prime inventory. The question is if a client comes in the 11th hour, what is remaining?"

"They always say that, but the truth of the matter is are they willing to pay the value of that, because it costs us millions and millions of dollars of compensation to add on those kinds of stations. While I’m sure they understand, realistically I think their desires are higher than their pocketbooks will allow. They’ve got to show a willingness to understand that to get increased rates like that there’s some money that’s got to be spent. And sometimes they can buy into that stuff. Therefore, some people are hesitant," responds American Urban Radio Networks President Jay Williams. "I think the marketplace has enough inventory to serve all advertisers who are currently or have expressed an interest in the marketplace. Lower inventory will mean a wider variety of clients are using the medium. That’s sometimes a good move to ensure you can deliver what a client needs and also managing the resources of your organization.”

Buyers can certainly get frequency by shopping around and buying spot on top of network, says Monk. “Personally, the sell for radio has always been a frequency medium. I certainly think that frequency can be delivered but it’s got to be with different different properties than they’re evaluating on. With the RADAR properties, the tendency has probably much been for all of the industry to convert a lot of their networks to lower inventory models to attract these bigger and higher-ranking stations and get to new younger listeners. Now, we look at packaging networks together can provide the duplication you can get, between two and three different networks, whether under the same corporate umbrella or between two corporations.”

"The network in the more frequency-oriented, top-station networks appropriately. Do you buy one 20 rated spot or 200 1 rated spot? Well the answer is you go somewhere in the middle. That’s the buyer’s role to see advantages and disadvantages in all of it and piece together so that the end of the day the composite schedule is at the right levels both of those arenas,” Warncke says.

“We’re aware of that and we’re always willing to do it. It is a frequency medium. I agree with our folks on the other side of the desk. If you notice, our major networks are still full-inventory networks—Prime, Platinum and Genesis. We could create a network that’s like a 10 rating, 20 units a week and every day. But that isn’t how the medium works for advertisers. We’ve addressed concerns—we just added KLOS-FM in LA because there was a hole there and we needed to fill it,” states Keller. “I would say between Premiere, Westwood and ABC, the gap is there in the ability to look at packaging networks together can provide the duplication you can get, between two and three different networks, whether under the same corporate umbrella or between two corporations.”

"I think the main thing in this era that the networks have been speaking about is how can we address the buyers with the right networks and the right inventory, and really fulfill what the needs of the advertiser are. So we’ve seen a lot of strength on what we’re going after, but you do get the best stations.”

Matthew Warncke

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* (Projections by ABC Radio Networks Research Department based on RADAR 70, Summer 2001, Network Audiences to Commercials within Programs, Monday-Sunday 6AM-12Midnight; and, Arbitron, Spring 2001, DMA, AGH, Monday-Sunday 6AM-12Midnight.)

** (Source: Yankelovich Partners Inc. 2000, ABC Radio Networks Brand Equity Study.)

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Becoming a major player in the African-American market has been the long-term goal for Urban Radio. The African-American market, Urban's largest, has been growing at a rate of nearly 8% annually according to the 2000 census. The most important factor to advertisers, however, is that African-American buying power has almost doubled since 1990, according to Interpop. It's now a market of 35 million consumers with over $7 billion in buying power. African American household incomes rose 60% over the past decade and now almost half of African Americans earn $50,000.

To help underscore the value of this fact, Interpop's fourth "The Power of Urban Radio" seminar is set for 2/1 in NYC. Over 350 advertisers, media decision-makers and Urban marketers are expected to attend, focusing on African American consumers and Urban radio.

"The Power of Radio is a half-day symposium that explores how to best reach today's 12+ million African-American listeners, national marketers, ad agencies and broadcasters on the tremendous buying power of the African-American marketplace—and to practically explain how Urban radio is the most effective medium by which to deliver it," says Interpop VP/Director of Urban Radio, Sherman Kizart.

Kizart says perception has been wrong, quite frankly, that African-American buying power still isn't substantial, that the educational levels aren't equal to those of the general market and that it can't be a desirable market for some new programs. "But the reality is there's still a number of marketers who don't get it.

If they're interested in growing their revenue streams, they have to tap into emerging markets like ours. In fact, when you look at the demographics and the economic climate our country is in; the Street 12+ is growing.

In the African-American marketplace, represents the total buying power—more than Mexico, Russia, Netherlands, India and Sweden—it's the largest GDP in the world. When marketers and their agencies understand the tremendous buying power, the cultural influence and the increasing annual purchasing power of African Americans.

Interpop also released a new study by Julian Davis, Arbitron Director: Urban Radio Marketing Services 1/22, the "Arbitron Black Consumer Study." Among its findings: 48% of Black Americans own their own homes, Black Americans are nearly twice as likely to work in a white-collar job than a blue-collar job, and Urban AC listeners under the same age or higher in education levels as total adults, age 18 and older.

Growing investments in an growing format

There has been a tremendous consolidation within the Urban Field. Radio One (ORO) is the dominant player, with Cumulus (CUM), Salem (SMI) and Greater Media (GMR) all just about every major market other than NY, Washington-DC, Atlanta, Philadelphia, Houston, Cleveland, Chicago, Detroit, St.-Louis, Boston, Richmond and Charlotte. Between 2000 and 2005, Interpop predicts the total number of Urban radio stations are projected to grow to 390 and the total number of affiliated stations to get to about 1300. 10 years ago, there were only four variations of the format. Black News/Talks, Urban AC, Gospel and Urban Contemporary. In 2001, there are now almost 25 different variations of the format, has grown from more than 100 from 1990-2000. It's that kind of growth through different variations of the format that is already supporting the 24% increase," says Kizart.

"Everything used to be lumped into just Urban. Now you've got so many different variations of the format. It's more for more stations that are playing a variety of Urban music in a market. Whereas before I was using one headline for all stations and now we have the Urban AC Gospel station, you can now have two or three.

With the format itself being so diversified, it's presented some new opportunities for us," says Executive Vice President of Networks, Walt Davis. "Our Production Director of Affiliate Relations, Shelley Katz tells RBR.

For the more established, older dealer, Women's National News Director Bob Shade tells RBR that the Black Talk format is really gaining in popularity. "For some reason there's still an image in the industry that its all radical and it's all 'hate speech' and that's not true. That's what Madison Avenue thinks. No. We want to talk about the

Media/Com Council, Network Radio Services, agrees more formats mean more stations. As a national radio network buyer, though, he's not particularly paying Urban for specific formats. "That's less of an issue from a national perspective because you're not going to get an R&B network nationally or a Rap network nationally. We're going after a slightly lesser target audience or certainly not, format by format. Because in Market A, that's where the audience might be delivered in a Smooth Jazz format. Whereas in Market B, that audience is going to be delivered by your R&B station.

Adding heat to on-air real Reed Hurst, ABC Radio's Director of Network Sales, "We've been on the cutting edge of the variety of programming. We've been able to profit from it, even if the audience is a little bit younger than a radio listener. I think we've seen a consistent growth in the urban space on ad sales. We've really had kind of led the way with major advertisers, especially with Tom Joyner and Doug Banks, breaking that kind of down, that's an extremely loyal audience.

"The ABC is a major brand in the industry. The fact that we've been able to grow and wanted to invest its resources and find a strategic alliance with Radio One gives us a clear indication of the strength of Urban radio as a brand," says Kizart.

"Our projection is that Urban Radio's conversion ratio will be a little bit below a 1.1 ratio. That's not good enough, but quite an improvement.

Wyatt says Urban Radio Networks (URN) President Jay Williams says the RIA-Radio One deal further emphasizes the strength that the 12+ is growing. The deals actually don't change anything of anyone's affiliate list of stations—it just provides one more valuable ad sales interface. "It's a win-win for everyone in the Radio One and Urban Networks" says Wyatt. "The entry into the Urban programming field continues to show the importance of this medium for advertisers and everything that helps to expand the footprint of the ever-increasing Urban market place, we believe that's good for all parties," Williams tells RBR.

What does Williams forecast for AURN in 2002—anything different will strategize? From AURN, you can certainly expect continued growth in our programming menus and look for a lot more solid-on-the-air that adds to our programming diversity. We've expanded our promotion division, Spin Urban Radio Network, look for us extending our service network that increases our affiliate service for the affiliates.

We've already beefed up our current marketing operation to better promote programs and the advertising opportunity we're bringing. 2002 is the year to remain the largest provider of Urban programming in the entire US.

"We've been probably hanging on in 2002. "Viacom owns BET so it's likely that Westwood is working on content from BET," Wyatt says. "We've got a deal that's currently in the talks to keep the biggest African-American network on Radio," Wyatt says. "We've got a deal that's currently in the talks to keep the biggest African-American network on Radio," Wyatt says. "We've got a deal)

www.rbr.com
Arbitron reports steady growth

Proving that it is more recession-resistant than most companies, Arbitron (IN:ARTD) reported that Q4 revenues rose 9% to $51.4M, with recently acquired RADAR providing $1.9M of that and 4.4% of the growth. Earnings before interest and taxes declined, however, to $9.5M from $11.9M a year earlier. The company said that was due to increased spending related to such things as RADAR, its Personal Media Meter test project in Philadelphia and its webcast measurement business.

That Q4 revenue figure included a retroactive contract renewal with Emmerson (N:ETM), without which the growth would have been 7.9%. For 2002, Arbitron is forecasting continued revenue growth of 5-7%.

While it will continue to develop the webcast measurement business, spending will be cut back. But it is still ahead for PPM and CEO Steve Morris assured analysts that Arbitron’s relationship with Nielsen is “solid and secure.” He expects to announce a formal joint venture for PPM around mid-year.

“We are not immune to that environment,” Morris said of the recession. Playing up Arbitron’s media clients, Morris noted that while Arbitron is expecting growth this year, it will not come easily. To compensate, Morris noted that Arbitron has been expanding—citing its acquisition of RADAR and its newly launched radio ratings in Mexico City and its new division for outdoor advertising.

He also noted that the pending contract talk with Viacom’s (N:VIA)Infinity Radio are an area of uncertainty. Those contracts, worth about $18M per year to Arbitron, run out at the end of December. But due to the built-in delay in ratings delivery, infinity won’t be without ratings data for a few months.

“This will be a difficult negotiation and, like Clear Channel (N:CCU) last year, will probably go down to the wire,” Morris said. “It represents about 10% of our business, so obviously the outcome is very important to us.”

ARRR observations: Unlike Clear Channel, it doesn’t appear that Infinity is trying to play hardball — just good old fashioned tough bargaining.

XM reports first revenues and 30K subscribers

After more than a decade in development, DC-based XM Satellite Radio (O:XMSI) reported its first significant revenue in Q4 earnings report (1/24). Although the quarterly loss more than doubled over Q3 figures, for the Q4 of 2001 XM reported a loss of $149.8M ($3.36/share) on revenue of $30M. For the same period in 2000, XM’s losses were $19.8M (40 cents/share) with no revenues. XM last October posted a Q3 loss of $70.8M ($1.14 per share) on revenue of $1,000M.

XM said it brought in $394M in revenue from advertising revenues and $245K from subscribers in Q4. It completed its nationwide commercial rollout 11/12/01 and reached 27,733 subscribers, up now to over 30,000. XM also closed $164M in additional financing from common stock and a financing package from Morgan Stanley, to last it through Q4 2002. XM has raised a total of $1.6B to date. Also in Q4, General Motors introduced the first OEM XM-equipped Cadillacs into the new car market in November.

CEO Hugh Panero said he expects to have 70K subscribers by the end of Q1 ’02, 130K by the end of Q2 and 350K by the year’s end. OEM subscriber growth isn’t expected to begin peaking until late Q3 to early Q4, with the expected widespread expansion of the option in 21 other GM models. Other automaker partners are expected to begin offering OEM XM receivers in Q3 ’02 — CM

Brill bondholder seeks to force bankruptcy

As last week’s issue went to press, detailing the financial woes of Brill Media (BRILL 1/2, p. 12), a major holder of Brill Media’s public bonds was filing to try to force the company into bank-

ruptcy liquidation. Los Angeles-based TCW has asked a federal bankruptcy court in Evansville, IN to order Brill Media into an involuntary bankruptcy proceeding, which would sell off the company’s assets to satisfy creditors.

As reported last week, Brill had defaulted on a $6.5M interest payment that was due to be paid to bondholders last month. According to the Evansville Courier-Observer & Press, TCW is seeking to have CEO Alan Brill removed from control of the company— charging that his equity is essentially worthless and that he has been taking actions to benefit himself, as 100% shareholder, at the expense of his company’s creditors. A response from Brill is expected within 20 days.

Moyle launches new group in coastal Carolina

Former Clear Channel GM Macom Moyle has teamed up with Charleston investor John Harris to launch a new group, Partner LLC. Pirt hikes WACO-FM & WACO-FM Wilmingon, NC. Carl Vennter and other shareholders $6M in cash and a note for $800K for 86% of the stock of Ocean Broadcasting LLC -GM Chuck Sullivan will hold onto his 14% stake and has signed a new three-year employment contract.

Ingstad returns to Bismarck

Jim Ingstad is teaming up with his former GM and CSIN in Bismarck, ND—Bob Denver and Terry Flick, respectively—to re-enter North Dakota’s capital city. Ingstad sold his four Bismarck stations to Comlux (C-MLS) for $7M in 1998. Then Comlux cut a deal to add three of Ingstad Broadcasting’s stations—KBMR-AM, KXSH-AM (then still a C) & KXHB-FM—for $4.5M (BRR 1/12/99, p. 12), a deal that sat around the FCC for nearly a year until then-Chairman Bill Kennard decided to make it a test case for his theory that the FCC could negat the ownership restrictions established by the 1996 Telecommunications Act by arguing that the public interest required it to limit consolidation (BRR 12/11/00, p. 3). Rather than get tied up in that mess, theAnderson family withdrew the FCC application and hired Denver and Flick to run its stations.

Now Ingstad, Denver and Flick have created Pro-Radio to buy the four Anderson sta-

The Radio Index

So far, 2002 is mostly downhill for radio stocks. For the week, The Radio Index™ rose 1.6% to close 1/23 at 210.715

AAA Entertainment, LLC has agreed to purchase the assets of WBZM-FM Fairbury, Illinois from Rainbow Radio of Livingston County for $1.7 Million*. George R. Reed and Robert J. Maccini of Media Services Group represented the Seller.

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1/28/01