Solid Q4 for Saga

Saga Communications (NASDAQ: SAGA) finished 2001 with revenues up 2.2% to $104M, but broadcast cash flow (BCF) down 5% at $37.3M. For Q4, revenues were off 4.1% at $26.9M and HCF declined 14% to $9.7M. On a same station basis, Q4 revenues were down 3.9% and BCF dropped 15%.

In his conference call with analysts, CEO Ed Christian couldn’t pin down why Saga’s same station radio revenues, down 8.4%, underperformed RAB’s industry wide figure of a 7% decline. However, he noted a growing problem with some groups dropping out of reporting market revenues to Miller, Kaplan and Hungerford. Christian cited Citadel in Portland, ME and Wilks in Des Moines as recent examples of competitors who are no longer reporting market revenues to the accounting firms. For most of us who look at after tax cash flow (ATCF), Saga had good news. It posted 39 cents in ATCF for Q4—tying last year and beating the Thompson Financial/First Call analysts’ consensus by four cents.

Having been branded a legend in the 1990s for its conservative acquisition strategy, Christian said he is now seeing new opportunities for acquisitions as some of the groups who led the late 90’s consolidation-fest are struggling. “There are a number of broadcasters that are suffering acid-reflux from eating too many stations too fast—and that’s exactly what happened. They’re all sitting in their stomach undigested. A lot of times I’ve said that—running radio stations like herding cats.”

RBRobservation: Terry Jacobs thinks some owners who missed out on the sky-high prices of the late 1990s are still commenting, though it still represents a small market. However, Jacobs also noted that many are no longer reporting market revenues to the accounting firms. Macro-economic factors continue to set the tone and we are not out of the woods yet. However, we do believe that the worst is behind us. January and February have improved on a sequential basis after an anomalous fourth quarter. Visibility continues to be limited, but with what we are seeing so far, we anticipate some station first quarter results will be flat to down 9%. We’re also seeing a firming of national business, though it still represents a small portion of our overall business,” Jacobs said.

The Regent CEO is out to double the size of his company this year, and said the market for acquisitions is improving. RBRobservation: Terry Jacobs thinks some owners who missed out on the sky-high prices of the late 1990s are still commenting, though it still represents a small market. However, Jacobs also noted that many are no longer reporting market revenues to the accounting firms. Macro-economic factors continue to set the tone and we are not out of the woods yet. However, we do believe that the worst is behind us. January and February have improved on a sequential basis after an anomalous fourth quarter. Visibility continues to be limited, but with what we are seeing so far, we anticipate some station first quarter results will be flat to down 9%. We’re also seeing a firming of national business, though it still represents a small portion of our overall business,” Jacobs said.

Regent hopes to double this year.

Q4 was down, but overall Regent Communications (NASDAQ: RGDQ) made strides forward in 2001. Net revenues were up 21.9% to $53.7M and HCF increased 9% to $15.2M. Q4 was a different story. Net broadcast revenues were off 3.9% at $17.9M and HCF was down 29.5% to $5.4M. On a same station basis, net broadcast revenues were worse, down 8.4%, but HCF was not as bad, down only 18.5%.

In his conference call with analysts, Regent CEO Terry Jacobs was optimistic for the year, but said not to expect growth in Q1. “We are continuing to face the same difficult advertising environment that the rest of the local industry is experiencing. Macro-economic factors continue to set the tone and we are not out of the woods yet. However, we do believe that the worst is behind us. January and February have improved on a sequential basis after an anomalous fourth quarter. Visibility continues to be limited, but with what we are seeing so far, we anticipate some station first quarter results will be flat to down 9%. We’re also seeing a firming of national business, though it still represents a small portion of our overall business,” Jacobs said.

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Regent hopes to double this year.
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RBC News

Gould predicts low single
digits gain for 2002

Speaking at a Hear News & Co.
Institute (HNIC) CIO Ralph Gould said "single digit growth" is likely
said, half of all national ad radio
categories are currently pacing in
positive territory for Q1—with par-
cular strength by telecommuni-
cations, automotive, food prod-
cuts, cable networks, banks, fast
food, movies and transportation
are expected to drive Q2 gains,
boosting Year-on-Year gains.

Ralph Gould

Gould also said that 2001 served as a "recession year" for the industry.
"In some ways, good business can
be hard to sell today. Back in 1991,
the last radio recession, our indus-
try came together and focused our
efforts on building radio's share of
advertising. That effort raised radio's
share of ad dollars from 6.9% to 8.8%
for the 36-month expansion period
that followed. We are focusing our
attention on stealing dollars from
each other, rather than focusing on
taking dollars from other media."

Gould concluded: "Unless we as
an industry stop focusing on inter-
company rivalry as the more impor-
tant way to increase share, we
will continue to lose our share of
the market. The simple antidote to
this is proper control of stations and
local marketing and sales initiatives.

Ringer/Clear Channel
dust-up gets Wall
Street attention

The petition to deny the sale of
KWWJ-FM Chiloicco, OH from
Clear Channel Communications
(CCC) to Clear Channel (CNC) has
finally come to the attention of
the Wall Street Journal. It was first
reported in RBR 11/19/01, with
numerous install-
ments since—through last week's
(3/9) story—as platoons of
attorney and advisor
groups battle for the
chance to talk to
Congress about who has the
best plan. The
initial complaint was
filed by David Ringer (who is not even
mentioned by WJS), a businessman
in Chiloicco with a young daughter
and his attorney Arthur Belendiuk
of Smithwick and Belendiuk, and it
raised many issues alone and be-
Yonis the simple question of whether
or not the sale of KWWJ should
receive regulatory approval.

RBR observation: It is not clear
if the FCC will take any actions above
and beyond its obligation to approve or
deny the sale. How-
however, the FCC in the process of com-
pleting its Congressionally-mandated review
of

Total 2001 advertising dollars
down almost 10%

Taylor Sorenson's CRM has released a study placing total 2001 spending in the advertising categories it covers down 9.8% over
the 2000 total. That is based on a total take of $91.3B, compared to $101.2B in 2000. Local radio revenue is not a part of this study.

However, national spot radio and network radio are covered, and the former, with a loss of 20.5%, was the second-worst of
CMC's 12 categories. Only national newspapers, with a 23% drop, fared worse. National network radio, while not as bad, was still worse
than the overall average, coming in at -12.6%.

The chart below tells the tale.

Media
2000
2001
% chng
Network TV
$21,195
$19,477
-8.1
Magazines
$17,840
$16,767
-6.7
Spot TV
$18,171
$14,969
-18.2
Sunday Newspapers
$11,566
$10,507
-9.7
Calvi TV
$10,316
$10,416
+1.0
Daily Newspapers
$8,453
$7,923
-6.3
Syndication
$3,188
3,152
+1.0
Nail Newspapers
$2,926
$2,947
+2.0
Outdoor
$2,475
$2,456
-0.8
Nail Spot Radio
$2,724
$2,167
-20.5
Sunday Mags
$1,126
$1,114
-1.1
Network Radio
$954
$854
-12.6

Washington Beat

FTC and DOJ split up antitrust authority

There'll be no change for radio, which remains with the Department of Justice (DOJ) under an inter-agency agree-
ment that spell outs who is responsible for antitrust matters in the radio-telecom industry. The agreement announced 3/6 by DOJ and the Federal Trade Commis-
sion (FTC) was supposed to have been implemented 1/17, but for the objection of Sen. Ernest Hollings (D-SC), who was livid that he wasn't consulted about the move to put all media company antitrust reviews at DOJ. Hollings still isn't happy, so look for him to call both agencies before the Senate Commerce Committee, which he chairs, for some more consolation.

RBR observation: Hollings fears that DOJ's antitrust attorneys are political pussies who will roll over for any media merger don't appear to have any basis. In fact, DOJ has tended to be more aggressive on challenging mergers than the FTC. As for political influence—where was Sen. Hollings when then-VP Al Gore was putting political pressure on DOJ to block radio mergers—TM

CCCC draws another red flag

The referees at the FCC have dropped the hanky, so to speak, putting the red flag on Clear Channel's (C-CCU) attempt to buy WDAM-AM & WSTH-FM from Solar Broad-
co., LLC. Clear Channel had already picked up six stations in the market from Cumulus (C-OMLS).

Cumulus attempted to buy the very same combo, to include with the very same six-station cluster that it sold to Clear Channel (in a complex deal during the summer of 2000) to DOJ/FTC/DOJ, announced 3/6 by DOJ and the Federal Trade Commis-
sion (FTC) was supposed to have been implemented 1/17, (p.12) (Cumulus was identified as buyer of the combo in an ad placed by brokerage firm
Media Services Group in the 2/19/99 edition of RBR.)

The FCC never approved the sale of WDAM/WSTH to Cumulus, so it is not particularly surprising that the agency is not going to sign off on the same station combination this time either—IM


**Radio News Briefs**

**CEA endorses IBOC**

The Consumer Electronics Association (CEA) has supported the National Radio Systems Committee's (NRSC) endorsement of In-Band On-Channel (IBOC) Digital FM. IBOC systems in its public comments filed with the FCC. CEA said that IBOC is a significant improvement over today's analog FM broadcast service.

**Wiley saluted by NAB**

The National Association of Broadcasters' 2002 Distinguished Service Award is going to law firm Wiley, Rein & Fielding senior partner Richard E. Wiley. His firm is one of the largest communications practices in the U.S. His work there follows his tenure at the FCC in the 70s, which included stints as General Counsel, Commissioner and Chairman.

**Viacom and Snapple sign Cross-Platform deal**

Viacom's cross-platform division, Viacom Plus, and Snapple Beverage have signed an agreement worth between $10M to $15M to promote Snapple across Viacom's radio television, outdoor online properties. The campaign, "What's Your Story?" begins in April and runs through October. "By leveraging a huge share of Snapple's budget through Viacom Plus, we were able to deliver an integrated marketing program to our clients," said Peter Gardner, EVP/Director of Media Services at Deutsch, Snapple's agency of record.

**NAACP calls for and gets Ron Angle's resignation**

Clear Channel's WAEB-AM, Allentown, PA canceled councilman Ron Angle's call in show 3/4, two days after he reportedly made racist and anti-Semitic remarks. NAACP asked that his show be dropped from the station and is also seeking for his resignation on the Northampton County Council. From the WAEB website: "Management says the show was canceled because of the negative public perception of last Saturday's program, and negative advertiser reaction, to the alleged racist remarks made by Mr. Angle during that program."

**The issues, the people, the technology**

Can you afford NOT to be there?

Referred to by Advertising Age as the advertising industry's soft-spoken visionary, DOB Worldwide Communications Group Chairman, Keith Reinhard, thinks Radio delivers more personal, more precise images than any other advertising medium. He will first inspire you and then challenge you as he illustrates keys of advertising at The NAB Radio Luncheon, Tuesday, April 9. Dick Orkin, from The Radio Bureau, will be inducted into the NAB Broadcasting Hall of Fame. Sponsored by:

**Keymarket moves into a key market**

The stick value of WOGI-FM has just been increased. The station has completed a tower move which has a existing point near the town of Cheslare and instead broadcasting from the heart of Pittsburgh. The 98.3 MHz Frequency is now being constructed..."-DS

**HBC, Katz Hispanic Media form HBCSi**

HBC Sales Integration (HBCSi) was formed (2/28) by Katz Hispanic Media and Hispanic Broadcasting (HBC). HBCSi will offer advertisers a coordination of stations, people, events and online sales packages. Management includes EVP/Katz Radio Group Laura Hagan, who becomes HBCSi's EVP/Director of Sales. Mitch Kline becomes EVP/Market Manager. He was most recently EVP, Director of General Training and Managing Partner at Katz Interactive Marketing. And Dick Orkin, who was named EVP/President of New Business Development and Network Sales. He was most recently VP/GM of the HBC Radio Network.

Katz Hispanic Media will now conduct business under the HBCSi banner. Laura Hagan will continue as Katz Hispanic Media President. "Katz Hispanic Media will now conduct business under the HBCSi banner. Laura Hagan will continue as Katz Hispanic Media President."

**RBR Observation**

We did an in-depth study of Hispanic media (RBR # 24, p.8-13). HBCSi will be a major piece of a rapidly-expanding pie. Hispanic radio revenue grew from just $75MM to $958MM (year 2000) in just four years. "-CM

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31/1/02
Triad: Radio is radio no matter where you are

We are excited about the opportunities that exist in small and mid-size markets and we understand and respect those opportunities and challenges," says Triad Broadcasting Senior VP/Director of Operations Steve Fehder. "As far as running the stations goes, the group may just as well be in New York City. As Fehder puts it, "Triad faces the same challenges as larger groups and those that operate in larger markets. The court is the same size, the hoop is the same distance from the floor, and the rules are the same. The only difference is the number of people in the stands. You've got to play and execute at the highest level possible if you're going to win."

Big competitors in small markets

Triad may be in minor league baseball markets, but there is nothing minor league about its competition. The group faces off with Clear Channel (N/CCL) in five of its seven markets, and Cumulus (O/CMLS) is in two of the CCLU markets. RBR wondered what it's like going up against the big boys? "The big boys," said Fehder, "are big only because they have more markets, more stations. They are not bigger on passion, creativity, talent and execution. With that said, we have much respect for all of our competitors, including Clear Channel and Cumulus. They raise the level of play."

Like most month's Profiler subject group, Saga (A/SAGA), Triad has an advantage in its relatively thin management structure. Explains Fehder, "We compete effectively against those groups—in fact, we have dominant positions in most of our situations where we compete on even ground. Because we are smaller, with less bureaucracy, we can make quicker decisions and be more nimble."

Triad does not find that size has caused either megalogy to lose its feel for the art of radio, despite often repeated statements to the contrary on Capitol Hill and elsewhere. "We do not underestimate any of our competitors, no matter the size. Look how history and look at the leaders that underestimated the enemy. The same principles apply at business. We may make mistakes—but we will never make the mistake of underestimating the competition."

Fehder refused to take either group to task on pricing issues, and places full responsibility for Triad's pricing decisions one place and one place only—on Triad. "I have no complaints. They run their business the way they see fit. We are continuing to examine our own pricing issues and make sure that we are maximizing our opportunities. Pricing is as an issue with every product in business and it's easy to say you're losing because the competitor has cheap rates. It's the cost of doing business. Let's sell ideas and results to say you're losing because the competitor has cheap rates. It's the cost of doing business. Let's sell ideas and results."

Clear Channel's manipulation of local market conditions via its concert business has been an issue of late, and Fehder refused to take either group to task on pricing issues, and places full responsibility for Triad's pricing decisions one place and one place only—on Triad. "I have no complaints. They run their business the way they see fit. We are continuing to examine our own pricing issues and make sure that we are maximizing our opportunities. Pricing is as an issue with every product in business and it's easy to say you're losing because the competitor has cheap rates. It's the cost of doing business. Let's sell ideas and results."

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Triad owns over a third of its markets

Triad pulls in 56% of the listeners in its markets—discerning listeners and those who lost listening. The first column in the chart below shows the total number of stations in each format group. The second column gives Triad's format share. The final column shows Triad's control of the format by percentage—which is based on rated listenership, not just the total number of stations. Note that six of Triad's 42 total stations did not show in any Arbitron books.

### Local is it: No formal HQ programming department

Says Fehder, "Unlike some other groups, we don't have VPs of programming, corporate execs or cookie-cutter approaches. Format decisions are made based upon research and the competitive situation in the market. Input is gathered at the corporate and local level including GMs, PDs, Ops Directors and consultants. Day-to-day operations are left at the local level. Corporate reviews all marketing plans and gives input. Local programming departments are headed up by Directors of Operations. PDs generally have one station to worry about on occasion but make sure they have a choice of stations to work with."

We run some 24/7 network programming, mainly with our Sports and Standards formats. We have a strong tendency to stay away from the networks for national coverage. Most markets carry some form of oral programming departments are headed up by a Director of Operations. PDs generally have one station to worry about (occasionally two stations). PDs are usually close to the managers they report to."

"Our FM stations carry news and that has increased to some extent in recent years. We are continuing to examine our own oral programming departments are headed up by a Director of Operations. PDs generally have one station to worry about (occasionally two stations). PDs are usually close to the managers they report to."

Fehder, temporarily bestowed to the rank of Di, dons a live remote with one of the Monkees (we think it's Davy Jones).
It's not that we have corporate favorite formats," says Fehder, "it's just that we do look at CHR very well. In most markets, we have very strong positions in AC and Country and where we compete in Oldies, we do well. Most of our success is attributable to our FM music positions, although we're the News/Talk leader in three markets we compete in. Triad has not had much luck with niche formats. However, everything is fair game. As it moves into new markets, the group will use whatever format makes sense competitively, no matter what it is.

The group installed a couple of new formats in 2001. Fehder on the flip of WYLD-AM Biloxi from Standards to Sports. "The response from listeners and customers has been very positive. We're not talking huge dollars here, but the revenue is up over 400% and continues to strengthen our dominance in the Biloxi-Gulfport market." The flip of WYKR-FM Tallahassee from Classic Hits to Rock: "Disappointing. We jumped out of the gate with a good start and the momentum appeared to be continuing. It didn't happen. It's about opportunity and execution. They both have to be there."

There will be a change in Tallahassee when Triad gets its fourth FM. Unfortunately, the exact timing of its acquisition of WWLD is still up in the air. "We had a contract to buy the station and Cumulus failed to close. Cumulus has not been able to resolve the situation so we plan to enforce our rights in court. We're ready to execute the plan we've had in place since last September. Hopefully, we'll have the station on the air, but the revenue is up over 400% and continues to strengthen our dominance in the Biloxi-Gulfport market."

The update is :55, allowing stations to brand it, sell it, and make it their own. The new one-minute update from AP Radio. How can we help you today? Click here to view our new one-minute update for today's listening habits.

Who's who at Triad
Triad Broadcasting Co. has a relatively small management team. Here's a look at the people who run the company and its markets.

- David Benjamin, President & CEO, has headed the company since founding Triad in July 1999. He previously ran Community Pacific Broadcasting from 1974-97.
- Tom Douglas is Sr. Vice President and CFO. He was previously CFO of Brother International Corp. but is better known in broadcasting for having been CFO of Osborn Communications Corp.
- Steve Fehder is Senior Vice President/Director of Operations, Eastern U.S. and is based in Louisville, KY. He is a 17-year radio veteran and joined Triad when it bought the stations he managed in Biloxi-Gulfport. He currently directs strategic acquisitions and operations within the Eastern U.S. and leads the company's Internet initiatives.
- Judy Peterson is Vice President of Corporate Development and Administration. She'd been Vice President/Controller for 13 years with Community Pacific.
- Mike Buxser, Hilton Head, SC—Savannah, GA
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AP Radio Introduces the Fastest News in America
Every hour at 58, AP Radio now offers a fast paced, one minute update for music stations who want the headlines and want them fast. Delivered in a rapid, contemporary style, AP Radio has designed our new one-minute update for today's listening habits.
The scurry for scatter

After another rather lukewarm upfront buying season, the networks are now finding that the marketplace is becoming quite promontory—more than any could have predicted. Call it a fluke or try to pin it on just a very few but the fact remains now is up—up—up. So much so that ABC Radio Networks Sales Planning office had to take a breather to process the surge in activity. We have in the last week and a half bocked a record amount of business—the largest week in three years for Q2. The surge has come from all categories. We don’t know if this will continue, it was huge to give the sales planning office a breather to process it all," ABC Radio Networks President Traug Keller tells RBR. "We didn’t actually shut down the office, it was just a lot to process at once.

They couldn’t put any plans out for 24 hours, because they needed to figure out what was going on. Probably that has more to do with the fact that it has been so new and recent that people have become a little complacent about managing inventory. Just stop for a second and figure out where we are here," MediaCom Director, Network Radio Services Matthew Warnecke tells RBR. "It’s happening if the marketplace weren’t active. People are finally beginning to feel panic within the marketplace, and it’s also the continuation of how slow and late network radio has been.

“I think everyone looks a breather. I think it started selling off the shelf. In a market that strong, I think people lose control of what the inventory situation is, so they have to close down,” adds Reyn Leutz, SVP, Director of Radio Networks, Mindshare USA.

So how tight has it become? “March and April are patchy again, companies are starting to predict better profits. So maybe this is the time for scatter. When You

Why the increase?

We’ve gotten used to the trend that upfront money has increasingly been held back for scatter. Many clients have held back on the grounds of uncertainty, as well as the fact that they could afford to wait—inventory obviously doesn’t sell out as fast in a down economy. But why the huge increase all of a sudden?

“We believe the recent surge in buying activity is a result of budgets withheld this past fall. People were nervous due to what was happening with the economy and the WTC situation. Now it’s off the races, for the moment anyway,” says VP/Manager of Radio, National Broadcast, Zenith Media Matt Feinberg. “In this last month, we’ve had a record number of clients come in. I’ve never seen this many clients come in this short of space. Zenith’s client base has grown tremendously in the last year, and as a result, we have more and more clients taking very, very serious looks at network radio.

They’re included in more plans into the future and obviously, of late, more people just realize the gold mine and plunked their money down in the scatter market.”

Warnecke says many clients have been interested for a while in radio, due to a bit of continued cheerleading to the planners on the buyers’ part as well. “We’ve been saying since last summer, ‘It’s efficient, it’s efficient, it’s efficient!’ And now at the 11th hour, they’re saying, ‘Oh, we’d buy some now.’ Well, so everybody else do. You know that statistical phenomenon called the tipping point? You keep going and keeping going and things are building and building and building and finally, you reach that one little point where you tip the scales. I think that the things that have been happening have been just year—year—year—year awareness on the part of advertisers of the advantages of network radio, the sell that all of us in the media buying business have been doing on the advantage of the media, together with the cautiously optimistic outlook on the economy. All of those things are working together and suddenly we’re seeing that manifestation of that one time.”

Says Kitchin: “The surge is directly attributable to a change in direction from existing network radio advertisers opting to participate in the flighted market versus upfront market and the networks’ receptiveness to that move. There’s a fair amount of new business, as well, cultivated from advertisers trying this medium for the first time after real sales and client development on the part of all networks.”

If the trend continues, it could be great for the industry. Remember advertising revenue always lead overall economic trends. Is this the beginning of the economic turnaround? “After months of economic belt-tightening, maybe the turnaround really is in sight. I mean the stock market is trending up, business conditions begin to improve again, companies are starting to predict better profits. So maybe this is the beginning of the turnaround,” says Leutz.

What the nets did

Keller took a bit of a gambit angioplasty of scattering would end up strong. He decided to hold inventory from the upfront season, hoping it would be gobble up at higher CPMs in a tighter scatter market. We’ve had a new trend developing: a hot trick of heavy last-minute scatter, advertisers holding back. And we felt that it was a lighter than normal upfront. If the scatter trend continued, we wanted to make sure that we had enough market share to accommodate. We took a risk that there would continue to be last-minute scatter. I think we probably lost the bet in January and February, but in March and in Q2, it looks like it’s going to be the scatter right now.

“I think the nets are glad they held inventory, but I would tend to believe that there wasn’t enough business out there to sell it out, so they held it because they didn’t want to go and it was a bigger deal than normal. If the scatter trend continued, we wanted to make sure that we had enough market share to accommodate. We took a risk that there would continue to be last-minute scatter. I think we probably lost the bet in January and February, but in March and in Q2, it looks like it’s going to be the scatter right now.”

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“We believe the recent surge in buying activity is a result of budgets withheld this past fall. People were nervous due to what was happening with the economy and the WTC situation. Now it’s off the races, for the moment anyway,” says VP/Manager of Radio, National Broadcast, Zenith Media Matt Feinberg. “In this last month, we’ve had a record number of clients come in. I’ve never seen this many clients come in this short of space. Zenith’s client base has grown tremendously in the last year, and as a result, we have more and more clients taking very, very serious looks at network radio.

They’re included in more plans into the future and obviously, of late, more people just realize the gold mine and plunked their money down in the scatter market.”

Warnecke says many clients have been interested for a while in radio, due to a bit of continued cheerleading to the planners on the buyers’ part as well. “We’ve been saying since last summer, ‘It’s efficient, it’s efficient, it’s efficient!’ And now at the 11th hour, they’re saying, ‘Oh, we’d buy some now.’ Well, so everybody else do. You know that statistical phenomenon called the tipping point? You keep going and keeping going and things are building and building and building and finally, you reach that one little point where you tip the scales. I think that the things that have been happening have been just year—year—year—year awareness on the part of advertisers of the advantages of network radio, the sell that all of us in the media buying business have been doing on the advantage of the media, together with the cautiously optimistic outlook on the economy. All of those things are working together and suddenly we’re seeing that manifestation of that one time.”

Says Kitchin: “The surge is directly attributable to a change in direction from existing network radio advertisers opting to participate in the flighted market versus upfront market and the networks’ receptiveness to that move. There’s a fair amount of new business, as well, cultivated from advertisers trying this medium for the first time after real sales and client development on the part of all networks.”

If the trend continues, it could be great for the industry. Remember advertising revenue always lead overall economic trends. Is this the beginning of the economic turnaround? “After months of economic belt-tightening, maybe the turnaround really is in sight. I mean the stock market is trending up, business conditions begin to improve again, companies are starting to predict better profits. So maybe this is the beginning of the turnaround,” says Leutz.
Entercom buying and swapping for Portland triple-play

Entercom (N:ETM) is expanding its already substantial regional footprint with a crucial deal to buy KZKN-FM from Broad Spectrum Communications, headed by Eric Daum,
Karmazin to address TVB
Viacom (N:VI) President Mel Karmazin has been added as a featured speaker at this month's Television Bureau of Advertising's (TVB) 2002 Annual Marketing Conference. Karmazin is one of the true giants in the media world," said TVB President Chris Rohrs. "He knows broadcasting inside and out. He is respected on Wall Street as one of the business's savviest minds. He is a tireless advocate of free, over-the-air programming. We are thrilled that he has agreed to speak at our conference."

Karmazin has been President and COO of Viacom since he merged CBS into Viacom in May 2000. That was the culmination of a succession of acquisitions and mergers that dated from 1981, when he was named President and CEO of a small, little-known radio company, Infinity Broadcasting. The Zen Master joins NBC Anchor Tom Brokaw as a featured speaker at the TVB event March 26 at the Jacob Javitz Convention Center in New York. Brokaw will deliver the day's keynote address. —JM

Granite euphoric over San Francisco

Having pre-announced its better-than-expected Q4 results (TVB p.5), Granite Broadcasting (G-BTV) filed in the details last week (3/5). Net revenues for the quarter were down 18% at $30.2M and broadcast cash flow (B:FC) declined 84% to $1.7B. The company said that $5.3M of that BFC drop was due to an impairment charge on the company's NBC affiliation in TV (Ch. 13) from San Jose to San Francisco. The station had been an ABC affiliate in San Jose, but was an independent in San Francisco until 1/3/02 when it became the market's NBC affiliate. Granite now has a deal pending to sell the station to NBC for $250M.

"We are euphoric about the successful launch of our independent station, KNTV, as the Bay Area's NBC affiliate," said CEO Don Cornwell in announcing the Q4 results. "Our two-year journey has transformed a once-looked at station in the South Bay into one of the top stations in the San Francisco market after just six days as the NBC affiliate."

Now that KNTV (now being called NBC), based on its cable channel is operating as an NBC affiliate, Granite is predicting record results for Q1.

"Despite continued softness in the advertising environment, our station group is pacing almost 60 percent ahead of first quarter 2001 due largely to KNTV and the performance of our other NBC affiliates. First quarter 2002 broadcast cash flow is expected to be in the range of Q4's $11.6 million to $12.2 million, as compared to $694,000 of broadcast cash flow in the first quarter of 2001," said Cornwell.

TVBOL observation. In last Tuesday's (3/5) conference call, Mark Costman of RBC Capital Markets questioned why Granite is including KNTV in its Q1 forecast. "This is a discontinued operation, so why don't you report it as such?" He asked. Company officials responded that they will continue to include KNTV until the sale to NBC closes. That answer didn't satisfy the analyst, but Granite clearly doesn't want to stop counting its biggest station until it actually has to. —JM

Nexstar revs experience political problems

Nexstar Broadcasting Group (public bzb) reports that Q4 net revenues declined 14% to $28.1M. Broadcast cash flow dropped 28% to $12.1M. "The net revenue comparison is entirely a result of the absence of significant political revenue in the fourth quarter of 2001," said CEO Perry Smith. "If you extract political revenue from the fourth quarter of 2000 and 2001, our net revenues actually increased 3.8% year over year for the quarter."

Nexstar owns, LMM or JSA TV stations in 15 markets, ranging from #52 Wilkes-Barre/Scranton, PA to #189 St. Joseph, MO. Most are NBC and CBS affiliates, with a scattering of ABC and Fox, plus one UPN. —JM

NATPE announces incentives to keep syndicators at next show

Not long after some 50 syndicators bailed from the recent National Association of Television Program Executives (NATPE) conference in Vegas (TVBR 2/24), cover to set up their own exhibit in nearby Josei suites, a new plan has been unveiled to keep them a hit the next time around.

NATPE President/CEO Bruce Johansen met with domestic and international syndication execs 2/28 in LA to present a number of changes that include cost-efficient, modular booth packages that include private meeting areas, food and various seating arrangements, slated to be included next year in New Orleans. NATPE will reportedly also provide free hotel rooms and registration for 50 or so TV buyers. —CM

The skinny on television viewing habits

Most adults have access to 71 TV channels, but watch only 11 during a given week, according to a report released by the Radio Advertising Bureau. The study utilizes data from Media Dynamics based on January 2002 data.

Over the course of a month, the same adults will have, on average, sampled 18 of the 71 offerings, the number increases to 25 over a quarter. Weekly time spent with a channel has dropped significantly. It stands at 3.8 hours, compared to 5.5 hours/weekly in 1990 and 8.8 hours/weekly in 1980, before cable was widely available.

Although daily household television use is up, at 7.38 hours, compared to 6.5 hours/day in 1990 and 6.3 hours/day in 1980, individual viewing is flat—the rise in household viewing attributable to the rise in television sets per household (now at 2.4 per). The trend toward solo viewing and away from family viewing.

Cable penetration is at 69% (and about half of those households subscribe to at least one pay cable service), satellite services reach 13%. VCRs are present in 93%. —DS

Sinclair selling $300M in new bonds

Sinclair Broadcast Group (N:SBG) last week (3/5) announced plans for a private placement of $300M in 10-year senior subordinated notes. The bonds will be sold only to qualified institutional buyers. At deadline, Reuters said the bonds were priced to yield 8%

Sinclair said the proceeds will be used to repay some of its short-term and bank debt.

Moody's Investors Service assigned a B2 rating to the proposed issue and confirmed Sinclair's other debt ratings. "The confirmation of Sinclair's ratings considers the ongoing weaknesses in the advertising market and its substantial exposure to political, local sales were up 2.4% and national gained 18.2% (largely due to auto advertising). Sales were up 14.9% to $222% to $12.2M. "Revenues increased 13% to $11.1M and print cash flow rose 3% to $2.9M. Gray owns 15 TV stations (5 CBS and three NBC affiliates), four daily newspapers, a paging business and a satellite uplink and production business. —JM

Hills hears testimony on EchoStar

NAB President/CEO Eddie Fritts DIRECTV's Ed Hartenstein and EchoStar's Charles Eger all appeared before the Senate Commerce, Antitrust, Competition, and Business and Consumer Rights. This is the continuing deliberation of EchoStar, DISH Network and the Hughes DirectTV service.

Eger and Hartenstein promised carriage of local TV stations in all 210 markets if the merger is approved, saying they could do no more than 50-70 as standalone entities.

Eger also noted that the merged entity would bring broadband to rural areas. "In rural America today, nobody, not the cable companies, not the phone companies, is providing broadband service," he said. "The merger will bridge the digital divide by providing consumers in every community in America with a competitively priced high-speed broadband solution." "The merged entity will be a national sales force for the Consumers Union conditionally backed the merger. In its 2/24 filing with the FCC, it said a merger would meet "if, among other things, the pricing for rural subscribers was guaranteed to be the same as in urban areas.

Nonetheless, the pair met with more than a little skepticism. Senator Herb Kohl (D-WI) was worried about the creation of a monopoly in rural areas which are beyond the reach of cable. Republican Senator Arlen Specter (R-PA) and Mike DeWine (R-OH) also expressed doubts about the merger.

Fritts was also unconvincing. "In December, [EchoStar] told the FCC that a combined EchoStar-DirectTV monopoly would be able to serve only 100 [local TV] market areas. Now the merger plans appearing to be endangered, it has suddenly discovered the capacity to carry local stations in all 210 markets," he said.

"At the same time it is challenging the underlying law on which that promise is based. Which is a going to be fair? They fulfill the promise of carriage in all 210 markets and dissemble the cases, or they continue to challenge the law and admit the promise is hollow." —DB

Gray blames political for decline

Gray Communications (N:GGS) reported Q4 operating revenues down 9.8% to $67.7M, with essentially all of that decline due to the lack of political advertising. Revenues for Gray's TV group were down 12.5% to $45.4M, while broadcast ethnic, local sales were up 2.4% and national gained 18.2% (largely due to auto advertising). Sales were up 14.9% to $22.2M. "Revenues increased 13% to $11.1M and print cash flow rose 3% to $2.9M. Gray owns 15 TV stations (5 CBS and three NBC affiliates), four daily newspapers, a paging business and a satellite uplink and production business. —JM


