Media Business Report:
Competing For The Biz in 2006

WHERE WILL THE BRAND DOLLARS LAND?
SUCCESS
IS THE ABILITY
TO CONSISTENTLY
REINVENT
ONE’S SELF

LEADING RADIO’S NEXT REINVENTION

INTEREP
TRANSFORMING RADIO SALES
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800-INTEREP
Will Missouri legislation on ad disclosures move to other states?

The power of State Broadcaster Associations demonstrated: Missouri Governor Matt Blunt signed legislation early July in House Bill #487 which allows broadcasters to use an #800 number or Internet site to provide the required disclosure information for automotive advertising. Missouri is not the only state so far to do so for auto leasing details. NY state has allowed 800 numbers for 10 years, according to NYMRAD/NYSBA.

Says Richard Novik, SVP/Station Client Services New York State Broadcasters Association: "This is complicated. There are two separate issues...regulations for leasing, and those for credit advertising...then there are two layers of regulations, both federal and state. Section 336 of Riegle act allows for info to go onto an 800 number for lease advertising (albeit mandating lengthy regulations for how that 800 number is to work)...and that is applicable for all states to use. My take on the Missouri bill is that this is the first mention of taking the tag info to a website...that is groundbreaking and logical, and something all states should try and pass."

Indeed, since Missouri is so far the only state so far to do so, we asked the man greatly responsible for getting the job done, Missouri Broadcasters Association President/CEO Don Hicks, more about how other state broadcasters/associations could get this legislation done in their states from a grass-roots perspective:

"I'm always reluctant to give advice to other states on how to get things done in their states. Every state is different, with a unique set of variables. This is particularly true when it comes to the dynamics of each state's General Assembly. But, I do think, with regards to this particular issue, it is extremely important to get the state automobile dealers association involved early. They typically will have a lot of experience in dealing with consumer issues at a state level. Next, find a good sponsor. We had two great people, Senator Larry Taylor and Representative Bryan Pratt. They were both very skillful in getting this legislation through the Senate and House. We were deeply saddened by the untimely death of Senator Taylor. He was a good Senator and a good friend. He passed away the day before this legislation was signed by Governor Blunt. Finally, I would be remiss if I didn't mention the invaluable contribution of our lobbying firm, Gallagher Consultants. Harry and Sean Gallagher were our strategic strike force in making certain that this legislation stayed on track. Things happen very quickly in the General Assembly and a good lobbying firm is essential to a successful outcome. It is important to remember the primary goal here is to find a more effective and efficient method of getting the required regulatory information to the consumer. This benefits everyone. No one is served by having an announcer read the disclaimer at 90 miles/hour or by having three type-written pages of information crammed into the lower one-third of the screen in type face so small you need a microscope to read it. The consumer is not getting the required information in a comprehensible way, the purpose of the regulations are not being met and the ad looses its effectiveness."

Matthew Warnecke, VP Mgr Network & Local Radio, MediaCom, who manages radio buying for Audi and Volkswagen, had this to say about the legislation: "Two things immediately come to mind: one is the creative will actually sound better because they don't have to have all that gobbledy-gook at the end. Two is they can take advantage of a blend of 30s and 60s to use Less is More to the degree that they want. And that, in turn, means that they can perhaps keep costs from escalating because automotive tends to run in every break in every station. If you're a client who is taking advantage of 30s as another opportunity to speak to a customer base and your competition isn't there—guess what that means?

How about this savior of an idea moving to other states? "If it can be demonstrated that this is revenue-generating, then why not?" Bob Wilson, Senior Partner/Account Supervisor at JWT/St. Louis (handles Ford dealers advertising locally) made an important point that may accelerate the rollout in other states: "I think basically it's going to make for a more efficient message and the time for the commercial will talk about the product and what we want to talk about, instead of taking time out to put the disclaimer in there. So from my point of view, an advertising POV, this is going to be a more effective usage of the dealers' money, of the Association. The thing that concerns me is I advertise here in St. Louis. And my media center in St. Louis bleeds well over into Illinois. And I have dealers that I support in Illinois. It's going to make it very interesting for people over there in Illinois—they're all going to want to advertise on Missouri stations."

RBR observation: This is also a good move in the interest of the consumer. Now the consumer can see all of the complete detail in black and white (at a website) or hear it more distinctly and clearly on an audio message that will enable them to understand all the details instead of trying to decipher a fast playing tape. Now the key will be to have other grass root state movements spin from Missouri and now take the mega bucks from your local newspaper. Just look at any Sunday auto section of any newspapers and count the opportunities.
COUNT ON NIELSEN DATA TO MAKE THOSE IMPORTANT DECISIONS.

www.nielsenmedia.com
SBS makes big move into TV
Long established as a radio group owner—second only to Univision in US Spanish radio—Spanish Broadcasting System has now made the leap into video. Its first TV buy is a station in its hometown, Miami. Raul Alarcon's SBS is paying Dr. William De La Pena $37.5 million for WDLP-TV (Ch. 22) Key West. The independent station already features Spanish programming and has wide carriage on cable systems throughout the Miami metro.

TVBR observation: What's next? We hear rumblings that SBS may be preparing to launch a national network to tap into a second revenue source from the fast-growing US Hispanic advertising market. There's already heavy competition from Univision's three networks (two broadcast and one cable), Telemundo and Azteca America, plus a plethora of smaller players—but also plenty of growth to go around, at least so far. A big plus for SBS, which only Univision shares, is having its own group of top-ranked Spanish radio stations in major Hispanic markets to help it promote a TV/cable network. If that's the game plan, there aren't many people who know more about promotion and programming than Bill Tanner, SBS's Vice President and Director of Programming.

Bill to regulate Nielsen moving on Capitol Hill
True to his word, Sen. Conrad Burns (R-MT) has introduced legislation to inject the federal government into the TV ratings business. His so-called "Fairness and Accuracy in Ratings" (FAIR) bill would make Media Ratings Council accreditation mandatory for any company measuring US TV viewing. That would apply to Nielsen today, but conceivable to anyone else who ever wanted to compete in the TV ratings business. Zinio readers go here to read Bill Number: S.1372.

TVBR observation: We have been dead-set against this from the get-go. The last thing broadcasters need is to add a regulatory framework to TV ratings, which is sure to increase costs and slow down progress on technology and methodology. Arent the Republicans supposed to be for free markets and less regulation? Then why are all four sponsors from the GOP—Burns, plus George Allen (VA), Olympia Snowe (ME) and Mel Martinez (FL)? All need to hear loud and clear from broadcasters that the last thing this business needs is more regulation.

FCC bogs down on rule review
July 14 was supposed to be the day that the FCC used its monthly Open Meeting to kick off the court-ordered review of media ownership rules. At issue is the long-stalled 6/2/03 rulemaking, born by a 3-2 party-line vote. Since then, various aspects have been frozen, challenged, legislated, threatened with obliteration, and ultimately, remanded. The case went all the way to the Supreme Court, but not so far there that it actually made it onto the docket. The Supremes decided to let the Third Circuit's remand to the FCC stand.

Perhaps the biggest issues on the table concern in-market combinations of broadcast and newspaper properties, and in-market combinations of two or even three broadcast television stations. The Third Circuit said it had no philosophical problem with newspaper/television combinations, going so far as to acknowledge studies which demonstrate that companies operating such properties in combination are often in-market news leaders. The problem was with the FCC rationale underpinning caps, the total of radio stations, TV stations and/or newspapers that may be owned in market, keyed to the size of the market. The court found the rationale unconvincing, and it wants either new, justifiable rules, or better justification for those rules already proposed.

A few 6/2/03 changes are in. Well, one of them didn't exactly go in as proposed. The FCC tried to change the national broadcast potential audience cap from 35% to 45%. Both houses of Congress voted to restore the 35% cap, but a conference committee made 39% the law of the land. The Third Circuit also let some rules go in relating to the definition of radio markets, and making certain local marketing agreements attributable when computing cap compliance.

By far the biggest problem is going to land on the doorstep of those operating TV/newspaper combinations under waiver. Pretty much every time a license renewal for one of the television stationsThose operating TV/newspaper combinations under waiver. Pretty much every time a license renewal for one of the television stations comes up, it can be counted on to draw fire from watchdogs which want to break the combos up.

So far from getting the ball rolling on all this, the FCC couldn't even agree on the broad outlines of the discussion. The Democrats on the Commission, Michael Copps and Jonathan Adelstein, are surely pressing for maximum public input, with as much time for commentary and study and they can possibly get. Meanwhile, on Capitol Hill, there are elected officials in each house of Congress that have made broadcast ownership a signature issue, led by Byron Dorgan (D-ND) in the Senate and Maurice Hinchey (D-NY) in the House. Watchdogs are everywhere. The bottom line: The process which began in earnest in September 2002 is still nowhere near the finish line.

Be prepared with solutions and analysis on the business intelligence you've grown to depend on in our daily RBR and TVBR Epapers. See our website for details:

TVBR-TV
Helping You
Succeed in 2005

RBR & TVBR August 2005
What do you think about podcasting? Are you planning on launching any podcasts and why?

Caryn Mathes, GM, American University's WAMU-FM Washington, DC.
You picked a topic that, I don't want to characterize it as a pitched battle inside here, but we're talking about that a lot. You know, what's the return on investment? Do we want to do it? Do you give it away and bond people to you further and then does that make them want to become donors later? That's a big issue for us, and we don't know how we're going to come down on that yet.

The pros are that it's new media, and possibly a new audience, and this is a platform that we can afford to ignore when it may be an entrée into an audience that doesn't use terrestrial radio a lot. But on the con side, how many resources will it take to repurpose and repackage this stuff? Are we just giving away free product? Is there a financial model to make it work? It seems like pod people expect it for free. They don't expect to pay for the downloads and so it is worth it to do it just to deepen customer service and hope that they'll feel loyal enough to call you up in the next fundraiser?

Chris Berry, GM, ABC Radio's WMAL-AM DC.
Ultimately we are more than radio station managers, we are content providers. That means that we must look for every distribution channel available to fit our listener's busy lives. As more devices appear, traditional broadcasters must look for ways to hold onto our piece of the pie, and of course than means downloadable audio.

When we launched "630 WMAL on Demand" this past spring the response was instantaneous and enthusiastic. In our first week of podcasting we tracked dozens, then hundreds of people who are logging on to our website specifically to download our local talk shows. Those who use it, love it.

Traditionally programmers have tried to create "appointment listening" and while that should still be our strategy, the listener now has the opportunity to make that "appointment" at a time that fits their busy schedule. Podcasting is TiVo for radio, and as the Internet and on-demand programming becomes a bigger part of our listener's lives ultimately they won't care whether we are on the AM or FM band, or even whether we have a transmitter. Listeners will be looking for the best content available. We have to produce it, and embrace the new technology.

Podcasting won't replace traditional broadcasting in the short-term, but we must position ourselves now to have a place at the table.

Bill May, GM, Apex Broadcasting/Lake Charles, LA:
Ten years ago it was Internet streaming, then satellite radio, then Ipods and now it's podcasting. The never ending stream of technology offers a cacophony of alternatives to radio to the general public. We in the broadcasting industry are constantly hearing about new technologies that are going to change radio listening habits en masse. And yet, it just never seems to materialize that way. Much has happened in the radio industry in the last two decades alone. The industry has become mainstream news through everything from the indecency scandals of Howard Stern to the creation of "HD Radio". And now Podcasting is the newest trend. But through all of that, local broadcast radio revenue continues to grow. Listenership continues to increase and become more diverse. Today's generations continue to seek out news, weather, contesting and local events from radio stations in their markets just as they did ten and twenty and fifty years ago. Granted, there are a lot of new changes in today's technology and more to come than we can even begin to conceive. But for advertisers, radio continues to be the least expensive mass marketing tool on the planet. It continues to deliver measurable and dependable results to the cash register. It also remains the only medium that elicits the close knit emotional connection with its end user that can create that impact. I mean, when was the last time you saw a mass demonstration in New York because NBC changed its primetime lineup? But switch a radio station format from Oldies to "Jack" and listeners come out in droves to protest the change of "their" radio station.

Does podcasting pose a threat to radio? My emphatic and immediate reply is "absolutely not!" Podcasting gives a portion of today's sophisticated audiences a more precise delivery of what they need or want at any given time. Just as internet streaming and satellite did before it. I have not focused on trying to become more than one business over the years as these new content delivery systems have become available. Instead, I have stayed focused on one thing, being the best radio broadcaster I can be for the clients and listeners we serve everyday.

Bob May, GM, Legend Communications' KDKD AM/FM Clinton, MO:
I believe that we will do some kind of Podcasting in the future...maybe 12-18 months from now. I believe that it's going to be younger demos for quite a while. However, saying that, Rush is now doing it for his subscribers. It seems like we would need to come up with a specific idea, like select your songs/content for each morning and we'll have it sent to you to arrive no later than 5am each day.

We are working hard to get our Internet radio channels launched for high school sports first. As we get that going, we will then start some serious thinking about it.
"I could not do my job without Selector. Music is the heart of every station I consult and Selector is by far the most reliable, consistent music scheduler available. Plus, RCS Support is the best, bar-none. I've called them in the middle of the night and received instant help."

Gary Berkowitz, Consultant
Berkowitz Broadcast Consulting
Competing for the biz in 2006: Brand spend trends for radio & TV

As Media Business Report ramps up coverage looking forward to next year, for this installment, we thought it would be a good time to look at recent top 25 brand spend figures from the TVB and RAB—to help gauge where the dollars are heading, based on the most recent brand spend figures. For combined radio, Home Depot and Verizon stayed at the top consistently in 2003 and 2004. Many brands stayed in the top 25 moving up or down a few notches. Needless to say, 2005 figures will not include the “Bush for President” or DNC dollars. New or moved up to 2004’s top 25 radio list included CVS Drug Stores, 7-11, AOL, Toys ’R Us, Albertsons, Allstate, GM, Nextel and Bank of America. Pay particular attention to GM, as GM Planworks CEO/President Dennis Donlin tells us in his OneOnOne interview beginning on page 10, “…we have had a lot of success in local radio and we are amping up our investment in that space, across a pretty broad range of initiatives. Everything from live DJ reads and testimonials and some efforts to drive car shopping online.”

For broadcast television, GM continued its upward spend from 2003 to 2004—up 13.1% for corporate spend and 8.8% for Dealer Association spend. In Q1 2005, GM again upped the broadcast TV ante some 10.8%. For Q1, television saw some interesting trending. Procter & Gamble was up a whopping 94% vs. Q1 previous. However, a good few were down significantly—Time Warner, Disney, and Automotive, except for Dealers Associations. We also saw telcom take a hit in Q1, with Verizon and SBC down 26.2 and 36.8%, respectively. Both companies had bulked up on radio and TV, however, from 2003-2004, as the charts show. Although not shown in the charts, the loss of millions Pharma dollars for Voxx and Celebrex will be felt for at least two more quarters. Pfizer spent more than 70 million advertising Celebrex to US consumers in the first nine months of last year alone.

Note: The TNS Media Intelligence/CMR Report ad spending data includes network and spot radio spending only. Many national advertisers radio advertising directly with stations and not through a network or spot rep company. Therefore, TNS does not capture these advertisers’ true radio expenditures. Figures shown in millions of dollars.

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### Radio's top 40 national network & spot advertisers by brand: 2004

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<td>Guitar Center</td>
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### Radio's top 40 national network & spot advertisers by brand: 2003

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<th>Natl.</th>
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<th>Total</th>
<th>Network</th>
<th>Spot</th>
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<td>UPS United Parcel Service</td>
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Note: Rank based on report total ($000). Expenditures rounded to nearest hundred.

Network and National Spot expenditures may not equal Total due to rounding. Source: The RAB, based on TNS Media Intelligence data.
**Top 25 local broadcast TV advertisers* Top 100 Markets FY Data 2004 ($000)**

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<th>FY 2003</th>
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<td>2 FORD MOTOR CO DLR ASSN</td>
<td>465,859.8</td>
<td>428,324.1</td>
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<tr>
<td>3 GENERAL MOTORS CORP</td>
<td>444,599.0</td>
<td>393,010.4</td>
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<td>4 GENERAL MOTORS CORP DLR ASSN</td>
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<td>385,771.1</td>
<td>8.8%</td>
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<td>5 NISSAN MOTOR CO LTD</td>
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*Includes both local and national spot activity Source: Television Bureau of Advertising (TVB) from estimates supplied by TNS Media Intelligence

**Top 25 local broadcast TV advertisers* Top 100 Markets Q1 2005 ($000)**

<table>
<thead>
<tr>
<th>Rank/Company</th>
<th>Q1 2005</th>
<th>Q1 2004</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAIMLERCHRYSLER AG</td>
<td>$1,118,876.6</td>
<td>$1,224,444.7</td>
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<tr>
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<tr>
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<td>1,000,695.9</td>
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<tr>
<td>5 GENERAL MOTORS CORP</td>
<td>84,963.0</td>
<td>89,184.5</td>
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</tr>
<tr>
<td>6 NISSAN MOTOR CO LTD</td>
<td>75,607.9</td>
<td>87,154.8</td>
<td>-13.2%</td>
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<tr>
<td>7 TOYOTA MOTOR CORP DLR ASSN</td>
<td>72,083.1</td>
<td>65,066.5</td>
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<td>56,382.6</td>
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<tr>
<td>25 FOODMAKER INC</td>
<td>19,804.6</td>
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</tbody>
</table>

*Includes both local and national spot activity Source: Television Bureau of Advertising (TVB) from estimates supplied by TNS Media Intelligence

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RBR.COM TVBR.TV

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Be prepared with solutions and analysis on the business intelligence you’ve grown to depend on in our daily RBR and TVBR Epapers.

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GM recently decided to move buying over from GM Mediaworks/LCI to your GM Planworks. What led to that decision and will the name stay “GM Planworks”?

Yes, it will stay General Motors Planworks. The real drivers behind the decision were to be able to move quickly in the marketplace and to leverage new approaches that can change the game in GM's favor. Obviously, when you consolidate, there is an opportunity to streamline and eliminate either duplicative or hands-off kinds manpower challenges, so you get some efficiencies out of that. But the real driver was to be able to move quickly in the marketplace and look for new approaches.

Where will the buying take place come the October transition? Will you be hiring people from LCI?

Yes, we are going to create six buying centers in the five GM regional offices of New York, Chicago, LA, Dallas, Atlanta, and then we will have some operations in Detroit. The Planworks offices will all be 100% dedicated to General Motors. We have been in the process of contacting those people from LCI who are interested in joining us who are open to considering positions in those offices, and that dialogue is already in process.

LCI had, I believe, 11 regional offices. Some of them were in those major cities and others were in additional markets. So this does differ from the LCI structure. And LCI wasn't dedicated. Every buyer in our system, again, will be 100% dedicated to General Motors.

Will different GM division account people now be more involved?

Some have said they're frustrated they are so far removed from the planning and buying, that some great ideas previously fell through the cracks.

From our perspective they have been involved all along the road, but we are going to try to have more accessibility to a direct dialogue with the buyers. That was one of the challenges of a non-dedicated system. Mediaworks had essentially created a supervisory role with dialogue with the extended constituencies, but there was actually kind of a mandate in place that people didn't talk directly to the buyers. Everything filtered through the Mediaworks intermediary. We've eliminated that step so there will be an opportunity for direct dialogue with the buyers.
Saluting 28 FM Affiliates
RANKED 5th LARGEST SYNDICATED SHOW
Now Over 300 Stations

Saluting 35 FM Affiliates
RANKED 3rd LARGEST SYNDICATED SHOW

Saluting 18 FM Affiliates
Now Over 200 Stations

Saluting 20 FM Affiliates
Now Over 150 Stations

Talk Radio Network
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TRN Enterprises
We've interviewed GM's Mark LaNeve a few times. What are some of the bigger objectives he has set for you and Planworks?

What I think Mark is talking about is refocusing and providing greater differentiation for each of the GM brands. And that challenge comes to us, not only on the regional side, but complete through everything we do on the divisional level. We are very supportive of that initiative. We do believe that for the media space or the media environment as a whole, we can really aid the process of crystallizing and focusing the efforts of the individual GM marks.

Tell us a little about the interaction between GM, planning, buying and creative (McCann Erickson/Detroit).

We have been GM's planning agency for an extended period, and we work really closely with not only McCann, but each of the individual divisional agencies. We work and have worked sort of seamlessly as extensions of each of those organizations—essentially working as their contact specialists. So we look at it as a very collaborative association that we have with all of GM's agencies.

GM has had a couple of tough quarters. What are some ideas from an advertising planning perspective, to create more demand? Are more Oprah/G6 ideas in the works?

Yes, we are very much looking at ideas that change the game, like the Oprah-G6. In this current quarter, the employee pricing program is proving to be very effective in the marketplace. I can't discuss a lot of the stuff in specific, but they are looking for broader “change the game” kind of initiatives. And we are very much focused on delivering those for GM.

Will some of these be rolling out in the Fall?

If there's a breakthrough idea and we need a decision tomorrow and it happens on Friday, we're ready to roll. It really has been amazing to watch the change at General Motors—which used to be a fairly ponderous kind of decision-making organization. The Oprah idea was one example of, "they took a look at it, they had a vibrant conversation, gave it the green light and we were off to the races in a matter of days."

Is a lot of the “hit the ground running” philosophy being driven by LaNeve?

Yes, Mark, Brent Dewar [VP of N American Marketing and Advertising] and his entire management team. And it has been a process that's been developing over time—even prior to Mark's appointment. But mark has certainly lit a fire under it.

DaimlerChrysler has used local radio promoting online car shopping quite successfully. Is that a major part of the plan for GM and have similar strategies been implemented so far?

First of all, we have had a lot of success in local radio and we are amping up our investment in that space, across a pretty broad range of initiatives. Everything from live DJ reads and testimonials and some efforts to drive car shopping online. So I think the answer to the question is yes, we are interested in exploring ideas along those lines.

What new ad mediums are you looking at most and why? Is a broader media mix in store for GM?

We think the strongest opportunity is in the advances being made in cable television, as it begins to really provide a more diversified range of services. And we also think there still are a lot of opportunities in broadband and VOD. And, of course, we're also looking at local in other areas, but I think the biggest opportunities are in cable.

Are you thinking along the lines of the Visible World addressable technology?

Yes, there are quite a range of options that we’re looking at in there, from more addressable or behavioral targeting to showcasing product portfolio and tag-able television executions.

What do you wish research companies could provide that they’re not and why?

We very much chart our own course in this area. We've had a pretty significant proprietary investment in research from the start, led by Jana O’Brien of our Chicago office, who comes to us from Strategic Planning and Market Research. So we’ve been sort of breaking away from, or really going beyond, a lot of the syndicated sources and doing a lot of our own proprietary metrics. We’re comfortable with some insights that we’re generating exclusively for General Motors. We don’t necessarily look to focus too much on gaining additional perspectives out of syndicated research.

Any specifics on the insights you are providing?

This is really a pretty big advantage for General Motors, so we don’t comment with much specificity. It goes certainly beyond counting eyeballs and measuring who's in the audience. It gets into a lot of how people process messages and how they research the car-shopping process. And we try to connect everything we're doing though that extended process.

What is the future of ROI measurement?

We think first of all you have to take the broadest interpretation of the word “return,” because in its most narrow incarnation, it’s direct sales. I think there are a lot of other metrics that you can measure—attitude shifts, shopping consideration patterns, etc. One of the big challenges for General Motors is getting a lot of its brands a little higher up the consideration set list of the consumer. To us, the web is probably your most direct and key metric. When we've done successful programs like Oprah, it clearly lights the web up, almost immediately. If you think about that in the broadest sense of not just websites but search activity and a lot of things along that line. And then we have some other broader metrics that try to use the consumer perceptions of how each of the brands perform in each sphere of marketing. We're seeing some good results with that.
What do you think is the future of product and content integration?

**How is it successful?**
In my mind, it's successful when it is idea-centric. What idea does both the product and the media property embody and how do we connect it and allow it to be perceived by the consumer to develop that idea or that attribute? That means just placing the product in the shot is not idea-centric. Assigning a very specific attribute that you want to develop in the product and that is embodied in the media property, to me, that's the driving force behind quality product integration.

What are some of your biggest concerns from a planning and buying perspective these days?
I think all of us are very much concerned on the operational side. We've built a model based on sort of an “interruptive exposure factory” scenario and as we really take this up into more of a customized communications solution that has a lot of integration with the creative product that really challenges us from a manpower standpoint. And it adds a lot of focus and complexity to the equation. So the big challenge is balancing your resources behind the operational side of your traditional exposure model and then trying to develop out these new metrics or these new scenarios.

How do you assist corporate in working with the local dealerships for local, regional and national campaigns?
I think we just remind everybody that to the consumer it's one message. And we need to plan the message in that way so that it is processed by the consumer as a single message.

**Do you see any problems or challenges with the advent of DVR and VOD coming?**
I think there are a lot of opportunities. I think as we move more toward searchable television and addressable television and behavioral targeting, it opens up a tremendous new arsenal of tools. And that, to us, is very intriguing. Obviously there are some potential challenges, particularly if you are still dependent on your interrupted 30-second television model. There is a threat in the technology, but we think that's outweighed by a lot of the opportunities.

What is your take on the importance of EDI for radio and television? Is it still lagging behind?
It is, and it really needs to accelerate. If we don't improve the entire administrative process of the media business, it will never open up the manpower necessary to take the business to the next level.

**How can radio improve to better serve some of your objectives?**
Well first of all, we've had a lot of great success, and there's a great emotional connectivity to the medium that we continually look for ideas to try to support. On the flip side, we need to watch out for the clutter factor. It's getting to be quite a challenge to try to break through in the medium. So we hope to see the vitality of different ways where we can use the consumers' emotional connection to the medium and break out of the clutter.

Be idea-driven, use your talent, use your emotional connectivity and your engagement with your listeners. And bring us new opportunities to try to utilize the medium.

**How can broadcast television and cable improve to better serve some of your objectives?**
Exact same thing. It's about emotional connectivity, it's about engagement and it's about thinking beyond the :30. That's the case for all the mediums.

**How can individuals bring ideas to Planworks?**
There's ongoing dialogue with virtually every established local buying office. Planworks' new buying offices will be operational October 1st of this year, so we encourage them to package the idea and work through their representatives to bring it to the local buyer.

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VCI sets the pace for technological development by listening to the industry and adapting. Our product, STARS II+, provides in-depth visibility into all of the data needed to build a more efficient organization and make better financial decisions.

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SALES, TRAFFIC, AND ACCOUNTING SOLUTIONS
Podcasting: can it make money?

According to new forecasts from The Diffusion Group, a consumer technology research consultancy, demand for podcasts is expected to grow from less than 15% of portable digital music player owners in 2004 to 75% by 2010. While Emmis CEO Jeff Smulyan said not too long ago he believes iPods are a bigger threat than satellite, lately the reaction from radio has been to join the podcasting revolution than to try and “beat it,” per se. Stations have begun podcasting everything from morning shows to comedy to talk programming. All that’s needed is an RSS feed. To get audio feeds, users connect their MP3 player or iPod to their computer, go online, and subscribe to feeds they want the podcasting service to provide. Audio content is then pushed on a user-defined schedule from the original source to an aggregator like iTunes and then to the subscriber. Users program their podcast software (e.g., PlayPod, iPodder, and Doppler) with a list of shows they want to subscribe to. The software does the rest—from finding and downloading the shows onto a PC, to copying them into a library. There’s no time limit, deadlines or government oversight of what’s said. Most stations already have everything they need to implement a podcast: a website and audio editing software.

However, broadcasters have yet to strike a deal with all those music licensing orgs for the industry to truly be able to podcast music. So far negotiations are ongoing with ASCAP, BMI and SESAC. Says Ruth Seymour, KCRW-FM LA GM: “Music would be the magic touch for our station, but we’re prohibited from not only podcasting music programs but from podcasting programs with music. They’re just not ready to make a deal.”

Let’s review—so far this year, we’ve seen high-profile broadcasters hit the ground running in the podcast arena. ABC and NBC (along with MSNBC and CNBC) are using podcasting to offer recorded newscasts via online downloads. ABCNews.com offers podcasts that are segments from Nightline, GMA and This Week. WMAQ-TV Chicago has launched the country’s first major TV station daily podcast featuring health, entertainment and technology news, for a total of 22 podcasts weekly.

NPR, Infinity and Clear Channel Radio have teed up a number of popular radio programs for podcasting as well. Clear Channel in June expanded its portfolio of podcast feeds to include customized content from 12 of its stations across the country. Infinity’s nine all-news stations are rolling out free daily podcasts to listeners featuring the day’s top local and national news, sports, business and entertainment headlines, as well as weather and traffic updates. Bear in mind though, for news stations, podcasting programming really has a shorter “shelf life” per se. In a reverse twist, Infinity’s Talk KYCY-AM San Francisco converted itself into a podcasting format with the name “KYOURADIO.” All the content is submitted by listeners and is available on the radio station and streamed online at www.kyouradio.com.

David Goodman, Infinity President/Marketing, says in the near future, the company will be rolling out a variety of podcasts via the news stations: “Expect to hear things that have a much different shelf-life than what we might currently broadcast.”

What has Goodman learned so far about podcasting that our readers should know? “Radio has historically embraced listener-generated content in a way that’s very different from every other medium. Talk radio, at its essence, succeeds partly because of the people who reach out to our talent. Now, because of software tools and the “death of distance” because of the web, people have a way to create and be heard in a way that previously didn’t exist. People must remember that this is the beginning of a journey, and not the destination, and along the way, it might, as The Grateful Dead say, be a bit of a ‘long strange trip’.”


Fisher’s News KOMO-AM Seattle has set up an RSS feed that can be set up to be checked by iTunes, which will download the clips and load them onto the iPod with the next sync.

Probably the biggest radio station podcasting success story so far lies with KCRW. Seymour tells us she launched the station’s podcast in March and within three weeks the daily podcast downloads were up to 25,000. By mid June the number was 100,000. After Apple’s update to its iTunes music software to handle podcasting, Seymour said it all but crashed their servers with demand. SoCal Lexus Dealers is the exclusive sponsor of the station’s podcasting lineup. Audio ads air on the podcast itself.

How did that deal get done? “When we were first looking for an underwriter, we were positioning it as ‘You’ll get in at the very bottom. We’ll make an attractive deal for you because it’s new.” If you want to position yourself to appeal to a certain group of people—early adapters—this is a great medium to do it. And you’ll have a lock...
Winner 2005 Edward R. Murrow Award

Overall Excellence

Best Spot News
(Tsunami coverage)

Best Use of Sound
(Fallujah)
on it, we'll give you an exclusive deal for six months," explained Seymour.

The Lexus deal is reportedly worth six figures, and although the deal is structured on a CPM model like typical Internet media buys in which the advertiser pays for the actual number of downloads, Lexus gets more for its money. It includes promoting the sponsorship in a print campaign; Lexus logos and links on KCRW.com and on the podcast player; mentions on the air during daily regular programming; and mentions at the beginning of all 22 podcasts.

"Podcasting is a way to reach a fresh audience, a niche audience," claimed Bill Flitter, Founder of RSS, podcasting ad network "Pheedo" in an interview. Flitter said that for popular radio shows that get, say, 30,000 downloads a month, the sponsor would pay $10,000 or so. "It depends how they value that podcast," Flitter told AdAge recently.

Flitter says he has 8,000 RSS publishers in the Pheedo network, including 30 podcasters.

Stations need to be careful with sponsorships of podcasts. It's a good idea to restrict the number of downloads. To battle bandwidth costs associated with podcasting, some stations may decide to offer a special online subscription level which includes podcasting. Explains Seymour: "Remember, everything is free. At a certain point, it's going to become too expensive to provide free podcasts because the bandwidth is going to cost too much money. A station like KCRW has been able to do amazing things online because we have partners that host the service. But if we had to buy the bandwidth that we use for webcasting and podcasting efforts it would be close to one million dollars a year. Apple knows that if it didn't host the KCRW programs on its iTunes service, we wouldn't be able to accommodate it, because they have a user base that is so enormous it would overwhelm us."

What do the buyers think?

Zenith Media's recent report, "Podcasting 101: The Future of Radio or The Latest 8-Track?" detailed there are several options available for advertisers to enter the podcasting space: Audio Spots: Using the traditional radio advertising model, audio commercials can be inserted into podcast programming. These ads, however, may be viewed as obtrusive to listeners, who could skip over them easily with their MP3 devices; Sponsorships: As a presenting sponsor, advertisers could underwrite entire podcasts; Owning Your Own: Advertisers could produce their own podcast devoted to their brands, which could provide exclusive information to listeners. The podcast link could be housed on a client's existing website; and Building an Online Community: Advertisers have an opportunity to provide a message space where users have an opportunity to post experiences relating to a specific product/lifestyle.

What are traditional radio buyers saying about the viability of podcasting for their clients? "I think it's an interesting idea," says Matt Feinberg, SVP/National Radio, Zenith Media Services. "Not so much as an advertising vehicle at this point, but rather as another personal, on-demand info/entertainment vehicle that is being provided by both established corporate broadcasters, and mom and pop operations. This fact that the Infinity's of the world are embracing the technology says a lot of things. The one thing they realize is that the world is changing and the way we consume media is part of that change. One might call it evolution, however given the current state of government affairs in this country, 'evolution' would hardly be a fitting description. But whatever you do want to call it, it's all different and media/marketing people need to understand the change. As far as sponsoring an existing station's podcast, we haven't thought about it, only because the one client that is specifically looking into podcasting is doing so on a national level."

Matthew Warnecke, VP Mgr Network & Local Radio, MediaCom, says podcasting is "Great for talkers. Rush Limbaugh makes great sense in theory, but that's for a very different target than the youth-oriented iPod user. I have yet to see a compelling story for music-driven stations...the ideas are being pitched to us, but they are more contingent upon our clients' spending and then developing the content for the podcast. Frankly, that's putting the cart before the horse."

Says Kim Vasey, Senior Partner/Director of Radio, mediaedge:cia: "I believe that podcasting might become a viable option to reach consumers at a time that they choose to be reached with content of their own choosing. This is highly active listening and I would not be opposed to recommending to a client to purchase a 30 or 60 second commercial within the podcast, if it was the right environment for them to be in."

Have you been approached by podcasting entities for buys? What was the pitch and your reaction? "We have, but the pitches were something along the lines of, 'sure we have/can do podcasts, what do you want to pay?',' says Feinberg. "Only one person has come into our office who really had any idea of how the technology works and a concept of what to do...and even they weren't sure how to price it. Then again, our group understands the technology very well, are aware of the many podcasters out there (and there are a lot!), but have really no idea how to price them either...yet."

"Kinda, the pitch was vague and they just threw numbers out there to see if something would stick, I don't think there is a solid sales force out there yet," added Rich Russo, JL Media's SVP/Director of Broadcast Services.

If you haven't bought podcast sponsorships yet, what would it take? "I think it would have to be multi-tiered, something like a major show like Rush or Hannity or a specialty show like Little Steven's Underground Garage, in which the podcast is brought to you by client "x" at no charge," says Russo. "But there will be a number of spots in the podcast of the client, that the listener is made aware of delivering them the show for free. The host would then give the client some over the air announcements as well. And maybe the client gets a database of those getting the podcast with an opt-in to contact them with an exclusive offer or two. Something like that might generate some interest."

Says Natalie Swed Stone, US Director, National Radio Investment, OMD: "There has to be a clear indication that consumers are interested in the podcast material—which currently doesn't include music yet. 2) The demographics would have to align with our clients. 3) The economics would have to work—audience vs. cost. 4) Additional benefits would likely include marketing and merchandising programs."

"We need to understand if there are any legal ramifications, compensation issues for commercial talent, verification of spot delivery, proof of performance, who the audience is, etc," adds Vasey. "Overall, it's an area that I'm watching very closely and staying on top of. I think it is also a way for the stations to extend their brand—keep the listeners engaged and to offer content to their listeners that keep them coming back to radio (especially for the younger demos)."

"Right now we have a conceptual RFP out there. We're just waiting for the vendors to get back to us with a formal proposal. Though the technology is easy, to try and do a podcast on a sponsorable, corporate level, has some stumbling blocks typical of any new production, i.e. talent fees, production personal, content concept by committee, etc," Feinberg explains.

"Podcasting is the latest craze that may or may not prove itself to be effective. Providing high-quality reach for the best price is our goal," cautions Warnecke.
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People make the difference!

Continued from our July issue, we're spotlighting the people really making a difference in today's media biz. Often they aren't found in the big boss' chair, but out in the trenches, coming up with ideas, solutions and getting the hard work done. We've asked RBR/TVBR readers for suggestions in all facets of the biz—GMs, SMs, AEs, copywriters, on-air talent, CEs, PDs and Traffic Managers to analysts, brokers, media buyers and research gurus. The purpose is to show the radio and TV biz are made up of people—people that get the job done, under often impossible conditions and circumstances. Remember, it's people that work in successful companies that make those companies successful. Because of the huge response we've gotten, here is Part II. Still more remain, so stay tuned for more!

Sales/Marketing

Art Greene, Director of Sales, NextMedia, Myrtle Beach:
I would like to suggest that you take a look at the top AE in Myrtle Beach SC, Don Westcott. I have been blessed for the last year and a half, to have Don on my staff. He has been working in Radio in Myrtle Beach for 16 years and has unique relationships with many of his clients. This is not only due to his warm personality and style, but also the type of relationships that are able to grow in a small market setting. Our market here at the Beach is forever changing as we are in a tremendous growth spurt. The kind of growth that I liken to southern Florida in the 80's. Don has been able to have his "cheese moved" quite often and has adjusted in a manner that would make any manager proud. Don has been with NextMedia for 5 years (that is how long ago they bought the stations Don worked for) and I expect he will be here for many more years. My job is allot easier having Don Westcott on my staff.

We have experienced unparalleled growth in my time here with NextMedia and Don has been a large part of that success. Please understand, that I have several other standout AE's on this staff, however, we could not enjoy the success we have without his help! We all benefit from having an experienced AE like Don Westcott to emulate! If this project is to include AE's, I do not believe it can be done without having Don on your list.

Rick Dugal, GSM, Clear Channel Radio Augusta/Rockland:
I have an AE, Ryan Cote, who has been in Radio for 30+ years. He was an on-air talent for many years and has recently reduced his on-air duties to concentrate on selling and has become, in less than a year, our top-biller. His passion for our stations is second to none and he often garners 100% of clients' media buys because of the passion he displays. He is often found here at the stations on weekends getting caught up on production commitments. Just a few days ago one of our other AE's had a client in to record some commercials and our Production Director was out sick. Ryan was the first to volunteer his time to get the client recorded which allowed us to start the clients' ad campaign on time. It is this kind of "whatever it takes" attitude that is infectious to the entire sales team and has made our market #1 in our region.

Programming

Robert Dunlop, KOMO/KVI/KPLZ/KING/Mariners Radio VP/GM:
Kent Phillips - PD and Morning Host - KPLZ-FM Seattle, WA
Kent is a phenomenal problem solver and innovator. He reinvents the programming of this station regularly (even when not pressured to do so by competitors) and works hand-in-glove with our sales organization to serve our clients best interests. Kent is actively involved in the community individually and on behalf of the station. He hosts a live, local afternoon television program on our sister station KOMO-TV and consults many of our small market radio stations throughout the region. He is a terrific ambassador of our product and industry.

Jay Arnold:
I nominate Steve Michaels, Program Director at KCEZ, "Oldies 102.1," in Chico, Calif., and applaud his efforts for making "Oldies 102.1" a great oldies station. This, in the "narrowcasting" world of radio...

Mr. Michaels' programming efforts have set him apart from other oldies stations, especially those in the closest major-markets, Sacramento and San Francisco... In his words: "...I play everything from (Frank) Sinatra to (Jimi) Hendrix to the Monkees! I now have the top performing oldies station in the United States! The national time spent listening per week average is just over seven hours. My station is TELVE hours!" Mr. Michaels achieved top ratings in T.S.L., cume, and morning-drive.

Promotions

Luann Chamberlin, Media Affiliate Coordinator Leading The Way with Dr. Michael Youssef:
I am writing to suggest a former co-worker of mine from Clear Channel Atlanta- John Grey (Promotions Director for WGST & Events Manager for CCA) for your "People Make the Difference" issue. This man single-handedly pulls of large events for the 5 station cluster, he works MANY long hard hours and most weekends. He is extremely dedicated and always exhumes an attitude that is a joy to be around. The entire staff at Clear Channel Atlanta would agree that his works makes the cluster look like a shining star at events. Thank you for taking the time to read my nomination!
"While we all have to operate our stations, we also need to budget time for learning ways to evolve and improve them. At Jefferson-Pilot, our people use The NAB Radio Show® as a break from the regular, day-to-day issues to spend time on the future. The Show's convergence of great minds and the latest technologies — all in one place — affords our teams the opportunity to network, see and learn new things, and invest in upgrading and advancing our business. The Show is also a great reminder of just how exciting and powerful our medium is."

Don Benson
President, Radio Division
Jefferson Pilot Communications
Atlanta, GA
Management

Carol Daily, Zimmer Radio Group, Joplin, MO:
I nominate Larry Boyd, Market Manager Zimmer Radio Group in Joplin, Missouri. Larry does an excellent job of working in the day to day business of radio, while at the same time encouraging all employees to strive to be the best in our industry. His commitment is just one factor contributing to the fact that we won the Small Business of The Year award from the Joplin Area Chamber of Commerce, just returned from New York, where a member of our Creative Services Department just won a Radio Mercury Award. In addition we have received awards from Radio and Production Magazine, and Children's Miracle Network. Larry G. Boyd's commitment to excellence is transferred to every employee at Zimmer Radio Group, Joplin. When members of management focus on continual improvement and investing in their people, anything is attainable.

Herbie Martinez, Senior Account Executive, Cumulus Broadcasting, Abilene, TX:
I would like to nominate Kim Crenshaw. Kim is the GSM with Cumulus Broadcasting in Abilene, Texas. Kim has just completed her first year as the GSM on our team, but what makes her accomplishments so interesting, is that she is a new to media sales. Kim has put her heart and soul into her new career and has made a positive impact on the growth of the team and the company in general. I came on board shortly after she accepted the position and I am proud to work with someone who realizes that it's about the client and their success. Kim takes care of business and gets the job done!

Kristin Garini, Marketing Specialist, VCI:
W. Lowell Putnam is the President and CEO of Video Communications Inc. (VCI). Being a 25-year veteran of the broadcast industry, he has seen the tremendous changes that have occurred and his company has been responsible for part of the evolution. In 1984 Lowell founded VCI—North America's most successful supplier of broadcast and cable traffic solutions. Prior to this undertaking, Lowell held senior software development and business analyst positions, including Director of Systems Development for Springfield Television Corporation, where he learned first-hand about unique requirements of broadcast business technology. Based on this background in broadcast, Lowell continues to provide the strategic vision, overall management and leadership of VCI. Throughout the past few decades, Lowell has been a panelist at Broadcast Cable Financial Management annual conventions and a frequent contributor to key industry publications.

Traffic

Loren Blumberg, Entravision Communications/LA:
I think our Traffic Director is our real hero. Ms. Pamela McCaffrey is the Traffic Director for Entravision Communications: KSSE/KSSC/KSSD & KLYY & KDLD/KDLE. Each week she somehow finds ways to fit all the spots in and makes sure everything runs as ordered. She definitely has pulled off some extreme magic in completing these tasks effortlessly. She is so dedicated in her job that she rarely finds time for herself let alone take a vacation. She is one of those persons who fly under the radar but never under my radar. She deserves some recognition.

Ron Pelle, VP/GSM, Buckley Broadcasting:
I'd like to mention my Traffic Manager, Joe Orlando here at Buckley Radio in Greater Hartford Connecticut. There is no one in this organization who works harder, but more importantly is the true "last line of defense" when it comes to late copy, missing copy, missed spots, saving revenue...and all the things that the traffic manager does that most of the time goes unnoticed. Our traffic manager makes us in the sales dept't look good. All this on top of managing a three person department and five stations. Without doubt he is our MVP.

Production

Chris Lagey, WNIS/WTAR, Norfolk, VA:
I'd like to nominate Dennis Reedy, our Production Director for WNIS AM 790 and WTAR AM 850 in Norfolk, VA. What makes Dennis different, and an invaluable asset to our account reps is that he actually listens to the spots before they air! If there is dated material in the copy, he'll warn us— before the client calls to complain. He's the most pro-active staffer I've seen. Dennis has made thousands of commercials, and he knows his stuff. When he makes a recommendation or suggests a change, he's on the money, and has our client's best interest at heart. That really positions us as a consultative, solution oriented team, and helps us to maintain long term, profitable relationships. He's also put together some of the only radio spots to win recognition from VAB. I'm glad to be working with such a consummate pro.

Peter Thiele, PD, Newsradio 1330/950 WORD AM/910 The Family, Entercom/Greenville, SC:
Rocky Valentine works at Entercom Greenville. Rocky had a liver transplant a few years ago. Rocky's health has been terrible, but he comes in to the office with a smile and a good word for all. Whatever needs to be done Rocky does it. Rocky is a positive example for all. Often people complain about the silliest things, Rocky rarely complains. Even though, Rocky has the excuse. Rocky is a devoted husband and father. I think that I am speaking for everyone at Entercom Greenville, Rocky is the best. Rocky works with production and traffic. He coordinates our barter spots and assists the Production Director.
Case closed on closed captioning

"Lou Ann Walker, a noted advocate for the hearing-impaired, once said that the inability to hear is a nuisance, but the inability to communicate is a tragedy." That is how Republican FCC Commissioner Kathleen Abernathy opened her comments at the Commission's 7/14/05 Open Meeting. She concluded her remarks by saying, "We're hoping to turn tragedies into nuisances," signalling the unanimous, bipartisan FCC support for rules requiring 100% of all new programming to be captioned as of 1/1/06 to kick in exactly as scheduled. Spanish language programmers have four more years to achieve the 100% threshold.

At the same time, the commissioners acknowledged the need for a new regulatory structure for dealing with the new requirement, which has been going into effect incrementally since Telecom 1996. For this, they opened up the topic for public commentary. On one side, they are looking out for broadcasters, addressing issues of cost and practicality. On the other, they're looking at enforcement issues, such as establishing a fine menu and requiring compliance reports.

The simple answer to the any mention of the word costs is "Yes, it does."

There is the new cost of failure to comply under duress. Stations in the San Diego DMA covering a wildfire emergency, and stations in the Washington DC DMA providing tornado coverage were nailed with FCC fines for giving uncaptioned emergency warning information. Although fines thus far have been the exception rather than the rule, it should be obvious to anyone who has read this far into the article that the FCC plans to change that in the near future.

More than fines, though, are the basic costs associated with providing captioning. According to Mark Hall of ULTECH/Caption Mic, a wing of the National Captioning Institute, the standard stenographer option carries a pricetag of anywhere from $100-$300. And that's if you can find one—the court system has been doing this for a long time, but broadcasters have not. Hall says there are maybe 300-400 broadcast stenos working today.

On top of that, one option available to broadcasters in smaller markets may be going away as part of the FCC's request for commentary. Currently, markets #26 and smaller may fulfill their newsroom captioning requirement by running any scripted material from its teleprompter system as the caption. The problem is that any unscripted material is missed entirely—a situation that would apply in an emergency, exactly when the captioning is most needed.

The Washington community is aware of this. One of the last acts of former Sen. Ernest Hollings (D-SC) was to push through the "Training for Realtime Writers Act of 2003" through the Senate Commerce Committee. It provides NTIA with 20M for college grants to train stenos.

That cavalry won't make it to the starting gate by 1/1/06, though, according to Hall—33 months and a 6%-8% graduation rate are the realities of steno school.

NCI purchased ULTECH (ultech.com) in 2002 to forge a lower-cost alternative, something ULTECH has been working on since 1991. Caption Mic is the result. It is a voice recognition device. Each device and operator are trained to work together—essentially, the device learns the voice patterns of the operator and if necessary the operator sharpens punctuation skills (the operator, not the machine, throws in commas, periods, etc.) The operator also learns how to echo on-air speakers. Hall says a low end Caption Mic runs under $5K, and a high end is under $11K. Operators can be trained quickly, with compensation levels in the $10-$25/hour range.

Non-profit ULTECH has been focusing on broadcast voice-recognition applications, but it is not alone in the field. Another company on the commercial side worth checking out is Voice to Text LLC (voicewrite.com), which has also been developing a system "...to address the critical need for an alternative to the traditional stenographic method of providing real-time captioning services for broadcasting and other applications." It also offers systems which can be operated at considerably below the going rate for a fully-trained steno.

As with the DTV conversion, the underlying costs are pretty much the same whether your stick is in a large or small market, but as a percentage of revenue, the small-market stations figure to get slammed big-time. It's good to know that when it comes to closed captioning, companies are out there working on systems that can provide large-market results that may fit into small-market budgets.
Is a teapot the proper venue for the VNR tempest?

Do you remember Karen Ryan? She received her Warholian 15 minutes of fame last year despite the fact that she doesn’t even exist. She was perhaps better known as “Karen Ryan reporting.” Karen Ryan was in fact a role, the name of a reporter, played by an actor, who was part of a video news release (VNR) put out by the Department of Health and Human Services. The VNR came under intense fire.

Part of the problem was that it was sent as part of a package to television stations free of charge by DHHS on the taxpayers’ tab. However, this would not necessarily be a bad thing in and of itself. A video news release is simply an electronic version of the press release, an important tool in the belt of both those making the news and those disseminating it.

If a public figure has something important to say about the current state of affairs, especially when the topic is of widespread general interest, that person could certainly sit by the phone and wait for hundreds of reporters to call and get a quote. However, it is much more efficient for all parties to go the press release route. If nothing else, the public figure doesn’t waste an entire day trying to make a simple point, and journalists do not spend the day trying to be the lucky caller who gets an actual ring, rather than a perpetual busy signal.

Generally, the source of the press release is a given. Only rarely, it seems, is any attempt made to disguise the source. Any competent journalist knows that a press release is also, by definition, a one-sided view of an issue, which may or may not mean anything, depending on the topic. The point is, the competent journalist will make a decision as to whether further digging is required to present a fair, balanced and factual story.

At its simplest, a VNR and its close cousin the audio news release are simply a press release put in a format useful to the electronic media.

The howls over the Karen Ryan clip were basically over two issues. First, the source of the clip was left out. Second, and even worse, the clip was produced to be indistinguishable from a straight news item. This is what led to the charges that the Bush administration was putting out propaganda disguised as news.

But not all of that very VNR was culpable on those grounds. For example, part of the DHHS package which went out to stations was a series of brief video clips featuring various members of the Bush administration, including President Bush himself, discussing the prescription benefit. Since the speakers in the clips are identified, there is no doubt about the source.

The package also included a “b-roll,” which is video footage related to the topic at hand that can be used by a station to cobbled together its own story, rather than simply plugging in the Ryan pseudo-news item. The moving images were like a video version of the generic photo and art books available to the print industry, things like old people playing cards, a pharmacist putting pills in a bottle, a doctor giving a senior citizen a check-up, seemingly harmless stuff which the station, presumably, could file away to use any old time.

The propaganda charges on the Karen Ryan part of the VNR pretty much stuck. A Robert Byrd (D-WV) amendment to an appropriations measure passed 98-0 in the Senate and survived the conference session with the House. The amendment read, “Unless otherwise authorized by existing law, none of the funds provided in this act or any other act may be used by a federal agency to produce any prepackaged news story unless the story includes a clear notification within the text or audio of the pre-packaged news story that the pre-packaged news story was prepared or funded by that federal agency.”

The problem with the amendment is that it goes away as soon as the appropriations bill does, and appropriations bills have a life span, generally, of only one year. That is why Sen. Frank Lautenberg (D-NJ) and others have tried to keep the issue alive, and why hearings were held in the Senate Commerce Committee back in May. Lautenberg wanted every frame of every VNR package to contain some form of sourcing.

The RTNDA was against this—arguing that such a policy would impinge on the judgment of news directors, who have more than just content to worry about. They also have to consider the overall presentation of the newcast, and footage with “Produced and distributed by the Department of Health and Human Services” plastered on the screen for two minutes might make the footage essentially unusable. RTNDA has standards for using VNRs, and in a survey of its membership found that most newsrooms use them responsibly. They should not, and largely are not simply taken at face value.

The debate over VNRs focused on the propaganda aspect. That made them seem uniformly bad. But they aren’t always a bad thing.

Take the case of an extremely famous, and utterly noncontroversial VNR (except for members of the Flat Earth Society and such). You’ve no doubt seen this VNR over and over again, even if you were born to late to catch it live. We refer to Neil Armstrong’s first step onto the Moon. That’s right, ladies and gentlemen. No members of the press were along for the ride on that little adventure, so all the footage we saw was via VNRs from the government, as was pointed out to the Commerce Committee by Doug Simon of DS Simon Productions. The fact that Simon’s view of the issue is that of an actual VNR producer doesn’t change the fact that he’s absolutely right.

It seemed that Commerce Committee Chairman Ted Stevens’ (R-AK) patience with the topic extended to holding the hearing and little further. He noted that the Senate had already resoundingly ordered that VNRs be properly sourced, and that it was already on the books, at least temporarily. He promised to bring the topic up again in order to craft permanent legislation. And already on the books, at least temporarily. He promised to bring the topic up again in order to craft permanent legislation. And this may be a good thing. It will probably be easier to take a more balanced approach if the opposing parties have a chance to cool down and focus on a legislative approach that fights propaganda without curtailing the use of a perfectly reasonable tool for newsmakers, publicists and journalists.
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Marty Hadfield, Entercom VP/Engineering

Tell us about some of your favorite gear in the audio and air chains, and why they're your favorites.

At Entercom, we don't use a cookie cutter approach to our facility equipment configurations. We try to complement the reality that each market we operate in has its' own localized version of a particular programming format and a desired "sound", which deserves to be individualized.

In some markets and formats, there are intricate microphone and program processing paths, while in others there may be a virtually direct connection from the mic to the console and into the pre-transmitter processor. Nation wide, Entercom facilities use just about every brand of broadcast product, making it difficult to identify a favorite configuration.

One sample FM station air chain uses the Heil PR40 microphone as the main mic and an Electro-Voice RE-20 mic for a guests. Each of these feed Symetrix 528E mic processors, into a Wheatstone D-7000 console, followed by an Eventide broadcast profanity delay "dump" unit and a Sage EAS encoder and into an Optimod 8400 stereo processor, feeding a 950 MHZ STL directly to the main transmitter processor. Nation wide, Entercom facilities use just about every brand of broadcast product, making it difficult to identify a favorite configuration.

Tell us about your most challenging project at Entercom in recent years.

Finding new sites for AM directional facilities is a real headache these days. Adequately sized, open space real estate is generally only available at a seriously premium price - if it's available at all. If you're moving a multi-tower array, lookout! There have been some AM facility relocations I've investigated which have caused me to shift my thinking toward evaluating diplexing on existing AM tower arrays. The technique is nothing new, Entercom has had three such diplexed systems, but it's not an easy implementation under any circumstances. This used to be mainly a problem in large metropolitan areas, but as land prices have sky rocketed, it's rippled through-out the U.S. in some instances, I've seen the underlying tower site real estate value exceed the market value of the radio station itself.

The FCC's AM Band "ratchet rule" usually requires a station that wants to move to a new location, to reduce interference contrib-

To date, most of our installations have been "high level combined" configurations. Although the various equipment manufacturers have supported us very well along the way, we've seen problems in the following sub-systems: digital transmitter power supply failures, analog/digital time synchronization circuit lock-ups (sometime sounds like a stuck CD in the air or no audio on the air!), RF dummy load failures and RF isolator or circulators which exhibit temperature instability and drift out of tune (knocking the digital transmitter off-air) just about the time you've crawled into bed after a late night installation job.

Then there are the human installation errors, such as the fellow who forgot to install a transmission line connecting "bullet" on the digital signal input port of a high level injector. Fortunately, the transmitter VSWR monitor circuit immediately kicked the transmitter off-line. It did take a few head scratching hours to discover and correct the problem.

Once the FM station is operational in HD Radio mode, the audio quality of the programming sounds terrific, providing that clean programming is available. It may be surprising to some folks that what sounded quite acceptable in analog FM, sounds pretty rough on the ears when listening in digital. The worst offenders seem to be fairly low bit rate satellite fed programming or the -50dB hum on an otherwise good telephone line.

Any advice on tweaking FM antenna systems to get better coverage and less multipath?

Always try to use an antenna that exhibits the lowest VSWR and the widest RF bandwidth acceptable for your installation. Often times the loading capacity of the antenna support structure will be a limiting factor in your antenna choices. If the FM tower site is within or immediately adjacent to (within a couple of miles) of the market population center, I recommend a lower gain, half-wavelength spaced, 2 to 6 bay antenna system. This improves the localized RF signal for listeners, while reducing the direct downward RF radiation which can be a serious problem when any workers on the tower. When an FM site is well outside the core of the market, I typically specify a higher gain, 8 to 10 bay, full-wavelength spaced antenna system.

Tell us about your experience in implementing HD Radio— the good, bad and ugly.

Being among the early adopters, Entercom has already commenced broadcasting HD Radio transmissions on 17 FM stations. The markets in which Entercom is presently transmitting the IBOC digital radio signals include Boston, Seattle, Indianapolis, Kansas City and Portland, OR. By the end of 2005, Entercom will have an additional 23 FM HD Radio transmissions on the air in New Orleans, Memphis, Sacramento, Denver, Buffalo and Greenville, SC. Our remaining FM stations are planned for HD Radio roll-out by the end of 2006.

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To date, most of our installations have been "high level combined" configurations. Although the various equipment manufacturers have supported us very well along the way, we've seen problems in the following sub-systems: digital transmitter power supply failures, analog/digital time synchronization circuit lock-ups (sometime sounds like a stuck CD in the air or no audio on the air!), RF dummy load failures and RF isolator or circulators which exhibit temperature instability and drift out of tune (knocking the digital transmitter off-air) just about the time you've crawled into bed after a late night installation job.

Then there are the human installation errors, such as the fellow who forgot to install a transmission line connecting "bullet" on the digital signal input port of a high level injector. Fortunately, the transmitter VSWR monitor circuit immediately kicked the transmitter off-line. It did take a few head scratching hours to discover and correct the problem.

Once the FM station is operational in HD Radio mode, the audio quality of the programming sounds terrific, providing that clean programming is available. It may be surprising to some folks that what sounded quite acceptable in analog FM, sounds pretty rough on the ears when listening in digital. The worst offenders seem to be fairly low bit rate satellite fed programming or the -50dB hum on an otherwise good telephone line.

Any advice on tweaking FM antenna systems to get better coverage and less multipath?

Always try to use an antenna that exhibits the lowest VSWR and the widest RF bandwidth acceptable for your installation. Often times the loading capacity of the antenna support structure will be a limiting factor in your antenna choices. If the FM tower site is within or immediately adjacent to (within a couple of miles) of the market population center, I recommend a lower gain, half-wavelength spaced, 2 to 6 bay antenna system. This improves the localized RF signal for listeners, while reducing the direct downward RF radiation which can be a serious problem when any workers on the tower. When an FM site is well outside the core of the market, I typically specify a higher gain, 8 to 10 bay, full-wavelength spaced antenna system.

Tell us about your experience in implementing HD Radio— the good, bad and ugly.

Being among the early adopters, Entercom has already commenced broadcasting HD Radio transmissions on 17 FM stations. The markets in which Entercom is presently transmitting the IBOC digital radio signals include Boston, Seattle, Indianapolis, Kansas City and Portland, OR. By the end of 2005, Entercom will have an additional 23 FM HD Radio transmissions on the air in New Orleans, Memphis, Sacramento, Denver, Buffalo and Greenville, SC. Our remaining FM stations are planned for HD Radio roll-out by the end of 2006.
uted to other co-channel and adjacent channel stations. One of the tricks here is that you have to find a site that will provide the requisite service signal contour over the community of license, while probably having to operate with reduced power, use a more restrictive directional pattern and/or use unusual tower heights to accomplish the ratchet rule requirements. And don't forget that the buried ground radials and tower heights must meet certain minimum efficiencies specified by the FCC (Figure 8 of §73.190).

What are some general tips on improving existing facilities? (pre-freeze on community license changes).

If you're inexperienced in the art of relocating and improving AM or FM facilities, you owe it to yourself and the licensee to choose a reputable consulting engineer to guide you. The process of proper analysis and the presentation of well-based technical information that will stand up to both the FCC and your competitors' scrutiny, is imperative. I recommend starting with a visit to the web site of the Association of Federal Communications Consulting Engineers (www.afcce.org) to look for a consultant that's right for you. Reliable guidance is invaluable.

In reviewing the options available for improving your signal over the target audience in your market, you will want to identify locations where your competitors coverage may be outperforming your coverage and find out why. Has urban sprawl or suburban migration pushed your audience away from the vicinity of your tower site, moving them closer to the competition? Try to determine why are they covering better than your station. One question is to explore "what's wrong with my existing signal?" Another point to keep in mind is that many operators installed a new antenna system 5, 10, 20 years ago and figure it's good-to-go forever—with maybe a little bullet hole or lightning damage repair and maintenance now and then, but often only when there's been a serious failure. An important thing to remember is that there can be quite a bit of daily mechanical stress on an antenna and transmission line system, caused wind driven bending and twisting, as well as thermal expansion & contraction of the metal parts. These problems will also lead to subtle, yet cumulative, points of poor contact which can reduce the amount of RF power being transmitted from your antenna system. Make sure your antenna, transmission line and transmitter is operating in like-new condition. The next questions are relative to your competition in the market. Is it their location, the height of their antenna, are they using of an FM Booster, etc. It's just possible that your Class A facility could be relocated to outperform their bad boy rim-shot, Class C flame thrower!
Making the Conversion from Analog to Digital a Little Less Taxing: The Missouri MBA Method

By Kirk Low, C.P.A. and Janette M. Lohman, Esq.

Throughout the country, radio and television broadcasters are coping with the Federal Communications Commission's (FCC) mandate to convert their broadcasting systems from analog to digital technology. This is a very expensive process because broadcasters are compelled to purchase and place in service digital broadcasting equipment, while having to maintain and continue to broadcast using the antiquated analog equipment. To make matters worse, because the broadcasters receive the lion's share of their revenues from advertising, they are required to maintain two sets of equipment that are not supported by an increase in advertising revenue during the transition period. To add insult to injury, without legal intervention, the broadcasters are faced with no sales/use tax or personal property tax relief during transition, resulting in the equivalent of double taxation in most states.

Sales and Use Tax Exemption

The double taxation situation was the last straw for Don Hicks, President and Chief Executive Officer of the Missouri Broadcasters Association (MBA). Hicks' first successful effort to address the double taxation situation was to convince Missouri's legislators to propose a sales and use tax exemption for purchases of new digital broadcasting equipment for both radio and television broadcasters, which was enacted in 1999. This, however, only provided relief for the first half of the double taxation issue at a time when the FCC was more reasonable about the timing of transition. As the FCC's 2007 conversion deadline for television broadcasters neared, Hicks had to determine how to address the double tax issue with respect to property taxes.

Forming a Property Tax Team

Unfortunately, Missouri's county-by-county personal property tax issues were far more complicated and, thus, more difficult to fix than the uniform sales tax issues. At the time, under Missouri law, each of Missouri's 115 county assessors used different depreciation tables and assumptions to annually determine the "true value in money" or the fair market value of personal property under the historical cost method. Given the lack of consistency among the counties, it seemed as if this uniform problem would have to be addressed individually by each of Hicks' 34 television broadcasting members and their respective assessors. To determine whether there was a "centralized" way to combat this issue, Hicks formed a team consisting of a certified public accountant, a state and local tax lawyer and one of Missouri's leading legislative consultants. Their goal was to determine how to resolve the double property tax issue on a uniform statewide basis for all broadcasters.

Attempt to Establish Uniform Regulations

Hicks next pursued obtaining administrative relief directly from the Commission, given that appeals from all 115 local boards of equalization must be filed there. The team devised a negotiating position, now commonly referred to as the "MBA Method," that was designed to eliminate the double tax by permitting broadcasters to "phase in" the assessable value of the digital equipment as they "phased out" the analog equipment. Under the MBA Method, broadcasters would be permitted to use a modified cost method formula to determine the true value in money for both the analog and digital equipment during the transition period from 2004 through 2007. The net result was that the broadcasters would never be paying property taxes on more than or less than "one" set of broadcasting equipment during the transition.

Unfortunately, though, the Commission was unwilling to "force" Missouri's 115 assessors to do anything. The Commission did, however, provide a neutral forum in which Hicks and his team could meet with key assessors to try to discuss the double taxation problem to arrive at an equitable solution.

Legislation to Enact MBA Method

During this rather frustrating and time-consuming process, Hicks decided that, perhaps, the solution was to go back to the Missouri General Assembly, asking them to enact the MBA Method into law. Although Hicks had experienced little difficulty in convinc-
By 2003, Missouri had a Democratic Governor and a Republican-controlled General Assembly, so no legislation, save Missouri’s budget, stood much chance of passage. Even so, Hicks and his team pressed on by drafting the legislation, and convincing powerful legislative sponsors to attach it to compatible bills then pending in the General Assembly.

The team did not count on the bill’s passing but, rather, hoped that the existence of the pending legislation would provide an excellent reason for the assessors to agree on the MBA Method or some reasonable compromise. Accordingly, Hicks’ sponsors attached the amendment to several bills, including one sponsored by the Missouri Department of Revenue (DOR Bill) that was likely to be signed by the Governor. About the time a few of the assessors finally made a less than favorable counter offer to the MBA method, Hicks was able to convince the legislature to adopt the special treatment to broadcasters in the final bill. With HB 461 becoming law, all broadcasters will enjoy both transition and post-transition valuations that reflect the actual useful lives of this equipment. Radio stations will begin using the new tables in 2006.

The tower classification has changed so that all broadcast towers will be treated as personal property for property tax purposes across the state, a change that will trigger a significant reduction in the related property taxes over the life of the towers. While other business equipment does not receive the more favorable treatment until 2007, and then only on newly purchased equipment, all broadcast equipment will be assessed using the new valuation tables as of the effective date. Hicks is optimistic that HB 461 will virtually eliminate the need for all broadcasters to file property tax appeals in the future, and will certainly make compliance with the property tax renditions much easier and, of course, much less taxing.

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Happy days are here again!...Or are they?

After a few years of lackluster activity in radio and TV station trading, there's excitement brewing this year. Substantial groups have been put on the market—Susquehanna in radio and Emmis in TV. What's that going to mean to the mergers and acquisition landscape? We assembled a virtual roundtable of media brokers to discuss the situation.

So, has the M&A market heated up because of the Susquehanna and Emmis announcements?

"There is definitely some interest in these properties, although the stock market is not valuing broadcast companies particularly well during the past year. There are still a lot of concerns with the hype of satellite radio and podcasting. The basics of the radio business are still solid—strong cash flows, great leverage and limited entry into the business," said Larry Patrick of Patrick Communications. "Susquehanna and Emmis may give us some benchmarks for pricing for bigger packages of stations."

"They have definitely fired up the M&A market," agreed George Reed of Media Services Group. "While broadcasting is still in the Wall Street penalty box, there appears to be some growing sentiment that the broadcasting stocks have been battered too much and that maybe the business is a pretty good one after all. At the risk of sounding cynical, as the M&A fees rebound, so will the interest in the sector."

At Kalil & Co., Frank Kalil says there is definitely renewed interest in broadcast deals. "What it's done is, people that are watching Susquehanna and Emmis notice that these people are doing it and they're doing it for one reason and one reason only, that's because pricing is so strong. I mean, Emmis and Susquehanna, neither one of them have to sell and they're doing it because they can get strong prices right now. So with high profile sellers like this, I would imagine other people would be checking their hold cards also," he said. Until now, though, there's been a wide gap between the bid and...
offer. "A lot of buyers are shouting low multiple numbers, but that's nonsense, it's hogwash. That's wishful thinking; it's not getting the job done. The people who are paying the fair prices for these properties are buying them," Kalil said.

Some others, though, are more skeptical. "The Susquehanna and Emmis groups on the market are stimulating conversation, but I don't believe it will stimulate other sellers unless they garner some firm prices," cautioned Brian Cobb of CobbCorp.

Tom Gammon of Americom says all the excitement about Susquehanna and Emmis could end up being a repeat of what we saw in the past couple of years, when some large groups were quietly shopped, but weren't sold because they couldn't get the kind of price they wanted. And with the public radio companies trading at multiples barely into double digits, Wall Street isn't going to look kindly on anyone who goes out and makes a big acquisition in the high teens. "I don't mean to talk down the marketplace, but I do want to give you a factual read of what's going on," Gammon said. "We took a deal to a large equity fund the other day and they ran a 14 exit multiple on a top 25 market pair of FMs. The board of the equity fund made them run it at 11 for four or five years out. That's the average of what they perceived to be the publicly traded exit multiples, four years out. When you run it at an 11 exit for a top 25 market pair of FMs how much do you think you can pay?" he asked, then answered, "Less than you would think. Less than the seller would take is probably a simpler answer," Gammon said.

"So, I like this optimism that it's going to be a floodgate and the marketplace is opening," Gammon said, but he's skeptical. "The marketplace can only open if there is equilibrium between buyers and sellers, but in a downdraft market it's much different than perhaps the real estate market for condos in Florida today." Looking back, he noted, "In an updraft market there is a lot of deal making. Obviously look at the late 90's, everything was going up—radio was growing at a 10-11% every year, radio revenue. Of course, we were adding spots and we had the dot.com money, but we were growing. Now we have sort of the opposite, where the people are having to earn their growth, at great pain I might add in some cases, great effort and the public has decided to value that as it's decided to value it." And he notes that private investors can't raise money to make buys at multiples much above the public companies, because they have to have an exit strategy that involves a sale to a public company a few years out. So, it's still a tough market in his view.

"Can I tell you two things that I think will improve it?" Gammon asked. "Number one, if radio revenue grows at 6, 7 or 8% for three or four months in a row, two things will happen. Trading multiples will go up. Purchase prices will go up and sellers that have been waiting, saying if I get 10% more I'm selling, will sell. In other words, they will have been softened like people that held real estate in the early 90's, they were softened. They were ready to go when people came up with a decent offer. If radio revenue grows you'll see public stocks jump and that will get a rash of deals done, at not the price that people always wanted, but it will get them done at a price that works," he said.

While there's still a gap between sellers' expectations and what buyers are wanting to pay, Kalil says there are still deals getting done. "We do see that there's always one buyer that will come in the same range or approximate range as the seller. The sellers may be a little bit optimistic and the eventually may be a little bit pessimistic but it will be close enough to get a job done in virtually all cases," he said.

According to Patrick, there's already been a pickup. "I have seen a steadily increasing level of station activity for about nine months or so. We are steadily busy. The deals are sometimes a bit more creative in their structure, but there are stations out there for purchase. Building small market clusters still remains a good strategy for

George Reed

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building value as the larger players need and want more bulk. The recent pricing, however, has been substantially softer than one year ago. Low interest rates fuel purchases, but depressed stock prices hurt values," he explained.

"I've been expecting a pickup in activity for four years. I do think this year will be better than the previous couple of years," said Cobb.

"I believe that the second half of this year will be extraordinarily busy, though many of the deals will close in 2006," Reed told us.

The continuing good news is that where there are deals to be done, the climate for broadcast financing is good.

"It's excellent. It's unbelievable," said Kalil. "It's not free, but the prices on money are reasonable and there's a lot of good money and a lot of very knowledgeable lenders out there. One of the things our industry has had to contend with over the years is that the lenders didn't know what our industry was. They didn't know anymore about it than Wall Street and Wall Street still doesn't know enough about it. But the lenders are getting very, very sophisticated and they understand the business, so there's plenty of money out there."

"Private market capital is plentiful, both debt and equity. With multiples on the public companies so low though, it is tough for the public companies to do accretive deals," said Reed.

"There is plenty of financing for deals in the $15 million plus range. The larger the deal, the easier it is to finance," said Patrick. "Small deals, particularly those under $5-7 million are very difficult to finance. Few lenders work this area and the pricing is a bit more than for the larger deals."

"Financing is still difficult for small deals, but there is plenty of equity and debt funds available for larger transactions," agreed Cobb.

So, who's the most active in this environment, the public companies or private ones?

"Who's the most active might be better phrased 'Who's the least inactive?',' joked Cobb. "Private entities seem to be more proactive as buyers, while public companies are causing the most stir among possible sellers."

"Right now, the private buyers have the inside track. When public companies are selling at 11-12 times rather than 16-17 times a year ago, the private companies now have an advantage. Creative financing can also make the deals happen," said Patrick.

"They're going to be private buyers to the extent that there is so much money sitting on the sidelines and so many good operators who want to do things, so there will be a lot of private activity. As far as the public buyers go, I'm not sure they can do anything to drive their prices any lower than they are right now. I'm sure now with Sarbanes Oxley that 80% of these public companies would take themselves private right now if they could, there's just no easy way to do it," said Kalil.

"The private companies still have the 'edge,' but the public companies are all looking and talking," said Reed.
Despite rumors of a boom in station trading at every turn, activity has thus far kept to the niche, fringe and small market markets. However, the stove seems to have a few pots simmering which may be getting closer to boiling over.

The surest thing would appear to be the sell-off of the Emmis television station portfolio. The company has made no secret that the stations are on the block. According to the Indianapolis Star, Emmis may be able to put a cool billion of those sturdy rectangular green notes with the engraving of George Washington into the bank, and Emmis itself thinks it can get more than that.

The group includes 16 stations in 14 markets. There are duopolies in Mobile Fr-Pensacola FL and Honolulu HI, along with single station operations in Tucson AZ, Ft. Myers-Naples FL, Orlando FL, Terre Haute IN, Topeka KS, Wichita Hutchinson KS, New Orleans LA, Albuquerque-Santa Fe NM, Portland OR, Charleston-Huntington WV and Green Bay-Appleton WI.

On the radio side, talk of the imminent sale of Susquehanna has been rampant for months now. The more recent news concerns the sheathing of the daggers over at Walt Disney/ABC. The fact that intramural hostilities have ceased has led to speculation that management will be able to focus on actual business issues, and one of the hottest topics has been the sale of the radio side of the business.

Such talk was intensified by a possible scheme detailed recently by the Wall Street Journal. WSJ thinks a reverse Morris trust may be in the works. It would involve putting debt into the 71 O&O/4,500 affiliate strong radio group to extract cash, followed by a merger with another radio company in which Disney investors would retain 50% of more of the new company's total equity.

To make the scenario work, the M&A partner would have to be A) worth just about the same as the Disney radio assets; and B) willing to share a bed with Disney. We don't know how many companies are ready and willing to sign on to the Category B requirement, but WSJ was very clear on the short list of companies that fit into Category A. They include Cox, Citadel, Entercom and...drum roll please...the aforementioned, soon-to-be-flush-with-cash Emmis.

Is Emmis interested? According to the Star, Emmis' Jeff Smulyan said, "Sure, we're talking to Disney. We've been talking to them for the better part of 10 years."

On what we consider to be the fringe of the rumor market is the wedding of terrestrial Disney/ABC with the space-delivered offerings of Sirius Satellite Radio. Despite the presence of radio-rooted Mel Karmazin at the helm of Sirius, there are just too many problems with this scenario to give it much credence.

Finally, there is the reality that the ABC radio group is outperforming the radio industry. If it's making a positive contribution to Disney's bottom line, maybe they'll simply hang on to it.
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