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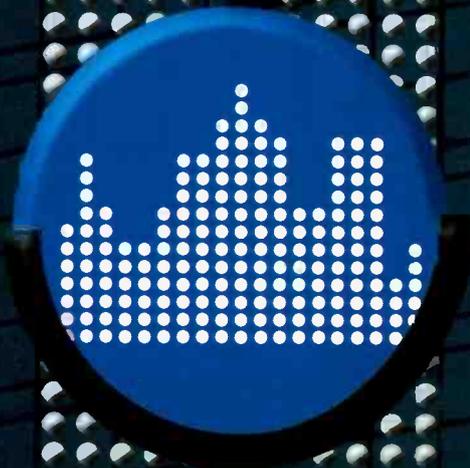
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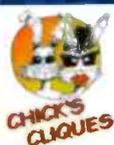
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8 One on One The king of Hispanic media

Univision CEO Joe Uva was recently on the other side of the desk, running OMD in the Americas. Now he's in charge of Univision—making some changes and driving the business forward. He shares some great insights on how buyers and sellers can better collaborate for more effective campaigns.

Cover art (top to bottom): Joe Uva, Univision CEO; Amador Bustos, Bustos Media CEO; Halim Trujillo, Director of Multicultural Planning for MindShare North America and Tim Spengler; Chief Activation Officer, Initiative North America



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For Bustos Media founder Amador Bustos, the second time is the charm

Supreme Court loosens restrictions on radio and television ads

By Larry Norton and Jim Kahl

On June 25, 2007, the U.S. Supreme Court removed barriers on ads financed by corporations and labor groups that mention a federal candidate and are run in the days before an election. (Federal Election Commission v. Wisconsin Right to Life). In sweeping aside the rules of the road that it approved just three-and-a-half years ago, the decision is expected to unleash millions of dollars in corporate- and labor- sponsored advertisements in the run-up to federal elections.

The Wisconsin Right to Life case involved a challenge to a key part of the 2002 McCain-Feingold law — the “electioneering communications” provision — which banned corporations and unions from using general treasury funds to pay for ads on television, radio, or satellite that mention a federal candidate and that are run shortly before an election (30 days before a primary; 60 days before a general election). Under McCain-Feingold, such ads can be financed only through a political action committee (PAC) funded by the voluntary donations of corporate officers, directors, and shareholders.

In a 5-4 ruling, the Supreme Court effectively ended the 30 and 60 day blackout periods. Chief Justice **Roberts**, writing for the majority, said, “we give the benefit of the doubt to speech, not censorship.” The majority of the Court concluded that so long as an ad may be reasonably interpreted as something other than an appeal to vote for or against a specific candidate, it is constitutionally protected from regulation.

For corporations, trade associations, and unions, the focus now shifts away from blackout periods and the mode of communication to whether a proposed ad contains, in the words of the Court, “express advocacy” or its “functional equivalent.” Inevitably, there will be questions over whether specific ads can only be interpreted as an appeal to vote for or against a specific candidate. The Court’s decision will also revive a longstanding debate at the FEC and in the courts over the limits of “express advocacy.”

With that caution in mind, however, the Supreme Court decision leaves ample room for well-crafted ads aimed at influencing legislative and executive action. Advocacy groups, trade associations, and other businesses and labor organizations can be expected to flood radio and television during the former blackout periods — exactly those times when the public is paying greater attention and officials are most susceptible to persuasion. Notable for broadcasters, these ads would not be subject to Section 315 of the Communications Act and its provisions for Unit Charge.

Larry Norton and **Jim Kahl** are attorneys in the Political Law Practice of Womble Carlyle Sandridge & Rice, PLLC, in Washington, D.C. Norton and Kahl served as General Counsel and Deputy General Counsel, respectively, of the Federal Election Commission, spanning the period from September 2001 to March 2007.

Wild political season shaping up

The Supreme Court’s decision that rolls out the red carpet for down-to-the-wire issue advertising adding pressure to a jam-packed and front-loaded primary election season, with the potential to put enormous pressure on inventory, possibly squeezing out traditional advertisers and sending rates sky-high. And that’s before we learn about Michael Bloomberg’s plans. The New York Post mentioned the oft-cited figure of \$500M. That’s how much of his personal fortune which the newly-minted political independent (after stints in both major parties) is willing to spend out of his own pocket on a run for the White House. It further speculates that as much as \$300M of that may go straight to television. The pressure may be so great, and so many states may be put into play by the pressure of his candidacy on both parties, that what was once a battleground-oriented national spot advertising approach may spill more and more into the national network category. As for the issue ads part of the equation, both the advertisers and the regulators are in the early stages of digesting just what the Supreme ruling means. Corporations and unions both have issue axes to grind in the media. They’re trying to figure out just what they’ll be able to do and what may still be prohibited. If it’s any consolation, over at the FEC, they’re going through the same process from the opposite side — just how are they supposed to enforce whatever it is that the Supreme Court just unleashed? ■

The outlook darkens...again

2007 has never looked like a great revenue year for either radio or TV—and it’s not getting any better. Wachovia analyst **Marci Ryvicker** has lowered her ad revenue estimates for broadcasting, both radio and television.

As Q2 reports come in, she now expects radio revenues to be flat with a year ago, down from her previous forecast of up 1%, citing weakness in May and June. However, she is sticking with her call for all of 2007—flat.

As for TV, Ryvicker sees continuing softness in auto negating the stronger than expected upfront and early political spending. She looks for 2007 to finish down 2%, rather than her previous estimate of down 1.5%, and she lowered estimates for most of the TV companies she covers for Q2. In calculating her overall TV figure for the year, Ryvicker said expects local spot to be down 3%, national spot 6%, and syndication 2%. On the up side, she expects network TV revenues to gain 3% and for Internet revenues at TV companies to jump 55%. ■

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Spanish Radio musical chairs

Call it a high-stakes game of musical chairs among major market Spanish language radio personalities as the past few years have been marked with highly-rated radio hosts switching stations at a rapid pace and adding to their on-air market lists. The start was clear – **Renan Coello Almendares**, a top Los Angeles radio personality, was shifted by Univision Radio from morning drive time to an afternoon spot. **Eddie “Piolin” Sotelo** took his place in AM drive which gave Renan a reason to jump ship to Spanish Broadcasting System (SBS) in LA. The drama ensued at SBS – when its leading New York market talent **Luis Jimenez** and the team of **Enrique Santos** and **Joe Ferrero** in Miami were recently hired away by Univision Radio.

The bottom line was clear, the talent all moved onwards and upwards to multi-year and multi-million dollar contracts. So what can be so different about Hispanic radio companies bidding for the best possible talent at high prices when compared to the general market? What challenges do Spanish radio companies face when talent is swept away from one company to perform for another – sometimes in a different market?

The first obstacle is the unique trait of the Hispanic market which is heterogeneous in nature. The US general market is homogenous and caters to a common culture while Hispanic radio serves audiences from different countries and cultures often delineated by geography in the US. What a Mexican listener in the west may find funny, a Cuban listener in the east may find offensive or bland.

Hispanic radio personalities such as Renan, Piolin, Jimenez and the team of Santos and Ferrero conquered the challenge by appealing to specific single markets. They all used their enormous talent to pinpoint listeners’ taste in a certain market. Recognizing their skills as talent that could be used to gain greater audiences, competitors have lured them with large contracts and promises of multi-market and syndication to cut down operating costs with multi-market amortization. Here’s the difference – while someone like **Howard Stern** has proven he can play well across the country, Spanish language personalities have to date solidified their fame and audiences on local radio.

Spanish radio faces another challenge, in that due to the size and newness of the market the talent pool is limited. Its listeners who are relatively new to the United States depend on local radio for information and entertainment to a greater degree than their general market counterparts. Hence, Hispanic radio’s historical longer time spent listening patterns. Radio personalities super serve an immigrant’s need both to reminisce about their homeland and to acclimate to their new home and that is one way that Hispanic radio talent has successfully found a way to capture listeners. Plucking them from focus on a single market and moving them into syndication, can often take away the hyper-local appeal.

One unique challenge is in moving Spanish talent coast to coast. The pool of radio personalities is as varied as its audience. US Hispanic immigrant listeners can be split up into two major groups – those of Mexican/Central American descent and those Caribbean origins. This creates not only an East-West divide but even differences within the East and the West.

Mexican origin audiences are very different than listeners in Texas. Most Hispanics in Texas have been acculturated over two or three generations. They prefer to speak English and yet enjoy “Tejano” artists and music which has the “Norteño” sound and leans towards general market Country music. However, in Los Angeles and other parts of the West, listeners have a preference to speak Spanish and enjoy “Banda” music. East Coast listeners are mainly of Caribbean origin. New York’s listeners are mainly from Puerto Rico and the Dominican Republic and Miami is primarily Cuban, with a growing mix of listeners of Central

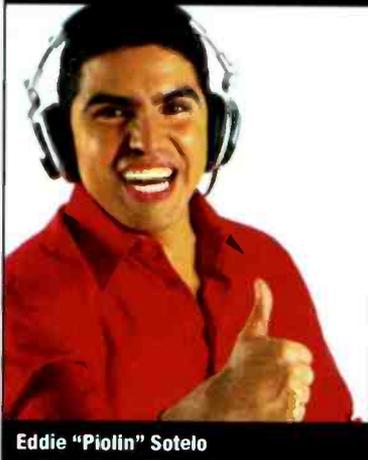
and South American descent.

Good radio must reflect its listener’s tastes, preferences and the peculiarities. A number of cases in point:

- Renan Coello Almendares and his Central American roots helped him gain popularity on the AM airwaves in Los Angeles. The Honduran native resonated with LA listeners in his days at Univision’s KSCA-FM. He’s now with SBS and is syndicated via ABC Radio Networks. He’s known for interacting with listeners regularly.



Luis Jimenez



Eddie “Piolin” Sotelo

- Mexican-born Eddie “Piolin” Sotelo gained fame when he added a “prank call” segment to his Los Angeles morning show on KSCA-FM. Univision has syndicated his show in other markets.

- Luis Jimenez, born in Puerto Rico, launched his radio career in Orlando before moving to New York’s airwaves in 1994. Luis added spicy segments common to Puerto Rico radio with a touch of New York style before being syndicated in 2004.

- Chicago native Enrique Santos, born to Cuban parents, went from a law enforcement career to hosting morning radio in Miami. He and on-air partner, Joe Ferrero (also of Cuban descent), brought in high ratings at SBS’s WXDJ-FM by focusing on the Miami market’s tastes and peculiarities.

Interestingly, SBS has branded and owns the rights to the name of their morning shows in New York, Miami and Chicago known as “El Vacion de la Mañana” (The Morning Jam) allowing it to more easily weather changes in on-air personalities.

Other top Hispanic radio personalities include **Raul Bryndis** (Texas) also syndicated to other secondary markets, **El Pistolero** (Chicago), **Frankie J & Juan Carlos** (New York) syndicated to Miami and Puerto Rico, **El Gangster & Funky Joe** (Puerto Rico) **Pedro Biaggi** and **JR**, who do mornings and afternoons, respectively in Washington, DC.

A truly talented Spanish radio personality recognizes the need to adapt to a market. He or she realizes that a successful move from Miami to New York lies in the ability to cater to a different Caribbean origin listener base. It may not be as easy if that same talent hosted a show in Los Angeles. While Spanish is a common language, accents and common phrases and more importantly humor and to an extent outlook on life differ from coast to coast. A shift from West Coast Hispanic radio to East Coast airwaves could prove to be just as difficult.

Hence, as Spanish language radio personalities are negotiating multi-market contracts their effectiveness may dwindle due to cultural reasons. As management of Spanish language radio companies try to gain audience shares in general and from each other they have bid high prices and have offered multi-market and syndication deals for personalities in the small world of Hispanic radio.

The Howard Stern effect of success remains to be seen in the US Hispanic market and its heterogeneous composition. A truly breakthrough Spanish personality would need the cognitive bandwidth and ability to present him or herself in such a way as to appeal to the multicultural Spanish audiences in the USA. It has happened in Spanish language television with Sabado Gigante’s **Don Francisco**, **Cristina Saralegui** and others. But, radio and television are worlds apart when it comes to programming strategy, both in the general market and in the Hispanic market. Nevertheless, the game of musical chairs in Hispanic radio still appears to have a few empty seats. ■

Julio Rumbaut is CEO of Miami based media brokerage and consulting firm Rumbaut & Company. He can be reached at 305-868-0000 or julio@rumbaut.com.

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One on One

Joe Uva

Univision CEO

By Carl Marcucci

Broadcasting Media Partners (the investor group including Madison Dearborn Partners, Providence Equity Partners, Texas Pacific Group, Thomas H. Lee Partners, and Saban Capital Group), not long after the completion of their buy of Univision Communications, named Joe Uva CEO of the leading Spanish-language media company in the U.S. on April 1, 2007.

Uva, previously President and CEO of OMD Worldwide, led the growth of OMD into the #2-ranked global media strategy and buying agency with over 100 offices in over 80 countries. While at OMD he structured the industry's first billion-dollar cross-media buying contract and attracted a stable of new clients while solidifying a global network and working to establish best practices around the world.

After being on the job nearly four months, we asked about his role and impact at Univision and about the Hispanic media marketplace in general.

Q. What are the top three trends you can say are important right now in the Hispanic media marketplace vs. general market? What should advertisers be aware of?"

The current trends in the Hispanic media market center around the fact that young adult Hispanics continue to demonstrate preference for Spanish-language broadcast media vs. English-language as evidenced by the continued growth of viewing to Univision and TeleFutura by 18-34 year olds. These consumers are not necessarily monolingual Spanish speakers, yet their media consumption indicates a growing preference for Spanish language content, not just in television, but in radio and online as well. A follow on trend is that these consumers feel that advertisers who speak to them in their native tongue respect them and empower them, which leads to these highly desirable consumers being more positively disposed to marketers who take the time to address them in environments they trust and enjoy. In turn, this leads to more sales for advertisers. In fact, in a media habits study conducted by Simmons earlier this year, viewers to Univision were 3-4 times more likely to make a purchase based on the advertising they viewed than those consumers who watch ABC, CBS, CW, FOX or NBC.

Q. How will you educate general market agencies about the uniqueness of the Hispanic market? Hispanics aren't just Hispanics—they come from different cultural backgrounds and consume products and media quite differently.

The most significant difference is between Hispanics and Anglos in the way they engage in media. Hispanic media consumption is reflective of their cultural values based in the importance of family, a strong spiritual belief system, hard work and trust. They are extremely passionate about life and everything they do is a manifestation of that passion, including media consumption. This makes Hispanics more connected to the media they watch and listen to than their non-Hispanic counterparts. This is a message that we will continue to deliver to advertisers and their agencies especially as it relates to Univision, which has the strongest emotional connection with its audience of all television networks.

Q. Tell us about the opportunity Univision presented and why you took it.

I was contacted about the Univision opportunity in August of last year and throughout the Fall and early winter I spent time with the new ownership group getting to know them, understanding their goals and objectives, learning about the challenges and opportunities that faced the company and developing an understanding of the organization so that I could determine what impact could be made and in what time frame. I accepted the position because the new owners are the best and brightest of the private equity world and are aligned on where they want to take the company, and because in the process of doing my homework I discovered this intensely passionate one-to-one connection that Univision's audiences have with our networks. ▶▶

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Q. What are the most important things you've learned while running OMD and being on the media agency side of the desk?

The most important things I learned at OMD that are helping me here have to do with changing a company's culture and better understanding consumers so that you can help advertisers sell more goods and services.

Changing an organization's culture requires understanding how the culture you are going change came to be, listening to and respecting the thoughts and opinions of all employee groups, setting a clear vision, developing a strategy and action plan to achieve the vision, articulating it to the leaders of the organization and empowering them to implement it. Finally, you need to get out of the way and let people do their jobs but be there to support them as needed and continuously measure their performance against the goals set and celebrate their achievements.

Helping marketers sell more and build stronger connections to their consumers is fundamental. Investing the appropriate resources in capabilities that will provide actionable insight to allow you to develop better opportunities for advertisers is necessary in today's environment and that is what we will do at Univision.

Q. What are the top things you'd like to change or effect change upon in the media and advertising industries?

I believe that closer collaboration and sharing of information among advertisers, agencies and the media would truly unlock greater potential for marketers. If advertisers and agencies are willing to share the same proprietary information that they share with each other with the media, the media can and will be able to better address short and long term needs by developing more robust and measurable programs in partnership with advertisers. I'd like to see more openness.

The other thing I would like to change is the allocation of media spends to align better with the population. In this case I am talking about having marketers spend the appropriate dollars against the fastest growing segment of the U.S. population - Hispanics.

Q. What are your plans for Univision.com? What have you learned about the site's behavioral targeting capability?

We will continue to invest in enhanced functionality and new original content for Univision.com. We just launched our social networking platform, our first mini-novela on the site in partner-

ship with Unilever and in early September we will be launching our user generated video content functionality. I am a big believer in behavioral targeting and we are still learning about its potential for us.

Q. Tell us about how the Hispanic television upfront has evolved over the years. How important is it now and how much does Univision participate?

The Spanish-language upfront has been around for several years and was really created and driven by Univision. It is a vitally important part of our business because as in the English-language market, it is the time of the year when will take in the most rev-



enue. However, now that Univision, TeleFutura and Galavisión are and will be rated alongside the English-language broadcast and cable networks on an NTI basis and because Univision regularly out-delivers at least two of those broadcast networks in any given week against key demos, I believe there should be only one upfront and that we should be considered and purchased at the same time as ABC, CBS, FOX, NBC and The CW. Hopefully this will happen during next year's market. This year the Spanish-language upfront is progressing and all indications are that both volume and price will be up. ■

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Brand integration in Spanish language TV

Last March, Telemundo debuted a new prime time telenovela called *Dame Chocolate*. Loyal viewers will recall the trials and tribulations of Rosita and Bruce...star-crossed lovers in search of true love and a chocolate recipe ordained by the gods. Hispanic marketers will remember this particular drama as the first telenovela that organically incorporated brands such as Clorox, IKEA, Washington Mutual and Wal-Mart into its story.

For many years, Spanish language television has placed products and brands into specific programming vehicles. Univision's *Sábado Gigante* set the standard, with Don Francisco pitching many consumer goods and services over the life of his popular variety show.

Telemundo's *Dame Chocolate* pioneered branded content in Spanish language telenovelas, where brands are organically woven either as part of the storyline or as a backdrop to a scene.

This year's Hispanic media upfront presentations confirmed that branded content is now a viable vehicle for Hispanic marketers. Market leader Univision just launched an online novela in which the main character is a spokesperson for *Caress*, and a locally-produced Spanish language version of *Desperate Housewives*, that is being marketed as one of their prime vehicles for brand integration. Additionally, the network recently aired *Nuestra Belleza Latina*, a reality TV show which leveraged the popularity of beauty pageants with branded challenges from marketers such as Ford, JC Penney and L'Oreal.

Telemundo as well continues to open doors for advertisers to organically integrate brands into their US produced novelas and reality storylines. The media giant also is developing the concept of commercial-free broadcasts with a drama titled "Idolos de Juventud" ("Youth Idols") in which brand exposure will come from product integration, web content and mobile marketing efforts and not from traditional advertising pods.

While branded content is not a substitute for "traditional" media as the primary vehicle by which to build brand awareness and preference, for those brands that have money, resources and the right attitude to test new uncharted vehicles, there is a brand new world of opportunities available to engage Hispanic consumers.

Hispanic marketing is no longer about translating thirty-second television spots into Spanish. Just like the general population, effective Hispanic campaigns need to leverage, not only the most relevant consumer insights, but also the right channel apertures that will drive the most relevant connections. To optimize branded content opportunities in Spanish-language vehicles, or to engage Latinos in any marketing effort, takes an intimate knowledge of the Hispanic consumer and their programming and lifestyle preferences.

Advertisers are best served by specialized Hispanic advertising agencies and media planning teams that can work with the networks on content development strategies.

Hispanic-branded content opportunities have lagged general market media efforts but are now poised to explode in Spanish language media vehicles. The growing importance of the US Hispanic viewer base combined with the need to develop relevant content that draws ratings has led the

Hispanic networks to produce more US-based programming instead of relying solely on international imports.

Many research studies confirm the importance Latino consumers place on word-of-mouth and celebrity endorsements. It is the general belief that Latinos welcome marketing messages as validation for their need for information and desire to feel that corporate America takes their buying power seriously. This explains why traditional product integration opportunities such as *Sábado Gigante* as well as other on-air talent product mentions will remain viable enhancements to Hispanic communication plans.

As consumers begin to expect new levels of brand engagement, we need to remain committed to finding new ways to surprise and delight consumers with our brand message. Reality-type programs will continue to provide interesting and innovative integration opportunities and the future of branded content in telenovelas looks promising. However, key issues need to be addressed by programmers, marketers and their agencies to ensure organic integration, but as important, seamless execution.

Candidness and communication between the marketer and the writers/producers of the program are critical to ensure the needs of both parties are met. Finding alignment on the varying degrees of brand integration within a scene and valuation of those opportunities accordingly is essential. It takes a different set of resources and effort to build a brand into the storyline than it does to place a product into the background of a scene. Moreover, production teams are not as familiar with the nuances of a brand which can be crucial to the marketer, so brand immersion is important. The marketer also needs to understand the writing and production processes, and be willing to be flexible.

TV production moves fast; sometimes they are shooting two-to-three days before air, so prompt communication and decisions are critical.

Currently, writers, producers and actors in telenovelas have little incentive to integrate brands and products. Talent contracts often contain restrictions around interaction with, and implied endorsement of, products which can present challenges. Similarly, writers and producers can see brand integration as an obstacle to storytelling instead of an opportunity to reflect real life in their novelas. Although real life is packed with the brands and products we use everyday, writers and producers may still need more encouragement to embrace this shift in mindset and focus.

Finding a great content match for your brand can be complicated but as marketers and networks begin to partner to co-develop content, better organic integration, particularly at the storyline level, will result. ■



Larissa Acosta

Larissa Acosta and Sarah Oitzinger work for Dieste Harmel & Partners, a full service Hispanic advertising agency. Both are involved in the development of the Dame Chocolate integration effort on behalf of The Clorox Company. Larissa is the chairman of the education committee for the Association of Hispanic Advertising Agencies.

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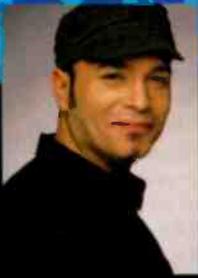


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Tim Spengler: Chief Activation Officer, Initiative North America

Tim leads Initiative's North American channel activation efforts and oversees the unification of all buying departments including national broadcast, local broadcast, print and online. Tim also heads the agency's Implementation Council, which includes top activation execs in traditional, digital and emerging media. He was previously EVP/Director of National Broadcast. In addition to playing a lead role in upfront negotiations, he's a member of the advisory council of Interpublic's MAGNA Global.

Spengler joined Initiative in 1993. Under his direction, the company has developed a number of breakthrough media executions for clients, including AOL's groundbreaking "Running Man" activation; The Home Depot's exclusive marketing agreement with "Trading Spaces" on TLC.

Tim is also one of the industry's leading spokespeople. He acts as Initiative's voice on broadcast media issues and is frequently called upon by industry trade, business and consumer press to share the company's insights and viewpoints. Prior to joining Initiative, Tim worked in NYC for Lowe and Partners and NW Ayer. Tim spoke to SmartMedia about the television upfront, this year's negotiations and a bit about the industry.

How would you describe this year's upfront market compared to years past or even just last year's?

I think it was more complicated and more dynamic. There were a lot of new issues to tackle and there was a little bit more shrink in the supply side of the market. The currency that we were using to pay for the time changed, for the first time ever." [using commercial minute ratings and Live +3]

How did that transition go so smoothly?

That's a good question. I think everybody on the TV side of the business realized that the medium needs to evolve. It needs to evolve as people view television differently and also as other media platforms like the Internet bring other metrics to the table. So I think both of those things were big influences on the industry coming together - buyers, sellers and clients — with a reasonably good consensus.

Do you think there was almost an unspoken balance to jump into these ratings because the buyers want commercial minute ratings and the sellers really want to have viewing measured past live as part of the equation?

I've read that and I'm not sure that was the conscious give and take. I think it was more that these are the realities of either what's available on other platforms and/or what's going on with the television viewing dynamic today.

How do the ever-decreasing ratings in television affect inventory and pricing each upfront, as fragmentation and the move to digital keeps increasing? What are the economics there, and specifically, in this upfront?

The television business is changing and it is not as easy to make a buck as it used to be. Certainly the networks have to be looking for and embracing new models — and that is the result of, quite frankly, people watching less of the big five. There are three components to any marketplace: demand, supply and psychology. When one of those core components gets altered, it does have a great effect. This year saw price increases as the demand outstripped supply. If the declining ratings were driving advertisers out of the medium then the loss of supply would have less of an effect. But, given what's been reserved by advertisers for next year, it looks like spending will be fairly constant to up-a-bit.

Now this year's broadcast upfront — would you call it faster than predicted, faster than usual?

Now this year's broadcast upfront — would you call it faster than predicted, faster than usual?

There are two components of speed. One: How quickly after the presentations does the marketplace move? Two: Once the marketplace breaks, how quickly does it end?

With regards to the first point, it did not move quickly. I've been through many marketplaces, which break the next week. This one took a few weeks to come to fruition.

To the second point, there are fewer big conglomerates controlling the spend. So the big guys make a few moves and it's all but done. I think the consolidation on the buy side moves things quickly, not because there was a panic, but because there are only a few moves that need to be made before the market is more than half done.

There is also jockeying between the various buying conglomerates to either move before one or after another. That plays into it too, but with fewer of those calling the shots, it ends up moving pretty quickly.

So when GroupM's Rino Scanzoni decided to move it seemed like others were following them.

Rino made the first big deal [NBC] but he didn't make the first deal with all the networks. Everyone figured he would do the first deal because he had the most money. He didn't go to NBC first, as you probably know. He went to each of the other three networks first, but they walked away late at night a couple times.

Then he went to NBC. After the NBC deal, more deals weren't done the next day or the day after. There was no rush to the market. It didn't happen as quickly as, "Oh my God there's one deal done, now everything is going to happen." Three or four days went by, then the next few deals happened. There were networks where we went before [Group M] did, strategically.

Sometimes we try to set up the lowest number first and work off that. Sometimes that's the strategy—what's going to be the lowest number in this competitive set? You can do the same thing on syndication, cable and sports, whenever you're in a competitive set. Sometimes you go with the lowest number first and then you try to hold everyone as close to that as you can. Sometimes you do the big deal with the big player first. So Rino did the first deal, but he didn't necessarily do the first deal on the other networks. The rest of the market evolved and then it ultimately broke a few days later. After that, things took only a few days. ▶▶

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What about the cable and syndication upfronts this time around? What are the biggest issues there?

In both cases the demand for inventory was flat or up which was different than the past few upfronts. Syndication was very orderly. There continues to be the have and have-not programs and the money was similar to last year—which stopped the trend of the last few years where demand decreased each year. This stability is partly attributed to the fact that Pharmaceuticals, a key category for syndication, came to the table with more money this upfront than last.

The difference between program ratings and commercial ratings is minimal in most cases which helps explain why the deals happened more quickly and there wasn't a bad taste in anyone's mouth when they were over.

On the cable side there is a much greater disparity between program ratings and commercial ratings. We are in the middle of those deals and still figuring out on how to value certain network networks based on their ability to hold audiences through the commercial breaks. Demand was up and some of the networks even pushed away money—which is definitely a sign of strength.



Tim Spengler

What about program integration deals—you're known for striking some of the biggest and most well-known. What's the science there and were they more active this year than last?

My point of view has always been that it's more than just the 30-second spot that's of value. Media can be used as a marketing tool, so it's worth it to take bigger positions to break through, even if you have to pay for it. What's good is worth paying for. Sometimes it takes more work, but it's oftentimes worth it.

The networks are running a business and they're certainly under pressure to create new revenue streams, particularly in weaker markets. But because this market was reasonably healthy, you're going to see fewer program integrations in prime time than last year.

It seems like when you do program integration deals you're throwing the dice because you could have a series that you've done a few good program integration deals on and you've spent a lot of money, your client is all excited and the ratings tank and it gets canceled before the season is done. What happens to money that's been spent?

When you enter deals with media companies, they look at those kind of deals as a partnership and they really are interested in the long term value of that partnership. The advertiser commits the money upfront but a lot of the risk gets taken out of play by the long-term nature of the deal. I rarely find examples where a network just washes their hands of it and says "Sorry, you lost."

The bigger the deal, the greater the partnership, the more they are concerned with the advertiser getting what they want. Sometimes that even translates to, "Hey, I know we delivered on this deal but you guys were such a big part of it, and we ended up having a few unsold spots. Here's some extra time."

So I find [media companies] even looking to over deliver. Not that necessarily at 2:00 in the morning you feel like it's a partnership deal that's going down—you don't—but with regards to specific clients and specific big partnership deals, the networks have an eye toward the long term nature of that relationship and look to take care of the advertisers.

How about digital deals paired with the traditional upfront? How active this upfront and why?

Not a lot more from my perspective. There is definitely some money—and

there will definitely be more money—put into these extensions throughout the year. It's just very hard as you're getting that elephant through the door—moving multiple clients, multiple day parts into one deal. It's hard to get as intricate as a lot of the extensions require in a conglomerate deal. So there is definitely money put aside as a placeholder. A lot of the details are going to be worked out this summer, and that's what we're doing.

How could you sum up the lineup of new programs for the fall? Any really getting your attention this time around?

No great headlines for the new season. I didn't necessarily see any breakout hits. I guess my overall predictions would be the ratings falling a bit again next year in prime time. There seems to be a move towards more Sci-Fi/Fantasy and another is this notion of "traveling in packs," whether they are female packs or male packs. The Cashmere Mafia, Lipstick Jungle shows, you've got a couple guy shows. That ensemble pack kind of genre.

Do you foresee more buying activity associated with digital/web extensions of TV programming—streaming the program over mobile devices, etc.?

There may be a little bit more money, but not a ton because those things are intricate and they really need to be fleshed out. That runs contrary to a conglomerate multi-client, multi-daypart network deal. I don't understand how you could pull that off—multi-client—in the middle of an upfront deal. But there is more and more value to it. Agencies like ours are creating an expertise in the area, people who are what we call "amphibious" – amphibious media professionals are equally adept at both the digital side and the analog side of media, and understand how to use that expertise to work in both environments.

What are the top things you'd like to see change in the media and advertising industries?

What strikes me odd is the media business is at the forefront of so much change, yet the whole [structure] is about the change. We see the media business changing more in the next five years than it has in the last 35—the digitization of media is going to throw the whole thing open. Clients and agencies will be approaching media channels that were traditionally analog in a way that now integrates the Internet – campaign management, optimization, third party ad serving, all of those terms which are now old hat to the Internet are going to be exploited. The two-way nature of delivery is going to change.

What can traditional media—radio and television—do to get greater consideration for planning and buying?

Give us more information about consumers than we've ever had before and be there at the point of closing a sale—it's too important an aspect of the media mix to be ignored. Twenty years ago you didn't have that, so it was all about awareness-building media. Now you've got something right there at the mouth of the sale. So the traditional media is part of the mix, but is never going to control it fully again, because the Internet is just too important now and too valuable. You have to work in concert. Traditional media is evolving their offerings to be more relevant, to give advertisers more of what they want. I don't think they're going to control it like they did 25-years ago because the landscape has completely changed. There are other opportunities. ■

Monetizing text messaging for radio

The traditional advertising revenue streams that radio and television have relied on in the past are clearly eroding thanks largely to the proliferation of emerging news and entertainment sources and consumers' desire to feel some control over their media consumption. The BIA Financial Network reports that in 2006, the radio sector's revenues grew less than one percent for the second consecutive year. At the same time, Jacobs Media reports that more than 44 percent of cell phone owners now text message at least once a week—a 25 percent increase over last year's figure. And advertisers are expected to double spending on text messaging, from \$1.4 billion last year to \$2.9 billion by 2011, according to Jupiter Research projections.

Faced with these facts, broadcasters must find tools that fit with their business while also responding to a rapidly transforming advertising landscape. Amidst this uncertainty, interactive, mobile text-based marketing is emerging as a major and largely unexploited channel to help broadcasters grow their share of the sector's revenue.

This isn't about shifting gears and selling something totally different. It's about taking traditional ads and introducing a mobile element, giving the audience a way to retrieve more information or a special offer about a product or service being advertised. You want to be where your consumers live—and today, that's undeniably their mobile devices. In the instance of radio, this new approach is a natural marriage of the two most personal media forms: radio and the mobile phone.

Blazing new trails

I co-founded HipCricket, a mobile marketing company focused on media companies and brands, after more than 30 years in the radio industry. I have experienced firsthand the challenges of driving revenue growth. That's why our service is user-friendly, with full client and customer support and education. Showing how to integrate mobile phones as a marketing channel and making that investment work for our clients is our primary goal. And by doing this, we're helping drive revenue and increase listenership, viewership, as well as loyalty, by tapping into the behaviors and interests of 136 million people who use text messaging on a regular basis.

Our client development team is experienced broadcast marketers with the knowledge to connect directly to their targeted audience via mobile phones. They can make every mobile advertisement and promotion interactive, and turn it around in 48 hours or less.

How we do it

Everything we do is based on the mobile phone. It allows both radio and TV broadcasters to engage with their audiences and for

brands to broaden their relationships with consumers.

SMS, or short message service, text messages present tremendous advantages in ease of use, immediacy, and integration with existing advertising schemes. For example, if you hear a commercial with a call-to-action in it, you can react immediately, responding with a key word or some other code. We create and maintain any kind of mobile phone-based marketing, creating measurable, real-time one-to-one relationships between advertisers and their consumers and prospects.

We are distinguished by our client customer support. We provide very hands-on support and training for all of our clients, each of which has an account director to whom they have 24/7 access. Radio and TV marketing are far more intense than brand work, and our system is optimized for each of the client's departments. We work with the programming side; create interactive elements for programming invitation, viewing or listening; and create the capability to provide news, weather and traffic reports.

Reaping the rewards

We work with Clear Channel, NBC, Bonneville Broadcasting, ESPN, ABC, Cumulus Broadcasting, Katz Media, Post-Newsweek TV and Sinclair Broadcasting. In July, we announced new, exclusive partnerships with six broadcast radio groups that have chosen our interactive solutions to boost their revenue: Hubbard Radio, Triad Broadcasting Company, Perry Broadcasting, Inc., Press Communications and Sandusky Radio Seattle. These broadcast companies add to our more than 100 clients in the U.S. But just how are some of the world's top broadcasters and brands taking advantage of this opportunity? Consider the following:

- At a radio station in a top-50 market, one promotional campaign generated 99,800 text messages in 3 weeks. That's nearly 100,000 listeners engaging directly with the station.
- One major-market sports station has experienced a 61% response rate for text alerts and information – four times the response rate of the station's traditional marketing campaigns.
- At a top-10 market adult contemporary station, text add-ons have added an average of \$50,000 per month in new Non Traditional Revenue (NTR).
- An Ohio station's first-quarter '07 revenues were up 24% in a flat market – an outcome the station attributes to interactive campaigns it offers to advertisers and charges for the service.

The bottom line is, text-messaging campaigns work. They offer a simple, fast and cost-effective way to develop and deliver mobile marketing campaigns and create more interactive, one-to-one relationships with your target audience – anytime, anywhere. ■

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Cooper Lawrence: It's about the listener

Cooper Lawrence is a developmental psychology expert and the host of her own nationally syndicated radio show aptly named *The Cooper Lawrence Show* from Dial Global airing weekdays M-F 7pm-10pm ET. Cooper is a radio geek who has been working in radio for over 12 years, with on-air stints at WLIR/Long Island, and as part of Elvis Duran's *Z Morning Zoo* in New York City. She's also worked at Q104.3, WKTU and WPLJ, and produced *The Joan Rivers Show* for the WOR Radio Network.

Cooper is the author of *Been There, Done That, Kept The Jewelry* (Adams Media/Polka Dot Press) and *CosmoGIRL's All About Guys* (Sterling Publications) along with many published articles for magazines.

She has two new books set for release in January. *The Cult of Perfection: Make Peace With Your Inner Overachiever* and *The Fixer Upper Man: How to Turn Mr. Maybe Into Mr. Right*.

Cooper is a regular guest and expert on CNN's *Showbiz Tonight* and on Fox News Channel's *Live Desk* with **Martha McCallum** as well as various shows for the Fox News Channel. She has been seen on *The Today Show*, CBS' *The Early Show*, *Your World with Neil Cavuto*, *America's Newsroom*, Studio B with **Shepard Smith**, *The Morning Show With Mike and Juliet*, *Fox & Friends*, *CNN Presents, Nancy Grace*, *The Insider*, *The CW11 Morning News* and *The Big Idea With Donny Deutsch*. Cooper has been featured in print for *IN STYLE Magazine*, *SELF Magazine*, *Cosmopolitan Magazine*, *Family Circle*, *The New York Post*, *The New York Daily News*, *Life & Style*, *Star Magazine* and *US Weekly*. Cooper's first magazine cover was in February 2007 for *Today's Charlotte Woman Magazine*.

She's also on the advisory board for *CosmoGIRL!* Magazine, where she writes a column called *The Love Doctor* and several features, she has also consulted for actress **Mariska Hargitay's** Joyful Heart Foundation.

Cooper tells us she has a BA from University of Maryland, a Masters from Fordham University and is in the process of finishing up her doctorate in developmental psychology. "I did almost two years of developmental research at Nickelodeon, and have worked on numerous studies headed up by other psychologists," she adds.

When asked about the show's mission statement, she says it's smart talk about real life: "The majority of us don't want to talk about carburetors and tight ends (Well, not in the "sport talk" way at least). We want to hear dirty little secrets and we want to tell them; we want to complain about relationships, and mortgages, and we want to have real conversations and learn something that can make our lives better."

She adds, "I fill the huge niche that conglomerate radio companies have taken away from radio stations. My show actually involves the listeners; I'm there for them live every night as opposed to all the voice tracking they get elsewhere. So, whatever is going on in the world or the lives of the audience, they know I'm there for them. In everything I do I ask myself 'is it about the listener?' the answer always needs be 'yes'. The show is more free-flowing than topic based, whatever happens in my daily life; the news; the lives of our listeners; this is where the topics come from."

How did she make the transition from on-air talent/producer to well-known psychology expert? "Always being available when CNN, Fox News, *The Early Show*, *Star Magazine*, *Cosmo* etc., calls."

Is there a Cooper Lawrence TV show on the horizon? "God I hope not," she responded. "But if *The Price Is Right* is interested my number is 555-....."

Tell us about working at WLIR-FM Long Island in "the day". "The vibe there was not like any other I had experienced before or since. It was the last few years when you can hear something great at a club or a new band on the horizon and then come in the next day and just play it on the air. It was the kind of freedom that people get into music radio for."

Cooper adds, "My first full time radio job was a real dues-payer, at WLIR. I was on-air, drove the van, voiced/wrote/produced the spots and did several appearances a week. One day **Danny Toy** who was then at the helm of Metro Networks called out of the blue and asked if I wanted to come do traffic and news for him, I said yes and when I got there I talked **David Saperstein** into letting me be the entertainment reporter for the then brand new Metrosource and in no time I was the go to gal for traffic and news for Z100, KTU, Q104 and many other Metro affiliates. When the job was offered to me to produce **Joan Rivers** at WOR I took it and my love of talk radio began."

How does she help affiliates? A good example is at FM107, Hubbard's *Chick Talk* station in Minneapolis: "I'm going to do a week of "stunt wife" which means, I fill in for a week on the morning show with Ian while Marjory is on leave. For all my affiliates I am available for station events, contests, whatever they need me to do they know that I will hop on a plane and be wherever they need me to be."

Anything you'd like to tell our readers, advice-wise, for their careers, love life, etc? "When I was first starting out someone said to me "hard work will never betray you" and I think it's true, at least it has been for me." ■



Cooper's books & column

Her column for *CosmoGIRL!* is called "The Love Doctor" and the questions come directly from the readers, just as her first book **CosmoGIRL! Quiz Book All About Guys** was based on columns that she had written for the magazine from topics the readers wanted to know about.

Been There, Done That, Kept The Jewelry

Explores the litany of men whom you date before finding The One. Then in the second half of the book you are taken through a step-by-step process called *The Essentials*, your individual, specific keys to finding your Mr. Right.

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One in six women is an overachiever, constantly striving to do more, better, faster, and look fabulous at all times. The stick-thin athlete who won't stop working out; the guilt-ridden executive who always feels she has to do more than others to stay ahead; the grown-up "Little Miss Perfect" who can't stop being the Stepford wife and mother. No matter how hard you try, no matter how much you achieve, your life remains totally out of balance.

The Fixer Upper Man: Convert Your Dud Into a Stud

The book is an expert guide as to how to turn Mr. Maybe into Mr. Right in every aspect of his life. Hair and fashion experts give practical tips on how to help his look; business advice experts suggest ways to get him from middle manager to career-show stopper all while the reader is advised how to build a supportive and nurturing relationship.



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Acculturation among Hispanics in a changing landscape

What you see is not always what you get

One day a few weeks ago, on the same day the Puerto Rican Day parade took place, I found myself in Spanish Harlem, a predominantly Hispanic neighborhood in New York City. I was eating tacos at one of the most authentic "taquerias" outside of Mexico and I just couldn't stop thinking about the acculturation process among Hispanics and how much it has changed over the past decade. This was the kind of place you would always believe was patronized almost exclusively by unacculturated, or at least low acculturated, Hispanic consumers. Suddenly all of the preconceived notions that the industry holds about acculturation were shattered as I watched a Hispanic male of Mexican descent dressed in jeans and python cowboy boots pull out a brand new video iPod and then place a call on a very fancy, high-tech cell phone. I was moved to strike up a conversation with my fellow patron and discovered that he was 35 years old, hails from Puebla, Mexico, and has been living in New York for less than a year. Like many Mexicans in New York he works in the kitchen of a restaurant in midtown Manhattan from Monday thru Saturday. He doesn't speak English, but he owns an iPod. Afterwards, on the way home, I was driving down on Park Avenue and a black Rolls Phantom with a huge Puerto Rican flag on the trunk passed me. Yes, a Rolls Royce. Yet many upscale/affluent brands question if there's really an opportunity in reaching Hispanics.

Today, everyone talks about acculturation, but do we really understand how Hispanics acculturate? Or do we only think we do?

Acculturation among Hispanics in America is a complex and multi-layered process that should not be influenced by obsolete models that no longer apply to today's Hispanic market.

The not-so-simple fact is that acculturation is no longer an uncomplicated process where an individual adopts the English language and the American culture until he or she becomes highly acculturated or, in many instances, even assimilated. (Keep in mind that acculturation and assimilation are very different. Assimilation means that one completely adopts a new culture and leaves his home culture behind. Acculturation means that he allows for the host and home cultures to blend and interact in the way one adopts language, trends, behaviors, customs, etc.)

The acculturation process has drastically changed in the past decades. Hispanics as well as any other immigrants moving to the U.S. acculturate in various ways based on different factors such as their age at time of arrival, education, socio-economic level, type of job, motivation for migration, country of origin and final destination in the U.S.

For instance, if we think about the Cubans that immigrated in the 1960's, they had to acculturate much faster because they could not go back home for political reasons, the availability of Spanish language media was very limited, and products from back home were not available. If you analyze the current environment, you will see a completely different picture that is influencing the way in which Hispanics acculturate. It is now a process by choice rather than need.

Today, foreign-born Hispanics are coming to a country with less cultural tension where it's cool to be Hispanic, where "salsa" has surpassed ketchup

as the number one selling condiment in the U.S., where mainstream artists like Beyoncé and J. Lo are doing a reverse crossover by recording songs in Spanish language and where "Cinco de Mayo" has become a major party occasion among non-Hispanics. Here's a list of other factors to consider:

- The number of Spanish language TV and radio stations continues to grow and companies like Clear Channel are converting English language stations across the country into Spanish language stations.
- Univision has beaten all English language networks in many occasions such as with the finale of "La Fea Mas Bella".
- The number one radio station among all persons in the Los Angeles DMA is a Spanish language station.
- Stores like Fiesta, Carnival and Supermercados continue to open new stores catering to Hispanics with all sorts of products from Latin America. Shopping at one of these stores feels like going into a supermarket in Mexico, Colombia or Guatemala.
- Hispanics are no longer concentrated on the West Coast, in the South, Florida, or New York. They are everywhere. States such as North and South Carolina, Minnesota, Kansas, Nebraska, Georgia and even Tennessee have three-digit Hispanic population growth rates.

The fact is that the U.S. is no longer a melting pot but a "salad bowl" where Hispanics are able to maintain their cultural identity, language, traditions and cherry-pick what they want and like from the U.S. culture.

Hispanics can now move to the U.S. and live exactly the way they lived in their country of origin without having to speak a word in English if they live in certain Hispanic neighborhoods and cities. These include neighborhoods such as Pico Rivera in L.A., Hialeah in Miami, Washington Heights in New York City, or Maple Avenue in Dallas.

Hispanics are an integral part of the U.S. culture, and marketers and media companies need to understand that. The acculturation process is starting to slow down significantly, and true bilingualism is becoming more predominant among U.S. born Hispanics and foreign-born kids. These kids go into the U.S. public school system and become proficient in English but still can't lose their Spanish in order to communicate with their parents or perhaps to serve as facilitators to help their parents navigate the complex maze that the U.S. represents.

Next time you go to an electronics store think twice if you see Hispanics that might appear to be unacculturated and you ask yourself what they are doing there. Don't be fooled into thinking that you can determine a Hispanic's level of acculturation just by the way he or she dresses or by the accoutrements they own or the language they prefer to speak. Acculturation is too complex and marketers should be warned never to judge a book by its cover. They need to read a few chapters before they can really understand how they should speak to this market and what language they should use. ■

Halim Trujillo is Director of Multicultural Planning for MindShare North America. He can be reached at Halim.Trujillo@MindShareWorld.Com or 212-297-7102.

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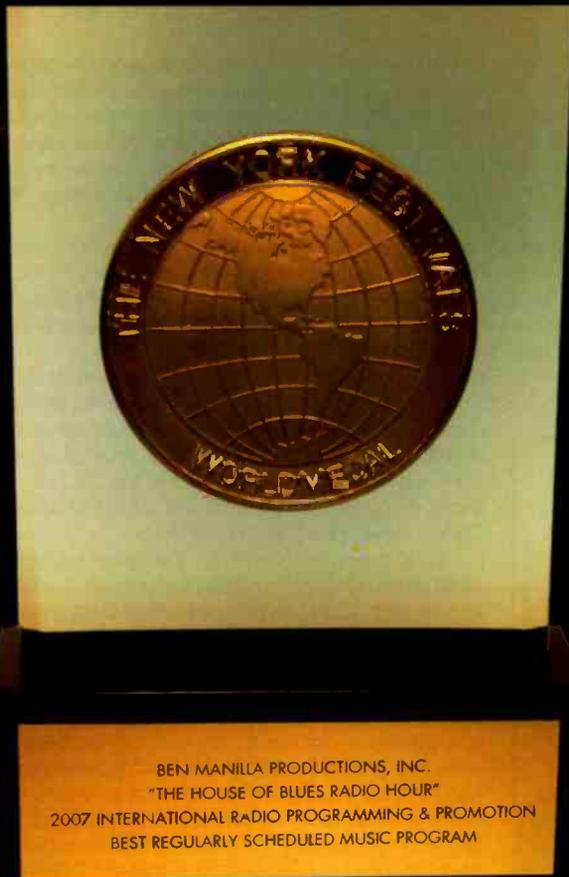
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A network grows in the hearts of Latino Sports fans

By Lino Garcia, General Manager, ESPN Deportes

When ESPN Deportes launched as a 24-hour network on January 7, 2004, the event culminated a series of efforts over several years to serve a rapidly growing Latino sports fan base hungry for televised sports in their own language.

In the mid-1990s, when then ESPN EVP of Affiliate Sales and Marketing **George Bodenheimer** began exploring the idea of a Spanish-language ESPN service in the U.S., he instinctively knew what the 2000 census would later confirm—that the U.S. Hispanic population was growing at a rapid pace, creating demands for a variety of services, including Spanish-language sports television programming.

With Bodenheimer's direction, ESPN was ahead of the curve, exploring the prospects of televising ESPN programming in Spanish and looking to secure the U.S. Spanish-language telecast rights in any negotiation for English-language domestic programming.

ESPN's first on-air effort came in the spring of 2000, when ESPN and ESPN2 became the first national networks to incorporate Spanish accent marks and the Spanish alphabet when graphically presenting the names of Hispanic Major League Baseball players.

ESPN's next initiative was more ambitious. In the summer of 2000, ESPN and Major League Baseball teamed up to produce Spanish-language telecasts of Sunday Night Baseball and Home Run Derby. These simulcasts were completely separate productions with on-site commentators, commercials, on-air promotions and player interviews in Spanish. The telecasts were offered to affiliates free-of-charge. The initiative was significant not only because it resulted in ESPN's first Spanish-language telecasts in the U.S., but also because it established the blueprint for many future ESPN Deportes telecasts, utilizing the combined resources of ESPN International and ESPN domestic operations.

This year, ESPN Deportes celebrated three years of serving the U.S. Hispanic sports fan. For the past 36 months, we have been working hard to better serve the Latino fan by ultimately delivering content anywhere, anytime. ESPN Deportes has become the leading Spanish-language multimedia brand supported by television (ESPN Deportes TV), radio (ESPN Deportes Radio), print (ESPN Deportes La Revista), wireless (ESPNdeportes.com) and wireless (ESPN Deportes Wireless).

This has been an exceptional year for ESPN Deportes. We have made great in-roads in making the network available to the Hispanic sports fans in the U.S. The network now reaches 3.2 million Hispanic homes, a 50% increase in distribution over last year. One of the most common pitfalls we have seen many companies make when marketing to Hispanics is assuming that the Hispanic population is homogeneous in taste. In order to serve a myriad of sports fans with widely differing tastes, our programming strategy relies on offering the most diverse portfolio of sports. The network's 1,800-plus annual event schedule includes coverage of Major League Baseball, NBA, NFL, UEFA Champions League, First Division Soccer from Mexico, winter baseball from the Dominican Republic, Mexico and Venezuela, tennis, golf and much more. But ESPN Deportes' programming strategy extends beyond showing live sports. We have taken established English-language franchises like SportsCenter and produce original Spanish-language versions. This month (August), we will be making yet another boost to our studio shows by expanding the network's daily half-hour editions of SportsCenter to one-hour shows. Additionally, we expect a 25% increase in Mexican studio programming in 2008. ■

ESPN Deportes Radio gets started

By Oscar Ramos, Senior Director and GM of ESPN Deportes Radio

In 2003, ABC Radio Networks and ESPN teamed up to produce Spanish-language radio broadcasts of Major League Baseball's All-Star Game, League Championship Series and World Series. The initiative was branded ESPN Deportes Radio. The radio network was syndicated nationwide by the Latino Broadcasting Company and the games were carried by affiliates in many of the top Hispanic markets, including Los Angeles, New York, Miami, Houston, Dallas, Phoenix, and San Diego.

In 2005, we joined forces with Lotus Communications to launch ESPN Deportes Radio as a full-time radio network. Lotus Communication's KWKW-AM served as the flagship for ESPN Deportes Radio. The initiative produced the first around-the-clock national Spanish-language sports radio network in the U.S.

The growth for ESPN Deportes Radio has been on-going since its debut. At launch, ESPN Deportes Radio was distributed by seven affiliates.

Today, ESPN Deportes Radio has coverage in 45% of the U.S. Hispanic population, a total of 24 affiliates – eleven of which are in the top 25 U.S. Hispanic markets. Last month we added affiliates in Dallas, New Jersey and Knoxville.

Setting new standards for the Spanish-language radio industry – and the radio industry as a whole – has been in ESPN Deportes Radio's DNA since its launch. I believe that the success of this brand has been driven by employee's passion, hard work and focus on our mission and continual innovation. Radio plays an important role in the Latino community and we found that there was a void to be filled. Despite the growing numbers of the Hispanic population, the community did not have an all-sports radio network in Spanish. Serving the U.S. Hispanic sports fan with high-quality, culturally relevant sports content has been the driving force behind ESPN's efforts in the U.S. Hispanic community. We are focused on producing culturally relevant programming.

ESPN Deportes Radio produces over 15 talk shows and provides more than 8,500 hours of talk and events annually. Some of the marquee sports events we air include Major League Baseball's All Star Game, Post Season and World Series, UEFA Champions League, Mexican First Division and Dominican Baseball. Some success stories:

- KWKW-AM ESPN Deportes Radio affiliate in Los Angeles. According to the Winter 2007 Arbitron book, KWKW was ranked No. 1 in TSL among all radio stations in the market.
- 6/25/07, ESPN Deportes Radio launched in three new markets – Dallas, New Jersey and Knoxville. We can now be heard on KNIT-AM in Dallas, WADB-AM in central New Jersey and WKCE-AM in Knoxville. The affiliate in Dallas will be managed and operated by ESPN, Inc., making it the first Spanish-language radio station to be fully managed by the company.
- 6/25/07, ESPN Deportes Radio announces an exclusive agreement with **Hugo Sanchez**, head coach of the Mexican National Team. He will join ESPN Deportes Radio soccer experts **Jorge Ramos** to co-host a talk show that explores current events in the world of Mexican soccer and beyond.

• In 2006, ESPN Deportes Radio acquired rights to Copa America, the main soccer competition from South America. We also signed a deal with MRN Radio, becoming the exclusive Spanish-language radio home of NASCAR. ■



Lino Garcia



Oscar Ramos

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How radio and television stations can adapt to and capitalize on the digital revolution

For broadcasters who grew up in the age of vacuum tubes, LPs, cart machines, and huge studio cameras, this "digital age" can be daunting. How could any of us have foreseen iPods, "disposable" ENG systems, or programming that is delivered, stored, organized and played without much human intervention? Although we veterans are finally "getting" streaming media and PodCasting, how many of us know about "Program Associated Data" (PAD), "advanced application services" (AAS), or "New Media"? This can make us media dinosaurs grumpy and confused!

Fortunately, these terms represent opportunities—opportunities for revenue generation, attracting attention, adding value to content (or commercials), and building loyalty to your station. Key demographics (even the older ones) seem to be augmenting, if not abandoning, traditional media. Simply put, continued growth requires you to adapt and find ways to become more relevant, to become a "destination" again. But this can only happen if broadcasters get back into the "old school" notion of thinking creatively - and then do what they've always done—use technology to generate interest, audience, and sales. How do you adapt and capitalize on this new technology? First some basics:

- For radio, PAD allows your listener to see your station's identity, plus the title of the song, the artist, and other customized information. This is something you can implement today to distinguish yourself in your marketplace, if you are an IBOC digital radio station. The TV equivalent to a PAD is an EPG.
- AAS developments for radio will allow exciting new innovations such as music on demand, audience response, and interactive advertising. Future advances being explored on other countries include digitally broadcast coupons, interactive listening and even messaging to billboards.
- Partnering with new media has become a very exciting method of increasing station income, as it's a way to make incremental money on assets that the station already has. For instance, playlists, newscasts, and local programming can sometimes be re-purposed (with little effort) for distribution to hand-held devices, cell phones and the Internet—all yielding different ad revenue. Treat these as possible additional revenue streams, not "value added" give-aways.
- Get creative about turning your station's web site into an adjunct to your station—make it a real information and entertainment resource for your audience.
- Some station groups are starting to mine the depths of conditional access for data streams in HD Radio (for traffic information). Digital television also has that capability.
- Consider the prospect of offering "pay per download" for special "podcasts"—either from "over the air" methods or over the Internet.
- Remember that for radio and TV, digital is just "bits", the currency of which is speed and bandwidth. You will hear more and more about the need for more bandwidth—and that costs money.
- There's getting a digital signal around your radio or TV station facility - and then there's actually transmitting a digital signal to the public. They're different matters entirely!
- Digital radio and television are similar, but different. Radio stations get the best of both worlds since they keep their analog facilities and add digital IBOC (in-band, on-channel) channel(s) if they want to. TV stations, on the other hand, must give up analog broadcasting in 2009. Both can end up with the ability to broadcast more than one program/data stream. Converting a radio or TV station to digital can be done several ways.
- Keep the studio plant analog and perform an "analog-to-digital" conversion at the input to the transmitter. I'd consider this to be only a bandage situation if the station has little or no money. It will only postpone the inevitable, and will not keep you competitive in the market, since the video and/or audio resulting from this method often can look and sound worse than analog. Further, analog studio equipment is becoming more difficult to find these days, and in some cases is actually more expensive with

fewer features than the digital equivalent.

- Convert the entire facility to digital. Clearly, this can be done in stages if the capital has to be spread out over a multiple-year cycle. But again, this conversion is inevitable. Remember, you have to think about the studio aspect, then about the link from the studio to the transmitter, and finally the transmitter/antenna side of the equation.
- For television stations the decision is a bit more difficult: Do you convert the electronic plant either to SD digital or go straight to HD? The job of getting the "high-def" signal to air requires incrementally more money than just getting digital to air. HDTV can be expensive to produce and broadcast if done well. HD television equipment costs, though they have fallen in recent years, are still not cheap, especially if you are contemplating an entire facility change-out. (Although when you consider that a 2" videotape machine in the 1970s was well over \$100,000—not to mention buying the tape—and a 1-terabyte hard drive now costs \$1,000, media storage prices have come a long way!)

For radio or television, storage and system complexity can go up incredibly, so pay attention to what your engineer is trying to tell you about the trade-offs in bandwidth versus costs. Additional speed and capacity costs more. Then, you need to consider storage media format. Is it an array of hard drives? Removable media? What sort of program or commercial feeds do you take in? How are they stored and delivered? How do you get it to the transmitter? Every decision has a cost consequence.

Note that depreciation schedules for all of this will have to be revisited since much of this digital technology has a very short class life. Capital purchasing budget cycles will also have to be rethought. Frankly, leasing might be a better option for some equipment types.

There are many ways to accomplish the conversion from DTV to HDTV, and there can be some interim steps. For example:

- Convert the analog studio signal to digital at the transmitter, inserting the network feed in HD if desired.
- Convert the standard definition studio signal to high-definition at the transmitter. You're probably doing that in some fashion now for your digital transmitter.
- Convert portions of your studio plant to high definition.

In the TV plant, a your internal system backbone (called the router) will likely be your most expensive portion of the project, exclusive of the necessary main transmitter/antenna replacement. HD news/production can also be a pricey proposition and are often the departments that are the last to convert because of the complexity and people issues.

Multiple channels—Yes, you can compress bits so that more program/data streams (multiple channels) can fit into the available bandwidth. The bandwidth is determined by the size of the AM, FM or TV channel. TV channels, of course are wider, but video takes more bits, after all.

There is no free lunch—typically, as the number of channels goes up, the fidelity of those channels goes down. There are a realistic number of channels that a station can broadcast before the audio and/or video becomes unpleasant for some to watch or listen to. You have to determine what audio and/or video quality you are willing to live with. The "number of channels" vs. "broadcast quality" is always a fine line, and an individual call.

The good news is that a digital "channel" can take up more bandwidth (higher fidelity), medium bandwidth (OK fidelity) or smaller bandwidth (data). It's up to the station manager to maximize the listening or viewing experience and the revenue.

Most likely, a portion of a TV broadcast day is reserved for high definition network broadcasts, but there are other portions of the day that the station can instead incorporate multiple program streams. It continues to be difficult to realize increased income with high definition video, but the viewer appetite for it is ever-growing. Because HD may provide a competitive edge to your station, some portion of the day will have to be committed to it to keep or set the pace in the market. ■

Hispanic Radio Sales...a contagious mindset at McGavren Guild

As President of McGavren Guild Radio, I not only oversee the company's day-to-day operations and client partnerships, but also keep an eye on our future by developing relationships with groups and stations with whom we would like to work in the near- and far-term.

One of the most important areas to us for the future is Hispanic radio...but it is also an area in which our company has a significant history. Hispanic radio has been an important segment to us for many years.

Our company was a leader in the sale of Urban-formatted radio nearly a decade ago, seeking to level the playing field by aggressively pursuing equitable ad expenditures on those stations and fighting "no Urban dictates." For years, we have similarly expounded the value of Hispanic radio to advertisers and their agencies, describing the opportunities and advantages offered them on Hispanic stations.

There are several reasons for our belief in Hispanic radio, and our strong desire to share this information with advertisers and agencies. Among them;

- The undeniable explosion of the Hispanic population in the US. Currently at about 45 million strong, or approximately 15% of the US population, and growing at a more rapid pace than any other group. In many major US cities like LA, Hispanics are already approaching the majority of the population, and in others, making up more than a quarter or a third of the market.
- Tremendous consumer spending power. Currently at over \$863 billion, and expected to top \$1 trillion by 2010. This puts Hispanics at the top of the chart when it comes to any minority group's spending power.
- Radio is the primary choice medium for Hispanics, reaching significantly more than TV or print. Based on the cultural ties to music, Hispanic radio enjoys a unique format advantage.
- Hispanics are loyal to their radio stations. Again, based on cultural importance, radio is central to the US Hispanic's media experience more than it is among non-Hispanics. The time-spent-listening measurement proves this loyalty, with Hispanics listening for an average of five hours longer per week than non-Hispanics.
- The listeners are also highly responsive to "the messages" on their radio station, whether they are promotions or advertisements. It is simply a fact that listeners are more likely to react positively to messages directed to them in "the language of their preference." An example of this is seen in station events; where non-Hispanic stations might be happy to get maybe a hundred people to a remote or an event, with Hispanic stations, it is not unlikely to get several thousand. Also, brands that have committed to Spanish-language radio enjoy a higher brand recall than those that do not.

Unfortunately, just like the Urban argument of a decade ago, we still are challenged by some who do not yet embrace Hispanic radio in their "general market" campaigns. We will be relentless in our pursuit of equality in this matter until it is achieved, as was the case with Urban—if not only for the altruistic reasons, the fact is, it is simply good business to work with Hispanic radio!

To that end, we operate SBS/Interep, our "rep firm within a rep firm" —



Lisa Sirotko-Sonnenklar

one of the largest Spanish-language radio sales and marketing representation firms in the United States and Puerto Rico. Representing nearly 200 radio stations in upwards of 50 top Hispanic cities nationwide, the company was born of a joint venture between McGavren Guild and Caballero Spanish Media, the first Spanish Radio rep firm formed by pioneer **Eduardo Caballero**, more than 30 years ago. This division of our company encompasses representation of leading Hispanic broadcasters like Spanish Broadcasting System, Davidson Media, Mega Communications, Uno Radio Group, Luna Communications, and several smaller operators, as well as the Hispanic properties operated by many of our traditional "general market" broadcasters. With this roster of client stations, McGavren Guild and SBS/Interep can proudly claim to provide access for advertisers to the mature Hispanic markets and the emerging markets in one fell swoop. The sellers on the SBS/Interep team focus their efforts on Hispanic and multicultural agencies.

Additionally, we have our non-Hispanic dedicated sales reps (the McGavren Guild side) present Hispanic stations for every general market avail at the traditional agencies. Our belief is that in order to make an appropriate "general market" buy, all segments of a market should be represented. In other words, Hispanic "is" the "general

market" in most cities and towns across the US nowadays and should be given its due media attention. If our reps do not find success at the agency buyer level, they pursue contacts at the planner, account executive, or even client levels to make the case for Hispanic.

To further demonstrate our commitment to Hispanic radio, just this past Fall, I formalized the position of General Manager, SBS/Interep. I tasked **Barry Fischer** with this role, which he has embraced. Having risen over 15 years in the business from rep to Director of Sales, he was experienced in the general market sale of Hispanic stations and was able to tie our teams together. Barry oversees our dedicated Hispanic sales team, is responsible for creating our Hispanic capabilities presentations, and calls on advertisers and high level agency contacts in order to move the needle for our Hispanic clients. Additionally, we have just recently created the position of Hispanic Radio Research and Marketing Manager, and were lucky to have **Ann Zertopoulos** join us from Katz Media, where she had specialized for eight years in Hispanic research. These two work in tandem to motivate our overall team, to provide the necessary ammunition for sales, and to market Hispanic radio to advertisers and agencies.

In summary, McGavren Guild and SBS/Interep are proud to represent Hispanic radio stations around the country and to champion this movement, as is our legacy with other formats. We are confident that our work, and that of our great partner radio stations, will result in Hispanic radio occupying its rightful place on media buys for years to come...and those advertisers that embrace this lucrative segment will reap the benefit as their businesses grow! ■

Lisa can be reached at 212-309-9075 or lisa_sirotko_sonnenklar@interep.com.

Q1 trading: Steady as she goes

Station trading in the first quarter of 2007 moved along at a methodical clip. It certainly didn't break any records, but it was strong enough to keep a streak alive: It became the seventh quarter in a row to record a total trading value into the billions of dollars (the last miss was Q2 2005). However, Q1 2007 was the first quarter during this streak which came in below \$2B. There were no mammoth blockbusters opening up 2007, but The New York Times Company did its bit to keep the total respectable, selling off its television group for \$575M and, just for good measure, finally getting around to filing its LMA/acquisition deal with Radio Disney for WQEW-AM in New York. The biggest radio deal was the swap/cash exchange between Bonneville and Entercom involving stations in San Francisco, Seattle and Cincinnati, which sent an estimated \$250M worth of value in each direction. Television accounted for about 55% of the \$1.74B Q1 total.

Station trading

Quarter	Deals	AMs	FMs	TVs	Value
Q1 2006	139	105	121	10	\$3,282,445,811
Q2 2006	144	93	132	33	\$2,150,615,819
Q3 2006	136	94	183	96	\$15,579,141,844
Q4 2006	124	427	922	53	\$17,916,942,672
Q1 2007	127	101	135	31	\$1,736,444,155

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Hinterlands retake center stage

The deal to take Clear Channel private was announced Q4 2006, and accounts for the huge bulge in station totals during that quarter. The Univision sale did the same thing for Q3, to a far lesser extent. Q1 2007 brought a return to the standard post-consolidation pattern. There was relatively little activity in the top 100 markets. The action is in sub-100 and completely unrated territory. In fact, much of the activity is coming from Clear Channel, which began acting on its plan to sell off over 400 smaller market stations prior to putting its own sale to a shareholder vote.

Quarterly station trading by market size

Qtr	Total Stns	Mkts 1-50	Mkts 51-100	Mkts >100	Non-Mkts
Q1 '06	236	56	27	63	90
Q2 '06	258	32	30	97	99
Q3 '06	373	144	62	97	70
Q4 '06	1,402	332	267	647	156
Q1 '07	267	37	31	87	112

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Radio: Is there a pattern here?

It's been over 10 years since the Telecom Act opened up the biggest land rush in radio history, and the beachfront property is long since spoken for. The pattern for radio has been small deals in small markets, driven in part by old radio hands getting back in the business with new groups specializing in these areas. The value totals would probably be as steady and predictable as they ever have been, were it not for the random occurrence of mega deals. As you can see below, they bury any sign of a pattern.

Radio only transactions

Quarter	Deals	Stns	Value
Q1 2006	129	226	\$3,103,495,811
Q2 2006	126	225	\$358,665,819
Q3 2006	112	277	\$4,351,951,344
Q4 2006	118	1,349	\$16,479,813,432
Q1 2007	111	221	\$753,575,822

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QUARTERLY DEALS

Trading in TV still percolating

Television trading continues to hang in there. It appeared for a while that many were sitting tight until Washington got around to resolving TV ownership caps in the wake of the 6/2/03 FCC action. The fact that they're still getting around to it seems to have motivated those interested in dealing to just forget about Washington and get on with it. The \$1B benchmark was only nearly missed this time around.

TV only transactions

Quarter	Deals	Stns	Value
Q1 2006	10	10	\$178,950,000
Q2 2006	18	33	\$1,791,950,000
Q3 2006	24	96	\$11,227,190,500
Q4 2006	9	53	\$1,437,129,240
Q1 2007	13	31	\$952,268,333

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Radio trading value

Q1 2004	\$543,789,543
Q2 2004	\$577,437,979
Q3 2004	\$511,266,273
Q4 2004	\$1,028,360,802
Q1 2005	\$519,007,995
Q2 2005	\$560,473,803
Q3 2005	\$481,196,053
Q4 2005	\$1,481,767,974
Q1 2006	\$3,103,495,811
Q2 2006	\$358,665,819
Q3 2006	\$4,351,951,344
Q4 2006	\$16,479,813,432
Q1 2007	\$753,575,822

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Television trading value

Q1 2004	\$1,182,672,000
Q2 2004	\$331,062,972
Q3 2004	\$190,950,000
Q4 2004	\$435,200,000
Q1 2005	\$367,050,000
Q2 2005	\$67,111,972
Q3 2005	\$2,002,130,001
Q4 2005	\$583,800,000
Q1 2006	\$178,950,000
Q2 2006	\$1,791,950,000
Q3 2006	\$11,227,190,500
Q4 2006	\$1,437,129,240
Q1 2007	\$952,268,333

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Quarterly trading: A look back

Well, let's poke our noses back over the last three years, anyway. You'll notice an almost sublime randomness. On the radio side, however, you can almost plug in a baseline of \$500M and see how much higher it goes from there. Over the last three years it's only failed to get to that level twice. One of two huge deals are all it takes to shoot it well past that mark.

On the television side there is also a great deal of fluctuation. But you can almost see a line, at Q3 2005, where companies that were possibly sitting on deals just decided to go ahead and do the deed. Since then, the billion dollar mark was surpassed four out of seven times and barely missed for a fifth time in Q1 2007. It obviously took a time-out during Q1 2006.

The television dealing has often been creative. Frequently, along with the sale of one station will come the announcement of a joint sales agreement (JSA) or a shared services agreement (SSA) with another station. In one case, company A bought company C while simultaneously company B bought company D, and then company A and company B teamed up with a JSA/SSA arrangement. That is the state of small market television trading in the early 21st Century.

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Second time around another hit for Bustos

Amador Bustos sold his first company, Z-Spanish Media, to Entravision for \$475 million in stock in 2000, making a lot of money for himself and his investors. He could have rested on his laurels, but, after leaving the Entravision board of directors in December 2003, he is now back with a new company, Bustos Media LLC. This time, though, he is targeting mostly smaller markets than before—and adding television to the mix.

"We really saw the window of opportunity back in 2003, 2004 of these high growth development markets which are the smaller to mid-sized markets for Spanish, even though they were significant markets in the general market sense—places like the Carolinas, like the Northwest could be identified. We were not able to get to the Carolinas because other players got there first. But we were able to capture the Northwest market as well as in the Colorado, Salt Lake City area, which some people consider part of the Southwest, as well as Milwaukee, which is a jewel of a market and was sort of hidden there just buried and over-shadowed by Chicago. We did see this window of opportunity and now a lot more people are talking about the viability of mid-size hyper-growth Hispanic markets. Fortunately we were able to see it earlier than most," Bustos told SmartMedia.

Why are those markets growing so rapidly as far as Hispanic listeners are concerned?

"For two reasons primarily. First, because of the better employment opportunities. The Hispanic population will generally move where there is employment opportunity and certainly the South and Southeast as well as the Midwest and the Northwest, despite the mild recession of the year 2000, there were still some employment opportunities there more than other places. Secondly, the Southwestern major metropolitan areas that are Hispanic by tradition have gotten a little overcrowded and competitive. The housing costs are excessive, or at least much more expensive, and so they go where the quality of life, employment opportunity and housing costs are more affordable. So that's exactly why they're moving to places like Indianapolis, Minneapolis, Des Moines, Iowa or the Carolinas or Salt Lake City or to Boise, Seattle, Portland," he explained.

In most cases, Bustos Media LLC is having to start from scratch, taking a station programming in English and flipping it to Spanish. In some cases, such as Portland, OR, Bustos said he has been able to acquire an existing Spanish station and use the personnel, infrastructure and market intelligence as a basis for expansion to additional stations. The company has a

leg-up, though, since it has four format networks which it uses for its own stations and also syndicates to others—a formula that Bustos first used at Z-Spanish.

"We distribute four national syndicated formats and we use them for our own consumption, but at the same time we design them in a way that they are user friendly. Other smaller operators in smaller markets that want high quality radio for little or no cost, we do that on a total barter basis. But that's exactly the Z-Spanish model that we were successful with before," Bustos noted. The offerings begin with two Regional Mexican formats. "La Gran D, which is our flagship station, covers a little bit more of the younger speaking population primarily male. Then we have Ke-Buena, which is a little bit older, more personality driven, but it's still very much in the core of Regional Mexican format. We even have the two

of them competing with each other in some markets just to be sure we cover the demographic well. Then we have Magia, which translates to Magic, which is sort of like an Adult Contemporary that is more geared to women 18 to 34, more of the sexy girl, girly kind of sounds. Then La Bonita, which is more older skewing Classic Golden Hits—what would have been called Regional Mexican 10 years ago. La Bonita is a combination of both the contemporary as well as the Regional Mexican Classic Golden Hits. We don't play there anything that is younger than five or eight years and no older than 20," he explained.

All of the network personalities are based in Sacramento, so the trick then is to build a local identity for the stations. "In some of the major

markets we have a local morning show. We do local weather, local traffic, local news within those morning shows. Also, through the magic of automation we have all kinds of ability for doing local insertions of reporting—again weather, traffic again in the afternoon, even though they are network fed, plus a lot of local public affairs programming," Bustos said.

One big change from the Z-Spanish days is that Bustos Media LLC is also into television. "Because we found opportunities for purchasing low-powered television stations that were, I'd say, from 1/5th to 1/10th less expensive than an FM station. Then we were able to secure high quality programming on a network basis from Azteca America. Therefore, we felt that we would be able to combine and do effective cross-promotions and that it would help equally both the radio and the television. I think that Univision's model of having incorporated television and radio in their ▶



Amador Bustos

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WCXN-AM - Hickory, NC - \$425K

WITK-AM - Wilkes Barre Scranton, PA - \$400K

KXLQ-AM - Des Moines, IA - \$375K

CLOSED

WDRJ-AM - Detroit, MI - \$3.8 Million

**WBOE-FM & WOQB-FM Albany, NY,
and WSCP-FM Syracuse, NY - \$3.5 Million**

**KJTY-Topeka, WJTF-Panama City, WJTG-Macon,
KJTA-Flagstaff and WJTY-Dubuque, IA - \$2.5 Million**

KBET-AM - Las Vegas, NV - \$2.5 Million

WSJI-FM - Cherry Hill, NJ - \$245 Million

WBRD-AM - Sarasota/Bradenton, FL - \$2.1 Million

WDJA-AM - Vt Palm Beach, FL - \$2.1 Million

KFEL-AM - Pueblo, CO - \$450 K

KBTC-AM & KUNQ-FM - Houston, MO - \$275 K

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markets has been successful, so we wanted to emulate that in the markets where we have radio. We now have a TV station in Salt Lake City, Milwaukee and Sacramento. Milwaukee and Sacramento are Azteca America affiliates. The one in Salt Lake City is sort of an independent music video format because Azteca America was not available because somebody else already has it. We used that to promote and reinforce the music of our radio stations—we have blocks of music videos that correspond to the formats of the key stations in Salt Lake City," Bustos said of his growing TV venture. The Sacramento station is very new, having launched July 1st, but Bustos says the cross-promotional value has already been proven in Salt Lake City and Milwaukee.



Staffers from KGDD-AM at Cinco de Mayo celebration in Portland, OR.



KDDS-FM Seattle-Tacoma promoted at the Puyallup Fair

Having quickly grown from zero to 25 radio stations and three TV stations, Bustos Media is still on the prowl for acquisitions. Opportunity Capital Partners, which was a Z-Spanish backer, is back for round two. Also on board are Providence Equity and Alta Communications. "We have only used approximately about 60% of our equity commitments with these folks so we probably are looking at adding about three additional markets and reinforcing, buying more stations in the current markets that we're in and maybe driving the total to about 40 stations before we sort of exhaust that equity commitment that we have," Bustos said of his growth plans.

What about the overall growth of the Spanish radio market in the US, which has been on a tear for some time now? "I think it probably will continue to grow over the next five years and then it will probably level off, given the size of the population and the growth rate. The problem is that it may even have longer legs than that because of a huge gap between the advertising dollars that are spent against that market versus the audience that it delivers. It would even take probably longer than that to close that gap in terms of what advertisers pay for the number of ears and eyes that [Spanish broadcasting] delivers. I think that we will still see significant growth for the next ten years," Bustos predicted. ■

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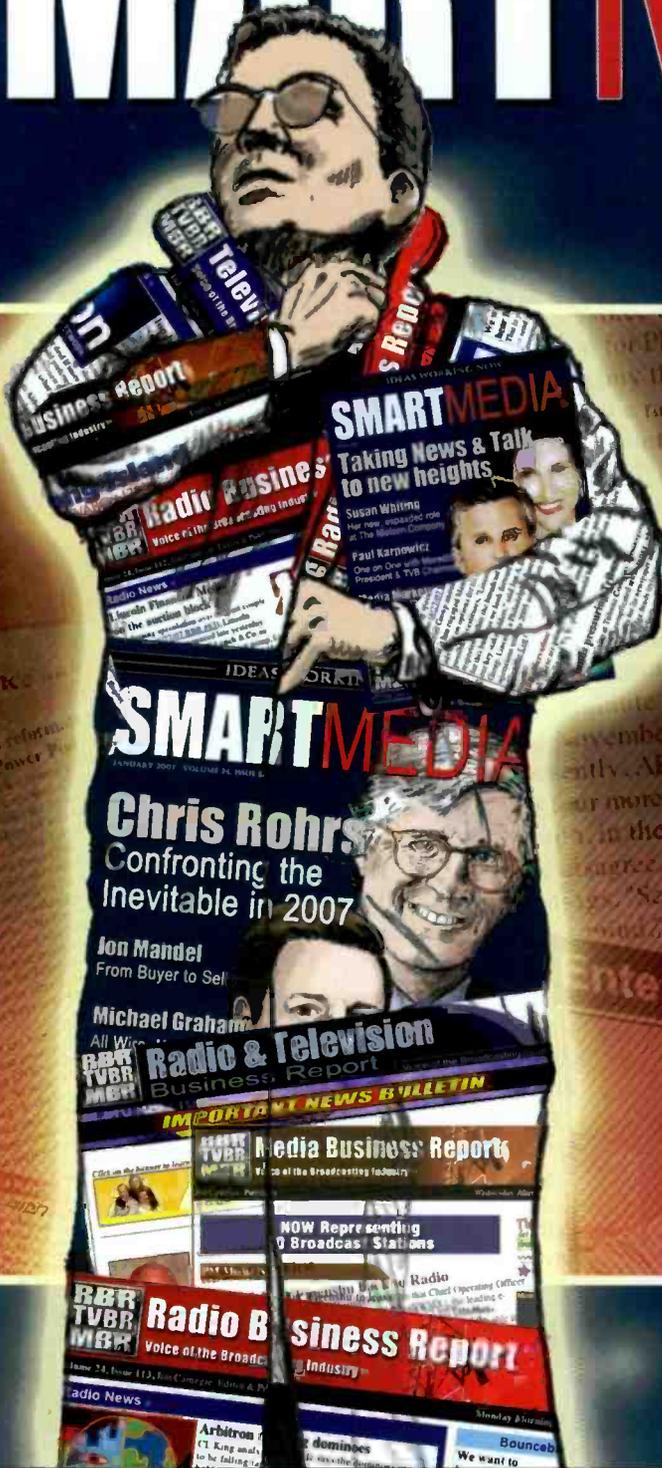
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