

TAKING RADIO DIGITAL: HD RADIO SPECIAL ISSUE

Vol. XXII, No. 17 September 3, 2007 PUBLISHED BI-WEEKLY

RADIO INK

RADIO'S PREMIER MANAGEMENT & MARKETING MAGAZINE™

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Radio's Premier Management & Marketing MagazineSM
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COVER AND COVER STORY PHOTOGRAPH BY ROUNO SCARPA

DIGITAL DYNAMIC DUO

Beasley Broadcast Group is committed to HD Radio. With input from its stations, the company created a corporate handbook for programming HD2 channels. It also designated one of its program directors to monitor its additional HD channels for quality. But siblings Caroline and Bruce Beasley, the company's executive vice president/CFO and president/COO, respectively, believe that these kinds of actions are necessary as their family-run company prepares for radio in the 21st century. "You've got to move technologically with the times," says Bruce. "You can't sit back and wait for someone else to do it." Adds Caroline, "It's our belief that this is the future of radio. We've got to provide our listeners with what they want — better quality and more choices — and HD responds to that. I think we need to do this today for tomorrow."

IDEA TICKER

38, 218

...the number of useable ideas in Radio Ink to date

Coming Next Issue:

» NAB

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18» Taking Radio Digital

To address the challenges and opportunities presented by HD Radio, *Radio Ink* has reached out to some of the industry's top leaders, as well as those who are making the most of the technology, to share their valuable insight into what lies ahead for digital radio.

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EDITOR-IN-CHIEF
Joe Howard joe@radioink.com

MANAGING EDITOR
Wendy Bernstein wendy@radioink.com

NEWS EDITOR
Jim Crossan jim@radioink.com

CREATIVE DIRECTOR
Kenneth Whitney ken@radioink.com

VP/OPERATIONS
Tom Elmo tomelmo@radioink.com

VP/ASSOCIATE PUBLISHER
Lois Ann Chooljian lois@radioink.com

VP/NATIONAL SALES 800-379-8160, access #13
Chuck Renwick chuck@radioink.com

MARKETING MANAGER
Evelyn Yaus evelyn@radioink.com

CUSTOMER SERVICE 561-655-8778

STREAMLINE
PUBLISHING

CHAIRMAN/PUBLISHER
B. Eric Rhoads, CRMC/CRSM eric@radioink.com

CONTROLLER
Samantha DeQuino samantha@radioink.com

STAFF PHOTOGRAPHER Bruce "Flash" Cooley

WASHINGTON, DC, COUNSEL
John Wells King Garvey, Schubert & Barer

EXECUTIVE EDITOR EMERITUS/LOS ANGELES
Dwight Case

Our Mission: Radio Ink's role is passionately to empower Radio management to be more successful by providing fresh, actionable, reality-based ideas, inspiration and education in a quick, easy-to-read, positive, pro-Radio environment.

RADIO INK Editorial Offices:
224 Datura Street • Suite 1015
West Palm Beach, FL 33401
PHONE 561-655-8778 • FAX 561-655-6164
E-MAIL: comments@radioink.com
Subscription Information
PHONE 800-610-5771 • FAX 561-655-6164

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From Our Chairman

By B. Eric Rhoads, CEO & Publisher

Radio In 10 Years: Do You Really Want The Truth?

What will radio be like in 10 years? I am often asked that question from radio boards I sit on, at speaking engagements, and from our readers. Recently, a consulting client asked whether, based on statements I've made in editorials about radio's future, he should sell his stations for fear that new technologies will kill radio. I told him no — if he follows my advice.

Radio has been my mistress for my entire career, and I still love and believe in her. I was told I was wrong when I predicted radio consolidation five years before it happened. My predictions for HD and satellite radio were deemed technically impossible. Don't shoot the messenger, though. Maybe I'm wrong this time. Here's how I see radio in 10 years:

- Radio won't be publicly held, because it won't command the growth needed to keep investors excited. Its perception as a dying medium will foster less interest and more privatization.

- Big companies will get smaller. The 80/20 rule will prevail: Fewer stations make the required profit, and the rest are nothing more than a management headache.

- Radio won't run "commercials."

The :30 and :60 will go away in television, too, replaced by brief mentions designed to drive web traffic, and by sponsorships and promotions.

- Listening will occur with those age 45+ who grew up on radio. Radio did not cultivate younger listeners, who were seduced by other distractions.

- Listening will be strongest among Hispanics, who will be among radio's most loyal listeners, and whose numbers will have grown exponentially.

- Political correctness will drive firings of anyone with an opinion. Free speech is a thing of the past.

- All national advertising will be direct response, and big brands won't use radio or television because the Internet provides such powerful direct connectivity and micro targetability.

- Satellite radio will dominate "radio" listening, and online streaming via WiFi and personal-device listening will dominate "audio" consumption.

- Thanks to more granular, electronic ratings information from the PPM, radio hype will disappear. Promotion will be about getting people to listen instead of getting them to write

down call letters. This will result in more honest and broader radio programming.

- Anyone in radio (and all business) not reaching personal media devices with video offerings will be considered irrelevant to all demographics.

- The word "radio" — becoming as passé as the word "records" — will be replaced by "audio" and "audio devices."

None of these things is bad for radio. They are simply a reality, which — if not embraced proactively — will hurt the medium. Negative trends, whether driven by our own lack of understanding or by stubbornly clinging to the past, can be reversed. We're in a new era, which could be a financial boom or bust. How we react now will determine our life in 10 years — if not sooner. ☒

Eric

To reach me, write: **RADIO INK**, B. Eric Rhoads, CEO/Publisher,
224 Datura Street, Suite 1015, West Palm Beach, FL 33401
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IMAGES IN INK



FOX Sports Radio host James Washington (l) ran into former NFL wide receiver Jerry Rice on the red carpet at the 2007 ESPYs in Hollywood, CA.



ABC News Radio Correspondent Steven Portnoy tests a wind meter in Cancun, Mexico, during Hurricane Dean.

REPORT: MUSIC PIRACY COSTS U.S. ECONOMY \$12.5 BILLION ANNUALLY

A report from the Texas-based **Institute for Policy Innovation** says worldwide piracy of sound recordings is costing the U.S. economy \$12.5 billion per year. According to the report, titled *The True Cost of Sound Recording Piracy to the U.S. Economy*, those costs include 71,060 jobs that should have been created but weren't — 26,860 jobs in the recording industry and retail, and 44,200 in other industries. Piracy also leads, says the IPI, to \$2.7 billion per year in lost earnings for workers and \$422 million in lost tax revenue.

The report estimates that if counterfeit and copied CDs and music DVDs were not available, consumers would substitute legitimate music purchases 66 percent of the time. After breaking out the losses by industry and region, the IPI says the U.S. recording industry loses about \$1.6 billion per year to physical piracy. In the case of digital piracy, the report estimates that just 20 percent of approximately 20 billion annual illegal downloads worldwide would be converted to legitimate sales if pirated products were unavailable. The proportion of lost sales that falls to the U.S. recording industry: \$3.7 billion. Using the same substitution rates, the IPI says U.S. retailers lose an estimated \$1.04 billion per year to physical and digital sound-recording piracy.

MTV, REALNETWORKS TEAM ON DIGITAL MUSIC SERVICE

MTV Networks and RealNetworks are partnering on a new digital music service that will combine features from Real's Rhapsody, the market leader in subscription music services (Apple's iTunes leads in digital music sales), and MTV's Urge service, a joint effort with Microsoft that launched last year to good reviews from the consumer and tech press but has been only marginally successful. The new service, which will use the Rhapsody name, will feature mobile music delivery from Verizon Wireless' VCAST Music.

As part of their alliance, MTV and Real are forming Rhapsody America, a new company to be run by Urge GM Michael Bloom. Marketing plans for the new Rhapsody service include on-air promotion on MTV Networks' MTV, VH1, and CMT, marketing in Verizon Wireless Communications Stores, and integration with MTV's Video Music Awards, set for Sept. 9. Rhapsody America will have offices in New York, San Francisco, and Real's hometown of Seattle.

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But Isn't Jewelry A *Visual* Product?

Create Emotional Appeal Via Audio, Too

Sitting in the grand ballroom of the Mandarin Oriental Hotel in New York, I'm surrounded by hundreds of people in tuxedos and evening gowns. So this is a five-star hotel, huh? \$700 a night. Wow!

Jewelers from across America have gathered to witness this year's induction of two luminaries into the Jewelers Hall of Fame. The first of the honorees, selected from more than 30,000 jewelers, is Michael J. Kowalski, CEO of Tiffany.

During his acceptance speech, Kowalski mentions that, although his company did more than \$641 million last quarter, "It's really not that difficult to take a 200-year-old legendary brand to the next level. What I've done is nothing, compared to my fellow honoree. Woody Justice is a man who started with nothing and built a jewelry store that's known across America. And he did it in just 25 years."

The walls shake with thunderous applause as Woody Justice steps to the microphone. Everyone in the room knows him, and his success in selling diamonds is the envy of jewelers everywhere.

I am there with my wife, Pennie, because Woody has been our client and friend for 20 years. Last year, his Springfield, Missouri, jewelry store did 35 times the sales volume it did 20 years ago. His current volume is 10 times the national jewelry store average, and it's growing every year.

Ninety percent of his ad budget goes to radio. For many years, it was 100 percent, until he began mailing personal invitations to customers for special events. He also supports the local arts community by purchasing ads in programs and publications. He doesn't buy these print ads because he thinks it's an efficient use of ad dollars. He buys them because he's a good guy, and good guys support the local community.



A tuxedo lost in an airline's bottomless luggage pit couldn't dim this luminary. Woody Justice (l) just turned up the wattage of his smile during induction into the Jewelers Hall of Fame. Fellow honoree Michael J. Kowalski of Tiffany joined him in a five-star celebration.

Woody's rise to the top of his industry began the day he realized that jewelry isn't a visual product; it's an emotional one. It's a product of personal identity. It speaks of relationship and effort and commitment and achievement.

The best jewelry ads speak of precisely these same things. Here's one of Woody's most recent :60s:

Antwerp, Belgium, is no longer the diamond capital of the world. Thirty-four hours on an airplane. One way. Thirty. Four. Hours. That's how long it took me to get to where eighty percent of the world's diamonds are now being cut. After 34 hours, I looked bad. I smelled bad. I wanted to go to sleep. But then I saw the diamonds. Unbelievable. They told me I was the first retailer from North America ever to be in that office. Only the biggest wholesalers are allowed through those doors.

Fortunately, I had one of 'em with me, a lifelong friend who was doing me a favor. Now pay attention, because what I'm about to say is really important: As of this moment, Justice Jewelers has the lowest diamond prices in America, and I'm including all the online diamond sellers in that statement. Now, you and I both know that talk is cheap. So put it to the test. Go online. Find your best deal. Not only will Justice Jewelers give you a better diamond; we'll give you a better price, as well. I'm Woody Justice, and I'm working really, really hard to be your jeweler. Thirty-four hours of hard travel, one way. I think you'll be glad I did it.

That's the only ad that Woody ever used to talk about having lower prices. Yes, price matters to diamond shoppers, but just making that claim is rarely effective. You have to substantiate your claim by explaining why your store can offer better prices. And your explanation must ring true in the hearts and minds of a jaded public.

The style signature of a Woody Justice radio ad isn't low prices, but blunt, brazen honesty tinged with glimpses of humor, wit, and humility.

You might also have noticed that where he went was left out of the ad. This omission was intentional. It's what I call a word flag. Do you have any idea how many people have asked, "Where did you go that it took 34 hours to get there?"

When dozens of customers are asking Justice salespeople this question every day, it's a pretty good indication that the radio ads are working, don't you think?

And a sales volume that's 10 times the national average is a pretty good indicator, too.

Roy H. Williams, president of Wizard of Ads Inc., may be reached at roy@WizardofAds.com.



QUICKREAD™

- Jewelry isn't a visual product; it's an emotional one.
- It speaks of relationship and effort and commitment and achievement.
- The best jewelry ads speak of precisely these same things.
- A word flag, or intentional omission, can indicate that the ad is working when customers ask about the missing information.



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Service After The Sale

Consistent Follow-Up Will Prevent Clients From Straying

We're all guilty of it: We sign an annual contract, turn in the production and traffic orders, and count the commissions.

As soon as that first ad airs, though, your competitors are targeting a fresh prospect — your new client! If you don't service that client, competitors might just steal that customer. To head off competition, make sure to provide plenty of service after the sale.

Case in point: I recently met with a former client of a radio station we consult. I sat down with her to learn why she had canceled her advertising campaign with the station. The answer: a lack of customer service in two crucial areas:

■ **Contact:** The advertiser received one return call for every 10 she placed. The rep serviced the account via e-mail, and that just isn't good enough. One of radio's unique selling advantages is personal service — developing relationships with clients. It's hard to land a new client, and it's hard to replace lost business.

■ **Creative:** It was never delivered on time. Where was the follow-through from the rep? We have award-winning creative departments, but if they don't deliver on time, it gives the competition time to sneak in.

After enduring these and other frustrations, the advertiser sent the following letter:

Dear _____,

Please accept this letter as my written notice of intent to terminate my contract with [station name], effective immediately. The following explains my reasons why.

First and foremost, I contacted you prior to the airing of our commercial to ask for a change in the script to include our phone number, in hopes that it would be easier to remember than our web address. You stated you would take care of it. I have been waiting patiently to hear back from you, perhaps even receive a new



CD of the new ad, to no avail. If, in fact, you planned to change the commercial as discussed, why were you unaware that the initial commercial was airing, and more importantly, why haven't you followed up on the e-mail you claimed to have sent? When selling to a customer, one of the most important priorities is to deliver to the customer what they want. You started out strong, but the minute we signed the contract (that we would have liked to sign for only 3 months), you disappeared. No response on our radio ad, no response to the product we created for trade, no follow-up

as to when the ads would run, no update on the changes. Because no changes were made. I paid you to provide a service. We should not have to track you down.

This is very unfortunate because we've grown fond of your station. However, you failed to deliver what I paid for, so we will take our business elsewhere.

To avoid receiving a letter like that one, follow these steps:

■ For all of your A and B clients — those bread-and-butter customers that represent 70-80 percent of your billing — make weekly, in-person visits. Through face-to-face contact, you secure your relationship. Make these clients understand that, as part of their investment in your station, they get YOU, see YOU, work with YOU. Do this, and YOU will earn their trust and respect.

■ For all your C clients — those active in the past 90 days but not yet up to A or B level — you should have face-to-face contact at least bi-weekly.

■ For your D accounts — those you're developing with potential to be on the air in the next 60 days — make a list of your Top 10 best prospects, and really work them. Return to any others after working those Top 10. D accounts command the same in-person action as C accounts; every other week, minimum. If you're truly developing these accounts, see them once a week.

The letter-writing advertiser is considering running ads on another radio station. There are two sides to every story, of course, and others at the station that lost her business share blame with that rep. However, the lesson to take away is that we can always do a better job of servicing clients. It's not always easy. Pleasing customers can be like pulling teeth, and clients who say, "You don't have to see me all the time," deep down want you in there making them feel important. Make them understand that once they're on the air the customer service doesn't stop. ☑

Sean Luce is the head national instructor for the Luce Performance Group and can be reached at 832-567-6340 or by e-mail at Sean@luceperformancegroup.com.

QU CKREAD™

- To head off potential competition, make sure to provide plenty of service after the sale.
- Keep to a schedule of visiting A and B clients once weekly; and C and D clients bi-weekly.
- Managing existing accounts is as important as developing new ones.
- One of radio's unique advantages is personal service.



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It's All Greek To Me

Foreign Languages And Double-Talk Translate To Mucho Dinero

One of my favorite memories of my late father was our mutual love for routines performed by comedians such as Sid Caesar, Danny Kaye, and Robin Williams in which they mellifluously spoke in an ersatz foreign tongue, supposedly Italian, French, German, Spanish, Japanese, or Russian. My dad could enthrall family and friends with many accents, a gift I am proud to have inherited.

When I was a 20-year-old Army private in Korea, my first foray into broadcasting was the portrayal of "Professor Von Brain." I had written a comedy bit with the Von Brain character for morning radio guys, assuming one of the team could do accents. When none could, I filled in using a thick pseudo-Viennese accent. That radio bit morphed into a TV gig on a daily children's television show in which I portrayed Professor Von Brain, an opportunity for which I am still grateful.

I called upon this small talent of mimicry in 1984, when the agency where I toiled as senior radio writer/producer had just landed a multimillion-dollar tourism account for Greater Ft. Lauderdale, Florida. I have mentioned in previous columns my ploy of using hyperbole as a creative launching platform, i.e. utilizing an extreme exaggeration to extol the virtues of a client's product or service. Here, it led to the creation of my "Russian Defector Comes To Broward County" spot.

The premise was simple: The amenities of the Ft. Lauderdale area were so fantastic that they made a Russian sailor defect from his ship. I didn't know whether Soviet boats really berthed at this South Florida port, but there were certainly some political defectors tiptoeing around.

My Russian sailor was interviewed by Earwitness News reporter Biff Wellington, played by stellar voice talent/writer/producer Jimmy Paddock, my straight man. I was told to make a demo version for the client to approve, and we'd re-produce it in New York or L.A. I voiced the asylum-seeker, who interspersed gobbledygook Russian with such words as "Jai Alai, greyhounds, snow-white beaches, fine dining," and so on.



Done well, this kind of ad can really make an impression. If you want to give it a whirl, here are some steps to follow:

- Make sure the voice talent is up to the task. If you can't do it yourself, audition, audition, audition.
- It's funnier to have the "foreigner" speak in a pseudo-language than to affect an accent.
- Feel free to throw in actual words from the language you're sending up, especially if they're totally unrelated to the subject matter. Online dictionaries are a big help.
- Intersperse English words in the patter, the way a novice to English would.
- Make sure the foil to the foreigner — the interviewer/interpreter — lets the audience understand what's going on, with phrases like "Oh, so you're saying that..." or "You mean to tell us that...?"
- Don't leave the voice talent out on a limb. Write the nonsense words phonetically.
- Give the voice talent the chance, in the recording session, to go off-script if the opportunity arises.
- Record the commercial in real time. Don't make voice tracks to be assembled later; it works best when the talents bounce off each other.
- Be respectful. Don't take the stereotype route. You want your "foreigner" to be laughed with, not at.

It's important to note that with this approach, you really can't sell the concept in script form. It has to be done as a demo, even if it means re-recording the initial spot due to revisions, the resident evil of creative services.

The great thing about this type of commercial is the opportunity it provides to lace humor throughout the spot, which will make the audience amenable to hearing it multiple times. And that kind of frequency/retention is the very essence of our medium's success rate.

Creative-contest judges love these spots, and clients always like to win creative awards. That's secondary to having customers cross their threshold, of course, but it boosts their ego — as well as your own. The Broward County Tourist Development Council was very pleased, indeed, when the Russian Defector spot won a Clio Award. I didn't think it sucked, either. ☺

Steven J. Steinberg is creative services director for Nassau Broadcasting Partners in Portland, ME. He can be reached at 207-272-5595, or e-mail him at ssteinberg@nassaubroadcasting.com for information on The Theater of Steve's Mind Consultation and Seminar Services.



QUICKREAD™

- For a standout spot, create a character speaking an ersatz foreign tongue to extol the virtues of a client's product or service.
- Having the "foreigner" speak in a pseudo-language is funnier than affecting an accent. Just make sure an English-speaking "straight man" in the spot helps the audience understand what's going on.
- Humor makes the audience amenable to repetition, an element of radio success.

HOMETOWN U★S★A CAREER FAIR

OPENING THE DOORS TO OPPORTUNITY



★ ORGANIZE A CAREER FAIR WITH THE ARMY NATIONAL GUARD ★

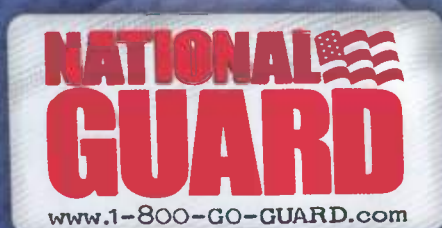
Your station wants to have a job fair but you don't know where to start; the Army National Guard has the solution. Get your free step-by-step Hometown USA Career Fair resource guide and video from the Guard to organize your own event. Use these tools to fulfill your recruitment needs, plus earn EEO credit for your station!

The resource guide covers every topic from building the planning team and marketing and promotional ideas to optional breakout sessions and involving community leaders. You choose the ideas that best fit your market size and the scope of your diversity career fair.

If your local Army National Guard armory can host your career fair you'll pay little or no rental fee. The armory may provide manpower and equipment to reduce your expenses. Allowing other companies into the career fair is up to you.

Your station receives help with a time-consuming job fair and the Army National Guard gets to recruit during your well-promoted event. This is a win-win for two local organizations combining their resources to produce a diversity career fair which serves the community.

Take advantage of this opportunity today! For more information or to receive your free Hometown USA Career Fair resource guide and video, contact your State Broadcasters Association or Julie Muir at Julie.muir@ng.army.mil.





16 Areas That Professional Sales Training Will Improve

Is sales training an expense or an investment? The answer depends on several factors, including the kind of training and its track record for success. While these and other variables exist, one thing is certain: Competent, professional sales training will teach your sales staff tactics that can improve performance in all of the following areas:

1. More effective management of complex, big dollar deals: Sales training can help you win the big ones by gaining a better understanding of the politics of larger organizations. Learn how to successfully navigate situations involving multiple decision makers, multiple departments, outside consultants, committees, and unexpected participants.

2. A shorter selling cycle: Develop strong mutual agreements with prospective clients early in the selling cycle, and define a step-by-step plan that will bring the process to an outcome within a mutually acceptable time frame.

3. More comfort calling on the top ranks: Develop a selling readiness tool-kit that quickly helps you establish credibility at the highest levels. Truly understanding your prospective clients, their challenges, and their vision is far more powerful than demonstrating your product knowledge.

4. Weeding out non-buyers earlier: Your time and your company's resources are valuable! Learn how to get prospects to sell you on their need and commitment.

5. More effective prospecting: Utilize a fresh, non-traditional approach to capture a prospect's interest and imagination on the first call. Then, quickly help them discover why it is in their best interest to invite you in.

6. Less discounting: Price is never the real issue! You will gain the confidence and skill to shift the buyer's focus from price to: (a) the cost of not implementing your solution, and (b) their return on investment. If customers have conviction that they'll get a significantly better return per invested dollar by going with you, they'll be glad to pay more.

7. Higher per sale average: Gain the confidence and patience



required to do a thorough needs analysis before proposing a solution. This honest, comprehensive approach ensures no money is left on the table, and customers are totally satisfied.

8. Better relationships with prospects and clients: Create a climate of trust and respect by differentiating yourself from the stereotypical pushy salesperson. Experience the satisfaction of having your clients say, "Not only does she listen to me, she truly understands me."

9. Higher closing ratios in competitive situations: Through your superior knowledge of your prospect's needs and the precise execution of mutual agreements, you will distinguish your solution, and yourself, from competition.

10. Lower cost per sale: Precious resources previously wasted on non-buyers in unwarranted proposals, demos, on-sites, trials, and prototypes will be productively re-allocated.


11. More effective negotiations: Bring about successful outcomes without making unilateral concessions. Never give anything away unless you're getting something comparable, or of greater value, in return.

12. More effective team selling: Experience the power of a selling team that is 100 percent bought-in to the exact same selling model. Through this process, every member learns and understands their precise role.

13. More accurate forecasting: By achieving meaningful milestones throughout the selling cycle, the projected probability of a deal coming to fruition falls within a significantly smaller margin of error. In addition, mechanisms are installed to protect the integrity of the overall forecasting system.

14. Higher activity level per rep: "The greatest motivator for a selling professional is winning," says Tom Peters, author of *In Search of Excellence*. Fresh, new tactics and strategies create a groundswell of excitement and activity.

15. Better internal communication: The consensus gained through effective implementation of a company-wide selling system and the common language to describe it ensures every internal conversation among managers, reps, sales engineers, consultants, etc., is more precise and efficient.

16. An overall increase in morale: Optimum morale is attained when your people feel good about and believe in themselves, their company, their product, and their marketplace. One of the most important benefits of an effective sale process is sustainable improvement in all of these areas. 



QUICKREAD™

- Effective sales training can lead to a better-equipped staff and increased business.
- Don't waste resources on prospects with limited potential; learn how to weed them out.
- Improving your staff's negotiation, forecasting, and communications skills will boost morale.

Steve Clark is the founder and CEO of New School Selling. He can be reached at 800-250-3146 or via e-mail at sclark@newschoolselling.com.

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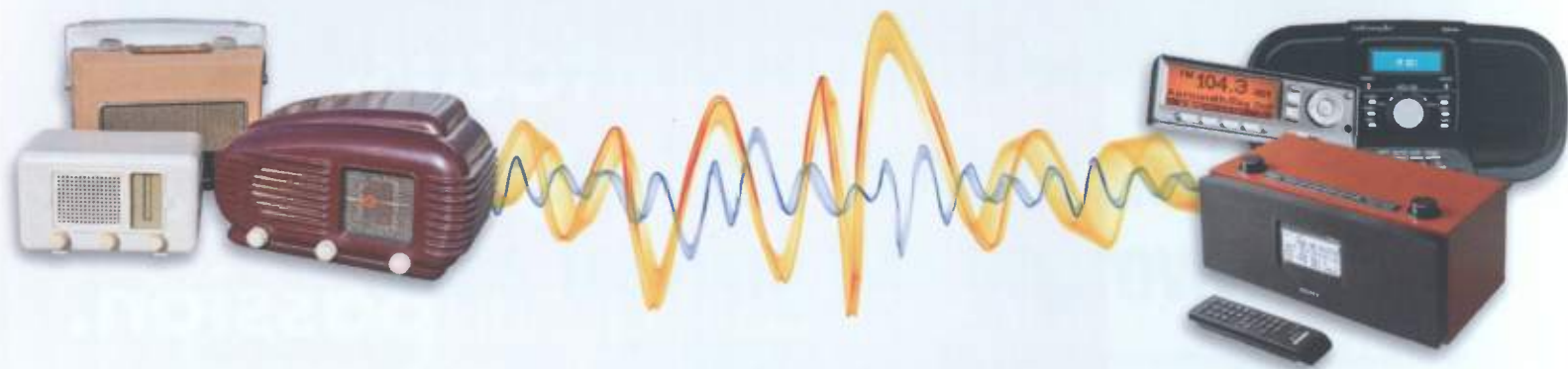
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HD Radio™ our **future.**

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- NAB's HD Radio Technology Advancement Task Force
 - HD Digital Radio Alliance
 - iBiquity
- ...and so many others

**Working Together
to Advance HD Radio**

BEASLEY BROADCAST GROUP, INC.



Taking Radio Digital

Radio's adoption of digital technology is one of the most talked-about issues in the industry today. From improved sound on primary channels to what's being heard on the additional channels HD Radio technology makes possible, many in the industry believe HD Radio will be a vital element of radio's competitive stance in the years to come. The technology also has its critics, however, many of whom question whether HD has the capability to wrest consumers' attention away from the myriad entertainment options that will populate the retail pipeline in the future.

To address these and other issues surrounding HD Radio — both its challenges and its

opportunities — *Radio Ink* is dedicating the bulk of this issue to HD Radio. We asked some of the industry's top leaders, all of whom have a vested interest in the technology's success, to share their views on some of the key questions surrounding HD Radio, and for their predictions on what lies ahead for digital radio.

We also reached out to visionaries in the industry who have found inventive ways to capitalize on HD Radio's potential, and their success stories serve as a guide for what's possible for those who — like the leaders featured on the following pages — are charging headfirst into radio's digital future.

Taking Radio Digital

High Definition Leadership

Top Industry Executives Reveal Their Outlooks For HD Radio

From the prospect of more and different programming to the new revenue-generation possibilities it presents, HD Radio gives the radio industry a chance to reinvent itself for the digital age. Launching a new technology and educating consumers on its benefits is always a challenge, but the radio industry — with the formation of the HD Digital Radio Alliance and through collaborative efforts among industry groups — is working hard to excite listeners about HD Radio. Still, many people inside and outside the business doubt HD Radio's chances for success, lobbing criticism at the technology and the evolving retail infrastructure.

For this special HD Radio-themed issue, *Radio Ink* asked a handful of key leaders in the HD Radio movement for their reactions to negative statements about the technology, and for their own viewpoints about what can be done to make the technology both a commercial and a consumer success.

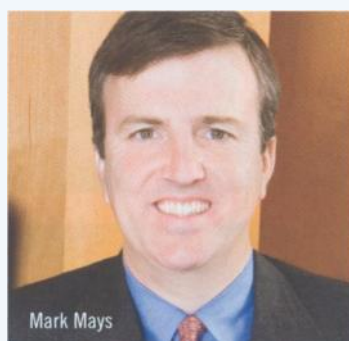
Clear Channel Radio and Greater Media have aggressively rolled out HD Radio on their stations, and their leaders — Clear Channel CEO Mark Mays and Greater Media President/CEO Peter Smyth — are included in the discussion. So is HD Digital Radio Alliance CEO Peter Ferrara, who oversees the industry consortium that counts those two companies and many other top groups among its members. RAB President/CEO Jeff Haley and NAB President/CEO David Rehr, whose groups are individually and collaboratively working on initiatives to elevate HD Radio's profile inside and outside the industry, also share their views. So does iBiquity CEO Bob Struble, who heads the company that developed HD Radio technology.

With a collection of leaders this impressive, the viewpoints they share and the predictions they make are some of the most thought-provoking and inspiring for the future of HD Radio.

How do you respond to those within the radio industry who doubt HD Radio's chances for success?

Ferrara: I would tell them they can either be part of the solution or part of the problem — it's their choice. The bright, creative, and forward-thinking people in our industry always find a way to make it happen — and we will again. This is not much different than the emergence and success of FM in the early '70s.

Mays: HD Radio will be successful. Whenever consumers have been given a better product with more diverse content, it



Mark Mays



Jeff Haley



David Rehr

has been VERY successful. As long as we focus on the consumer — and the incredible entertainment experience we can provide them — HD Radio will win.

Struble: I'd strongly disagree with them and point them to the facts. Every other consumer electronic medium is digital, and it is inconceivable that AM/FM will be the only analog medium in a fully digital world. Digital is just better. Consumers know that, and broadcasters do as well. And we are seeing a rapid acceleration in the commercialization of the HD Radio system. There is no doubt that the transition of an entire industry will take time. Think about the time it took to transition to color TVs or to FM broadcasting or most recently to HDTV. The HD Radio transition compares extremely favorably.

On the consumer side, there are now more than 50 different HD Radio receiver products in the market. Several are below \$200. They can be purchased factory-installed from BMW and Mini, with several more automakers on the way. These trends will continue into this holiday shopping season — more products, more attractive prices, more places to buy.

On the broadcast side, there are nearly 1,400 digital radio stations on the air with commitments in place that will more than double that figure. Forty percent of radio listeners are tuned to HD Radio stations; they just need an HD Radio receiver. Nearly 700 stations are multicasting.

HD Radio technology is getting a strong validation from other markets around the world. We are seeing the rollout under way in

a number of countries, most notably Brazil. Broadcasters globally have looked at the HD Radio system, compared it to other options available, and they like what they see.

Smyth: I am bullish on the opportunities HD Radio can provide the industry. The challenge is to bring more innovation to the HD2 channels, have patience (not a great virtue among media people), and continue to collaborate with receiver manufacturers and car companies.

Haley: Advertisers are looking for unique ways to reach highly targeted consumers. Radio already does that exceptionally well, but with HD Radio we can develop interactive or niche programming that can be extremely attractive to advertisers. The text-display messaging feature also brings a visual element to radio in the car, and that creates more opportunities for us to work with advertisers.

Rehr: More than 1,000 radio stations have made the transition to HD Radio, and not a day goes by that I don't hear a radio ad touting the many benefits of the new technology. As broadcasters, we must embrace innovation and use it to complement our already powerful medium. A lot of people I talk to in Washington are under the false impression that local radio's best days are behind it. Not so, I tell them — and HD Radio is Exhibit A as to why local radio has an extremely promising future.

What are the key revenue-generation opportunities for HD Radio?

Ferrara: HD Radio has the potential to totally change the growth curve of our industry. The early stages will be advertiser supported, much like the current business model but with some variations on a theme. I expect to see sponsored content on HD2 (The Starbucks Station, The iTunes Select Hour, The Nike Sports Talk Station, etc.); limited but focused ad-supported features with news, weather, stocks, etc.; plus a host of unique advertiser-supported promotions and special events. As the new enhanced features on HD Radio become available — image-rendering displays, data transmission (traffic, stocks, scores, etc.), “buy-now” buttons, and store and replay functions — multiple layers of revenue opportunity will be available.

Haley: HD Radio will give us an opportunity to develop client-sponsored programming that weaves the advertising message into the content. This will allow us to compete on a more level playing field with media that can offer strong product integration. Our localism will continue to play a huge role in HD, allowing us to deliver a local message via text-display in conjunction with a national commercial.

Smyth: Product integration and placement will be the future model; we cannot migrate radio's existing spot loads onto the multicast channels and think that we will delight our customers and new listeners. I believe that the NPR model will be the economic engine that drives HD Radio.

Mays: The key revenue opportunities for HD Radio will be in building an incredible audience. Get listeners excited about radio again with new, innovative formats and great creative programs — all in high-quality audio. Once we build the audience, the new revenue streams are endless.

Struble: I think several areas hold great promise:

- The ability to broadcast text on HD Radio receiver display screens provides an entirely new vehicle for advertisers to reach radio listeners (and a new platform for radio sales executives). Advertisers can use text either as added value to their on-air ads or to run separate and additional text content during regular on-air programming.

- HD2 channels hold excellent potential for revenue



Peter Smyth



Peter Ferrara



Bob Struble

generation. At the most basic level, HD2s double a station's advertising inventory and provide opportunities to offer bundled packages with the main station. Beyond that, niche formats will provide advertisers access to coveted target markets, for which they may be willing to pay a premium. HD2 channels also provide an opportunity to experiment with new advertising approaches that move beyond the traditional 15-, 30-, and 60-second spots. This might include sponsoring blocks of programming, an approach that has gained popularity on TV.

- There is revenue potential for real-time traffic delivery, providing on-demand updates and even plotting traffic info onto navigation screens. Clear Channel has launched this service in 48 markets. We anticipate seeing receivers capable of receiving these traffic updates in 2008.

- Tests for “conditional access” and “pay-per-listen” programming show great promise. Imagine the opportunities associated with sponsorships of exclusive content, such as sold-out concerts and other specialty programming.

Rehr: One benefit I see in HD Radio is a local station's ability to use the technology and adapt it to fit the needs of its listeners. Whether it's broadcasting news and traffic on a side channel or airing a niche music format that no other station in the market provides, the opportunities for broadcasters who make the HD upgrade are plentiful. There is no one-size-fits-all approach, and that's what makes the medium so valuable.

What would you say to station owners who are unsure about investing the resources necessary to convert to digital?

Ferrara: I could understand their hesitancy a couple years ago, but not now. We have made so much progress with the receiver makers, the retailers, and the automotive industry while creating significant consumer awareness and demand for HD Radio. That will continue to grow, and all station owners need to be a part of it. If not, they run the risk of being left behind as the rest of the industry moves forward.

Mays: The world has moved into the digital age. Unless you want to be a standalone AM analog station left in the market, it's time to make the investment for your future. Come on in — the water's fine.

Rehr: Ensuring a healthy future means embracing technology to remain relevant in the ever-increasing digital world. We can't just stick our head in the sand and ignore the fact that every other platform has gone, or is going, digital. By upgrading, we can continue to serve our unparalleled audience and usher in a new wave of opportunities available only to digital technologies.

I have traveled the country, meeting with radio broadcasters

HD Radio
DISCOVER IT!

New Products

New Promotions

New Places

New Prices

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I have traveled the country, meeting with radio broadcasters

50 HD Radio™ models

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price points.
optimal average
products is \$149*

\$149
(...and below!)

*Source: comScore Research, Spring 2007

from the smallest towns to the largest metropolitan markets, so I understand the economic challenges facing radio station owners. In Washington, NAB is working to educate lawmakers and regulators on the essential role played by local radio in their hometowns. We are working to create a regulatory environment that fosters the growth of radio broadcasting.

Struble: Look at the competition radio faces: Internet radio, satellite radio, MP3 players, CDs, cell phones, video games, etc. What is the one thing they all have in common? They are digital. The limitations of broadcasting on an analog platform make it extremely difficult for AM/FM broadcasters to compete on a level playing field, and the longer that disparity is in place, the wider the gap will grow. It is not an inconsequential investment, but compared to the alternatives, we believe it is a pretty easy decision.

Haley: Think about your future, and radio's place in the media environment. Maybe HD Radio isn't for every station, but really look at where you want to be in the media landscape five years from now.

Smyth: We live in a digital world. Staying analog is a sure way to fulfill your "old media" destiny.

Unless you want to be a standalone AM analog station left in the market, it's time to make the investment for your future. Come on in — the water's fine.

— Mark Mays

Prices on HD Radio receivers are coming down, but price alone likely won't drive consumers to purchase HD radios. What can be done to accelerate consumer interest and demand?

Haley: We need to work with the retail and automotive industries and develop incentives for them to push HD Radio. We need prominence in stores, and consumer-friendly options for cars. While the

Alliance can do this at the national level, there is opportunity for stations to work with retailers and auto dealers locally.

Ferrara: The number one thing that can make a difference now is creating the local excitement and commitment for HD2 programming. HD Radio has to become part of the everyday lexicon, on and off the air. It has to be a part of the fabric of everything a station does, from promoting HD2 stations on primary analog stations, to contests and events, to sales, to advertising, to marketing. Local managers, programmers, and on-air talent must make HD Radio a priority — not because they are being told to do so by their CEO, but because they recognize the incredible opportunity to reinvent the radio industry on their own terms.

Struble: Prices are coming down dramatically — as low as \$99 — but the cliché is accurate: Content is king. Broadcasters

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have taken the first step by creating hundreds of new FM HD2 channels with a variety of formats, and they must continue launching new digital channels that will capture consumer interest and desire to convert to HD Radio receivers.

They have begun to take the second step, which is to make the general public aware of the new content and drive consumers to purchase new receivers. The Alliance is in the second year of an advertising campaign that has shown great results in increasing awareness of HD Radio broadcasting. But stations themselves need to do more in their local communities.

On the other side of the counter, we are engaging manufacturers, distributors, and retailers in integrated campaigns to reach and educate tens of thousands of retail sales staffers as well as consumers. It's not an overnight proposition, but we are very encouraged by the results to date, and there are many more programs under way for this fall and winter.

Mays: It's a combination of price and outstanding programming. If you look at what Clear Channel, Greater Media, Entercom, and Beasley are doing with original programming, it's pretty impressive. Together, we and other Alliance members are unleashing a wave of creativity unmatched since the early days of FM. Consumers are already responding.

Smyth: I think price, compelling content, and marketing will be accelerators to the continued growth of HD radio.

Rehr: The Alliance has done a tremendous job flooding the airwaves with catchy, compelling HD Radio spots, and consumers are taking notice. Price is an extremely important driver in the adoption of HD Radio. Equally important is ensuring that retail sales personnel understand the benefits of HD Radio and are able to explain those benefits to customers.

What would you say directly to decision-makers at the automotive companies about their HD Radio initiatives?

Struble: The proving ground for products seeking OEM inclusion is the auto aftermarket. Over the next 18 months, hundreds of thousands of HD Radio auto aftermarket products will be installed in existing cars. These numbers allow us to legitimately say that HD Radio broadcasting is here, and it is moving deeper into the mainstream virtually every day. Hyundai, Jaguar, Mini, and BMW are on board; and eight other automakers, representing 51 vehicle models, are lined up behind them. The automotive industry is a highly competitive business; if a car company cannot meet the consumer's demands, the consumer will find someone else who will.

Ferrara: There has always been a love affair between the car and the radio, and radio and the local community. HD Radio and the local stations bring that to a whole new level for your customers. Right now, there is a window of opportunity to differentiate yourself from your competitors and to capture the momentum and marketing behind HD Radio. What are you waiting for?

Mays: Two groups of decision-makers are important in the

auto sector — those inside the carmakers and those at dealer groups. To the carmakers, we're saying that HD Radio creates a tremendous opportunity to increase customer satisfaction because there's no subscription fee attached to the hundreds of radio stations being created; the quality of the audio is unprecedented; and HD enables a number of new data-, text-, and even image-based services. To the dealer groups, we're saying that HD Radio creates a way to differentiate themselves from their competitors and develop new revenue streams — both on sales and installations.

Rehr: The automotive companies that were early adopters of HD Radio certainly deserve credit for recognizing the future of radio. We need greater support from Detroit. To that end, NAB has created the HD Radio Task Force, which is keenly focused on expediting the roll-out of HD Radio. We're working with the Alliance to tell auto executives and their customers that your car is not fully equipped unless it has an HD Radio. We're placing ads in auto industry publications and major consumer publications and on

— Peter Ferrara

billboards in Detroit — all targeted at the automotive community. We need their support.

Haley: Radio and the car have always gone together. Radio is the most sought-after in-car companion, and continues to be, even with iPods, cell phones, and CDs. Radio and car dealerships have also worked together successfully, and HD Radio is another opportunity to continue to do so.

Smyth: Put 'em in your cars.

When do you expect to see HD Radio as a standard feature in a wide variety of new cars?

Struble: As more and more brands launch over the next two years, you will see a combination of optional and standard deployments across models. While HD Radio receivers are scheduled to be an optional feature in dozens of cars, we anticipate seeing them as standard features on several models as early as next year.

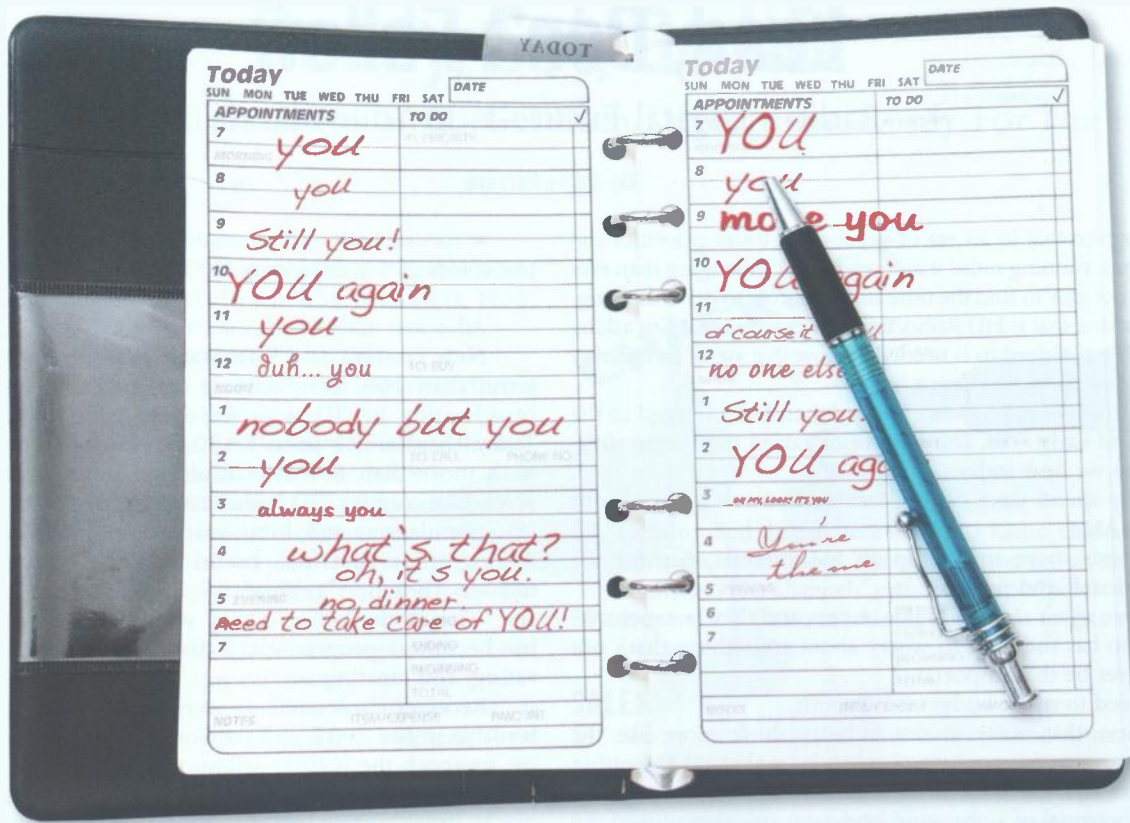
Smyth: Three to five years is a realistic timeline.

Mays: It already is — BMW offers HD Radio as a factory-installed option in all its models. Similarly, Mini Cooper and Jaguar are ramping up their commitments. We'll also see new automakers announce their support this year. Major dealer groups offer dealer installation of HD digital radio converters. This is very significant for them, as it's a new revenue stream.

Ferrara: Over the next 18 to 24 months, you will see 11 different auto manufacturers and some 55 models of vehicles that offer HD Radio, some as standard equipment. At the same time, more and more OEMs are sourcing and engineering HD Radio for their dashboards, so that number will continue to climb. I believe HD Radio will be commonplace and standard in virtually every car by 2011.

Rehr: I think we are getting closer. Commitment within our own ranks is key. If we don't believe in this technology, why should we expect anyone else to? ☐

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Taking Radio Digital

Lead, Don't Follow

Radio's Digital Future Is In Your Hands

By Peter Ferrara

I recognize that in an era of get-it-done-today priorities and tight budgets, running radio stations is more challenging than ever before. It's not easy to find the time and resources to drive the long-term, big vision that is HD Radio. Yet that's exactly what I'm asking you to do. Your leadership is needed. I know that we as an industry can do it, because we've done it before.

The situation today is not unlike when FM emerged in the late '60s and early '70s. The objections raised then were similar to those we hear today:

- Why spend time on FM radio when we make all our money on AM?
- It costs more to put up an FM antenna, pay for the power, and staff and program it.
- There aren't any FM radios in cars, and they're expensive.
- Who has the time to worry about something that's not likely to ever be that important?
- I need to make budget this month.

I believe that many in our industry think more like the bright, creative, and innovative people who embraced FM, rather than the naysayers who brushed it aside. The visionaries recognized the potential of a changing landscape, one that offered the freedom to explore new formats and music genres, to develop new on-air personalities, to interact in a new way with listeners, and to reinvent the future of radio — on their terms.

Those people became some of radio's most successful leaders, and made a lot of money along the way. They serve as an inspirational model for what's possible when we decide to think beyond today's to-do list and this month's budget.

The radio broadcast community, and especially the member companies of the HD Digital Radio Alliance, made a bold and unprecedented move less than two years ago, joining to accelerate the rollout of one of radio's greatest innovations in nearly 50 years: HD digital radio. Providing new entertainment choices for the digital generation, while maintaining the localism and cultural authority that have always been broadcast radio's great strengths, HD radio is a key — if not the key — to our industry's bright and prosperous future.

GETTING IT DONE

This issue of *Radio Ink* highlights the amazing things others are doing with their HD channels. Many free tools can be found at www.HDRadioAlliance.com and www.iBiquity.com. Perhaps most important is seeking out and sharing ideas with others in your station, your company, and your local market.

The progress to date has been phenomenal. The Alliance itself was formed to focus on three critical areas of HD Radio development:

- Facilitate the deployment of new HD2 formats in the Top 100 markets
- Increase consumer awareness and demand for HD Radio;

- Partner with receiver manufacturers, retailers, and automotive companies in advancing HD Radio

Advances in these areas serve as a yardstick for progress:

New content and formats: When we started, there were fewer than 100 radio stations in only a handful of markets broadcasting in HD, with less than 10 actually multicasting. Today, there are close to 1,400 HD Radio stations on the air, with more than 600 new multicast stations in 198 markets across the country. HD Radio now can reach 83 percent of the U.S. population; and local markets are bubbling with new, demographic-specific, brand-extending formats, which include "Beach," "(e)Spañol," "Delta," "the Irish Channel," and "Gay Pride Radio," along with hundreds of others. HD2 has become a programmer's dream for experimenting, innovating, and creating.


Receiver choices: There were just three HD Radio receivers available in late 2005, and the cheapest was more than \$600. As we approach the holiday selling season this year, more than 75 HD radios will be available in both home and mobile departments from major manufacturers such as Sony, JVC, and Audiovox. Some new HD radios are priced as low as \$99.

Auto industry progress: Two years ago, there were no factory-installed HD radios in cars. Over the next 18-24 months, 11 automakers and 55 models will offer HD Radio as an option. BMW, Mini, Jaguar, and Hyundai have already committed. One automaker will soon announce HD Radio as standard equipment on its 2008 model line.

Major retailers: Perhaps most significantly, not a single retail store sold HD Radio receivers two years ago; only a few direct online merchants carried them. Today, HD Radio is available in thousands of retail outlets across the country, including Best Buy, Wal-Mart, Circuit City, Radio Shack, and Sharper Image, as well as from major online retailers such as Crutchfield, Costco, Target, and Amazon.

By any measure, this is significant progress in 20 months, and I thank all of you for it. However, more remains to be done.

We recognize that HD Radio can contribute to a bright and profitable future for our industry. It offers broadcasters an exciting clean slate to create new radio stations, imaginative new content, and new data services. And yes, it also opens a world of new revenue opportunities. To make that happen, however, all of us must be fully on board and continue working together in our local markets to make HD Radio a priority.

If you will aggressively, creatively, and consistently make HD Radio a part of your day-to-day activities now, you can and will make a significant difference in accelerating radio's future — and your own. 



Peter Ferrara is CEO of the HD Digital Radio Alliance.

Taking Radio Digital

Ready, Set, Go HD!

Use This Activation Checklist To Get Each Department Ready For The Flip

By Diane Warren

MANAGEMENT

- ☐ Take a personal interest in your station's HD Radio work, and encourage all managers to listen to your HD2, HD3, channels
- ☐ Train your staff on the basics of HD Radio
- ☐ Track your staff's progress on HD Radio initiatives during evaluations, department meetings, etc.
- ☐ Incorporate objectives for additional HD channels into staff's compensation and bonus goals for 2008
- ☐ Remind staff to include HD Radio in all station marketing, including print, outdoor, trade, TV, online, etc.
- ☐ Encourage sales management to plan creatively for advertising and sponsorship opportunities on additional HD channels in the future
- ☐ Make staff available for HD Radio training at local consumer electronic retailers and car dealers
- ☐ Be sure your staff is using the free materials at www.HDRadioAlliance.com, www.HDRadioPlaybook.com, and www.HDRadioUniversity.com
- ☐ Offer HD radios as gifts and incentives (see products at www.hdradio.com/hdradio_buyers_guide.php)

PROGRAMMING

- ☐ Use "HD Radio" in your legal ID, station identifiers, and all promo mentions
- ☐ Obtain HD radios for the entire programming staff, and ask programmers and on-air staff to listen to your additional HD channels regularly
- ☐ Discuss their feedback during department meetings
- ☐ Take ideas and input from the programming team, and make changes to HD2, HD3 channels' programming to improve the product
- ☐ Secure programming staff volunteers to contribute to the programming of your additional HD channels
- ☐ Encourage the on-air team to talk about HD Radio on their primary station shows
- ☐ Promote additional HD channels stations in your primary station marketing
- ☐ Run HD Radio promos on your AM and FM stations

PROMOTIONS

- ☐ Brand your station an "HD Radio station" and include HD Radio messaging in everything you do
- ☐ Tell listeners they need a new radio to hear the improved sound and to receive the new channels
- ☐ Use the HD Radio, Discover it! logo and messaging
- ☐ Demonstrate HD Radio at all events and in your station's lobby
- ☐ Activate local PR efforts to promote your additional HD channels on a regular schedule

CHECKLIST



- ☐ Develop and distribute a local HD Radio channel guide
- ☐ Consider promotions that allow listeners to sample your additional HD channels' content on your primary channels
- ☐ Prepare HD Radio marketing materials to give to all prize winners, etc.

SALES

- ☐ Secure local, regional, and national consumer electronic retail advertisers and car dealerships, and encourage them to advertise their HD Radio products on your stations
- ☐ Sell HD Radio promotions to local consumer electronic retailers, car dealers, and other advertisers
- ☐ Incorporate local HD Radio channel guides and station logos into store signage and POP where relevant
- ☐ Use specific car dealership promotions available from www.HDRadio.com/McDavid
- ☐ Plan ahead and prepare for the eventuality of advertising opportunities on your additional HD channels

ONLINE/WEB

- ☐ Educate your audience about HD Radio and its consumer benefits (AM sounds like FM, FM sounds like CD, new free stations)
- ☐ Link your sites to www.HDRadio.com
- ☐ Use HD Radio, Discover it! graphics and web buttons. They're available at www.HDRadioAlliance.com
- ☐ Stream your additional HD channels so consumers can sample the new programming
- ☐ Personalize HD Radio on your website (personality pages, keywords, streaming editorials, benefits, testimonials, send to friend tools, etc.)

ENGINEERING

- ☐ Regularly test your additional HD channels for proper time alignment
- ☐ Encourage engineering staff to listen to your HD2 channels for quality and clarity

Diane Warren is senior vice president of marketing/communications at the HD Digital Radio Alliance.



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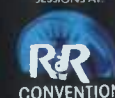
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Taking Radio Digital

HD Radio And The New Media Mix

By Russell Banz

What is HD Radio, really? Is it better-sounding, digital radio? Secondary stations not heard on an analog signal? Digital traffic information on a car's navigation system? Or something we haven't thought of yet?

The secret is to remember that HD Radio isn't a product itself; it's a delivery channel. And as the saying goes, "Don't confuse the medium with the message."

Within this context, here are some ideas on how HD Radio blends with other new technologies that broadcasters are utilizing, and how it fits within the overall new media product mix.

HD RADIO AND THE INTERNET

Long before the industry began adopting HD Radio, broadcasters were experimenting with other types of secondary stations that were delivered via streams on the station's website. For years, one of our Bonneville stations in Chicago — Classic Rock station WDRV — offered an Internet-only stream called "Deep Tracks." This web stream became extremely popular, and the multicast capabilities of digital radio offered a natural extension to distribute this product to a larger audience.

Bonneville also has an online product called *iChannelMusic.com*. The primary asset on this site is an Internet radio station that features emerging and independent Alternative Rock artists; Bonneville has also introduced it as an HD2 station in all of its markets. The Internet and the additional distribution capabilities of digital radio are enabling *iChannelMusic* to become an emerging brand in the new music space.

Many radio station websites offer multiple versions of their broadcast-simulcast Internet streams — for low-, medium-, and high-bandwidth Internet connections. To establish the idea that radio is evolving and improving, these broadcasters are branding the high-bandwidth Internet streams as the "HD" version and educating listeners that they can get this same high quality from the station's over-the-air signal through purchase of an HD Radio. In this context, HD means high quality, both on-air and online.

DATA SERVICES

Our News stations determined long ago that some of the most popular content on their websites feature breaking news, traffic updates, and weather information. Many online users not only access this information on the station website, but also subscribe to e-mail alerts, text messages (SMS), RSS feeds, and similar services so they can quickly access this time-sensitive information. Additionally, all our News stations offer



mobile versions of their websites, highlighting this content to make the data easier for users to access.

Broadcasters should look at every opportunity to use the bandwidth provided by HD Radio to provide traffic, weather, and breaking-news data feeds to as many outlets and devices as possible. Some opportunities come through partnerships and alliances with manufacturers of devices in which it makes sense to incorporate HD Radio (e.g., car navigation systems).

I have also seen demonstrations of HD radios with built-in program guides and store-and-replay features: sort of like TiVo for radio. If implemented correctly, these features could be the "killer apps" of HD Radio.


WHAT'S PLAYING NOW?

Unfortunately, stations often overlook simple things that listeners really want. For example, a popular feature on music station websites is information on what's playing on-air now: artist, song title, album, etc. I have heard numerous listeners say that their favorite thing about HD Radio is being able to read on the radio's screen what song is playing. If you are broadcasting in HD, be sure you are providing this information.

DEVICES

With HD Radio, radio has access to some valuable digital bandwidth. Some companies crave this kind of bandwidth and pay premiums for it. A few years ago, for example, Qualcomm spent millions of dollars on spectrum that enables it to offer video and audio content to cell phones through its MediaFLO service.

It's important for radio's future that manufacturers of HD chips decrease the size, power consumption, and cost of the chips so we can distribute our content to as many devices as possible, and not cede that ground to new entrants. Distribution then becomes transparent to end users as to whether they are receiving radio content via a wireless Internet connection or over the air via HD Radio.

Lastly, broadcasters must ensure that their content is compelling and relevant, regardless of whether it's on the web, on a mobile device, or from an HD signal. We all know that content is king. HD Radio and these outlets provide the building blocks of a kingdom for the king. 



Russell Banz is vice president of new media for Bonneville International.

Taking Radio Digital

Now Hear This

Additional HD Channels Provide Exposure To New Artists And Venues

By Jennifer Leimgruber

HD Radio is a great idea whose time has come, but getting the word out to those most likely to enjoy the medium is a formidable challenge. Despite the fact that this easily available, no-cost narrowcast programming could create a cultural watershed, we need to find a way to promote the medium by connecting HD Radio directly to serious and influential music fans.

An incredible platform for new artists and independents, HD2 offers countless new ways to approach event broadcast opportunities and make them more valuable to our affiliates and consumers.

That's exactly what the HD Digital Radio Alliance did in March at the annual South by Southwest (SXSW) conference in Austin, TX — a great first step in the right direction.

It started, as many ambitious projects do, with a small idea: We must expose HD Radio to a community of passionate music fans, who are often early adopters of new technology, and simultaneously help worthy independent bands gain exposure in a crowded environment.

SXSW seemed like the perfect opportunity, because it has become the most significant annual event in the independent music world, if not the American music industry. (This year's conference attracted more than 8,000 registrants from the worlds of performing artists, radio, records, new media, and technology. More than 1,500 acts performed on more than 50 stages throughout Austin.)

When I pitched the idea of producing a SXSW event to Tom Owens, EVP of content development for Clear Channel Radio, he gave it his enthusiastic support, and suggested I contact Peter Ferrara and Diane Warren at the Alliance. They signed on as well, and the idea gathered momentum. We found a venue, hired an event production company, booked a lineup of bands, arranged for HD radio giveaways, and did pre-event publicity and promotion.

On March 14, the Alliance made its splash in Austin. Over six hours on two stages, we presented 10 acts, from emerging singer-songwriters Quincy Coleman and Meiko, to rock 'n' roll from The Sights, The Teenage Prayers, and The Boggs. We also scheduled special performances by American underground legends Dexter Romweber (formerly of The Flat Duo Jets) and The Silos. More than 1,000 people attended — an outstanding



turnout at a wall-to-wall music event that offers hundreds of entertainment options at any given moment!


At the HD Radio listening booths we set up inside the venue, it was incredibly gratifying to watch people put on the headsets and instantly grasp the concept of side channels, something we in the business take for granted. Their eyes lit up as they turned the dial and heard additional frequencies.

The impact of this experience on the 18- to 34-year-old indie music fans was encouraging, especially as that's such a hip, curious, and technologically savvy demographic. Making believers of them will lead the listening revolution of HD Radio.

To demystify the idea of dedicated equipment, we gave away one HD radio every hour by drawing a lucky ticket between performances on the main stage. People outside our "Bourbon Rocks" venue stuck their heads in to ask, "How do I win an HD radio?" Many said they had skipped other shows in hopes of winning one.

To continue promoting the format after the event, we featured exclusive live recordings of the showcase artists on Clear Channel's HD2 indie Rock channel "Undies," which airs in five cities and can be heard online at www.clearchannelmusic.com/formatlab.

We're continuing to explore ways in which HD Radio can extend and expand the options of syndication. On July 7, Premiere Radio Networks was the terrestrial broadcast partner of the 24-hour, global Live Earth concert event. Multi-format music events such as the Live Earth concerts sometimes present challenges for terrestrial radio, because artists who work for Classic Rock stations, for instance, may be sandwiched between CHR acts. Clear Channel's HD2 channel allowed us to present a world feed to affiliates for broadcast on their side channels without concern about format restrictions.

We must continue finding ways to raise public awareness about these diverse side channels and to inform consumers how to access them. HD Radio is a valuable component to revolutionizing our industry — and it can't be ignored. 



Jennifer Leimgruber is senior vice president of programming at Premiere Radio Networks.



The Clear Choice

Beasley Broadcast Group Believes Adoption Of HD Is Key To Radio's Future

By Editor-In-Chief Joe Howard

Beasley Broadcast Group has made a comprehensive commitment to HD Radio; not only has the company authorized one of its program directors to critique all of its HD2 programming, it has created — with input from its stations — a company handbook with guidelines for how to program the additional channels that HD Radio technology makes possible. An active member of the HD Digital Radio Alliance, this family-run company believes radio's future is linked to the successful rollout and consumer adoption of digital radio technology.

"You've got to move technologically with the times," says president & COO Bruce Beasley. "You can't sit back and wait for someone else to do it; you've got to start somewhere, and that is why I am such a big proponent of the Alliance. You cannot not do it; that is the bottom line."

Executive Vice President & CFO Caroline Beasley, who also chairs the NAB HD Radio Task Force, adds,

"We've been in the business for a long, long time, and we've seen radio change over the years. It's our belief that this is the future of radio. We've got to provide our listeners with what they want — better quality and more choices — and HD responds to that. We need to do this today for tomorrow."

Management of Beasley Broadcast Group is truly a family affair; this brother and sister are part of an executive team that includes their father, founder and Chairman George Beasley, brother Brian, who serves as vice president of operations, and brother Brad, vice president/market manager of the SW Florida cluster. So their commitment to the company's future goes beyond mere business; they're preserving and building on their father's legacy. And they believe HD Radio will play a key role in carrying the company that bears their family name — and the industry — into the future.

"I think we've got a good plan," says Bruce, "and that's the key to success in anything you do."

COVER STORY: Caroline & Bruce Beasley

RADIO INK: Beasley Broadcast Group is known as a major proponent of HD Radio. Why is the company so firmly behind this technology?

BRUCE BEASLEY: We started discussing HD in the latter part of 1999; we were proponents of it back then. Quite frankly, we were very happy that the Alliance was formed so we could get some cohesiveness within the radio industry. It's something that the industry has to take upon itself. To get all these companies together at one time, to join in on this effort, was a big undertaking. I think the Alliance really helped us. Right now, we're in the educational/content stage. Because there are relatively few receivers out there, we've got to get the consumers interested in buying the product.

CAROLINE BEASLEY: We've been in the business for a long, long time, and we've seen radio change over the years. It's our belief that this is the future of radio. We've got to provide our listeners with what they want — better quality and more choices — and HD Radio responds to that. We need to do this today for tomorrow.

RI: What is Beasley doing to educate consumers and station staff about HD Radio?

BB: We are streaming our HD2 channels, and we've also done some education within the company. We had a brainstorming session in 2005 with some of our PDs, corporate engineers, and corporate communications on how we should proceed, and to lay groundwork for our company's conversion to HD Radio technology. We've given direction to the radio stations — with input from them — on how to move this effort forward. We're also working with the Alliance in helping to promote the HD effort.

CB: The main thing is for us to provide good content to our listeners. I'm sure you've heard all the negative about HD2 channels that play the same 16 songs over and over, or they're just dark. We're all so focused on our day-to-day business, but this is such an important aspect of the future that we just have to get to it. We really have to focus on the content and monitor that process closely. Bruce is working with one particular PD in our company, asking him to listen to all of our HD2 channels and requesting advice from him.

BB: And he's doing a bang up job. We also have an employee handbook posted on our Beasley corporate website that explains what HD is all about, because we expect our people to be ambassadors out there. At many of our events, particularly in our larger markets, we've had an HD booth set up where we allow people to listen to our radio stations in HD. Obviously, it's important that our HD2 channels be monitored at the station level, so early on we made sure that each general manager and program director had access to an HD radio. We distributed radios at the corporate office, which is located in the southwest Florida market where our five stations all broadcast in HD Radio. HD Radio is also prominently positioned on the agenda of Beasley's upcoming general managers & program directors meeting.

RI: Can you give an example of how Beasley is investing effort in HD2 programming?

BB: We have some pretty darn interesting HD2 channels across our company. For example, Beach 103.9 here in Ft.

Meyers plays beach music — reggae, that sort of thing — but we daypart it. We know people are sitting out on the beach during the day, and at night they're sitting in their favorite bar or at home preparing to have dinner. We're also getting ready to launch an HD2 that will be blues-based. We're working with the program directors and letting them know how important this is; if we're going to put an HD2 signal up on the air, it can't be just left alone, we've got to pay attention to it, we've got to give people a compelling reason to listen to it. I think we've done that on those we've launched so far.

CB: At the upcoming meeting Bruce mentioned, [HD Digital Radio Alliance CEO] Peter Ferrara is going to speak to



SIDELINES

RI: What is your favorite movie?

BB: *Dances with Wolves*

CB: Who has time to watch a movie?

RI: What is your favorite radio format?

CB: My favorite station here in Ft. Myers is WXKB. It's CHR, and my daughter loves it.

RI: What is your favorite website?

CB: I have several. NASDAQ is one that I have on my screen all the time. And this summer, bunk1.com, because my kids were at camp for seven weeks, so I went on to look at their photos everyday.

BB: Mine is MSNBC.

RI: Favorite pastimes or hobbies?

BB: Mine would be golf.

CB: I like to run, and I like to spend time with my kids and family.

RI: Favorite vacation spot?

BB: Jamaica

CB: Yeah, me too

RI: If you could go back in time, where would you go?

BB: For me, I would go back to when my kids were 2 to 5 years old, because they are 19 and 24 now.

CB: I'm just looking toward the future at this point, so I'm not sure that I would want to go back in time. I'm looking ahead.

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COVER STORY: Caroline & Bruce Beasley

our general managers and PDs, and there will be two break-out sessions with him. There is a big focus on HD.

RI: How do you resolve putting this effort into something that so few people are hearing right now?

BB: You have to. We have believed for a long time that this is part of the future of radio, and you've got to move technologically with the times. You can't sit back and wait for someone else to do it. You've got to start somewhere, and that is why I am such a big proponent of the Alliance. You cannot not do it, that is the bottom line. Obviously, we expect to monetize this at some point in the future, but it is the chicken-and-egg theory. You've got to get it out there before you can monetize it.

RI: What are the key ways radio can monetize its investment in HD Radio?

BB: The primary goal of the Alliance and anybody involved in HD right now is to continue the education process and get more receivers in the marketplace. The content on the HD2 channel is important, but right now it is imperative that we continue educating the public and people who will be supplying receivers. Once we get to that point where there's a significant number of receivers in the marketplace, then you can monetize it. Our outlook right now — and it could change — is selling commercials on the radio stations at some point, maybe years down the road. I know Caroline doesn't like to hear this, but we'll monetize it as soon as it is reliable enough for us to monetize.

CB: Initially, we'll look at sponsorships to monetize this. The business model has not been developed for these side channels, but I would suspect that you're looking at some kind of sponsorship opportunity. What goes beyond that will just kind of evolve.

RI: Will the traditional ad sales model work on HD2? Or will HD2 advertising be all sponsorships?

CB: It very well could be.

BB: Again, we don't have a model set, we're just speculating right now.



Beasley morning personality Mike O'Brian and iBiquity Director of Corporate Communication Vicki Stearns at Beasley's HD Radio listening station during NAB



HD Digital Radio Alliance CEO Peter Ferrara with George and Caroline Beasley

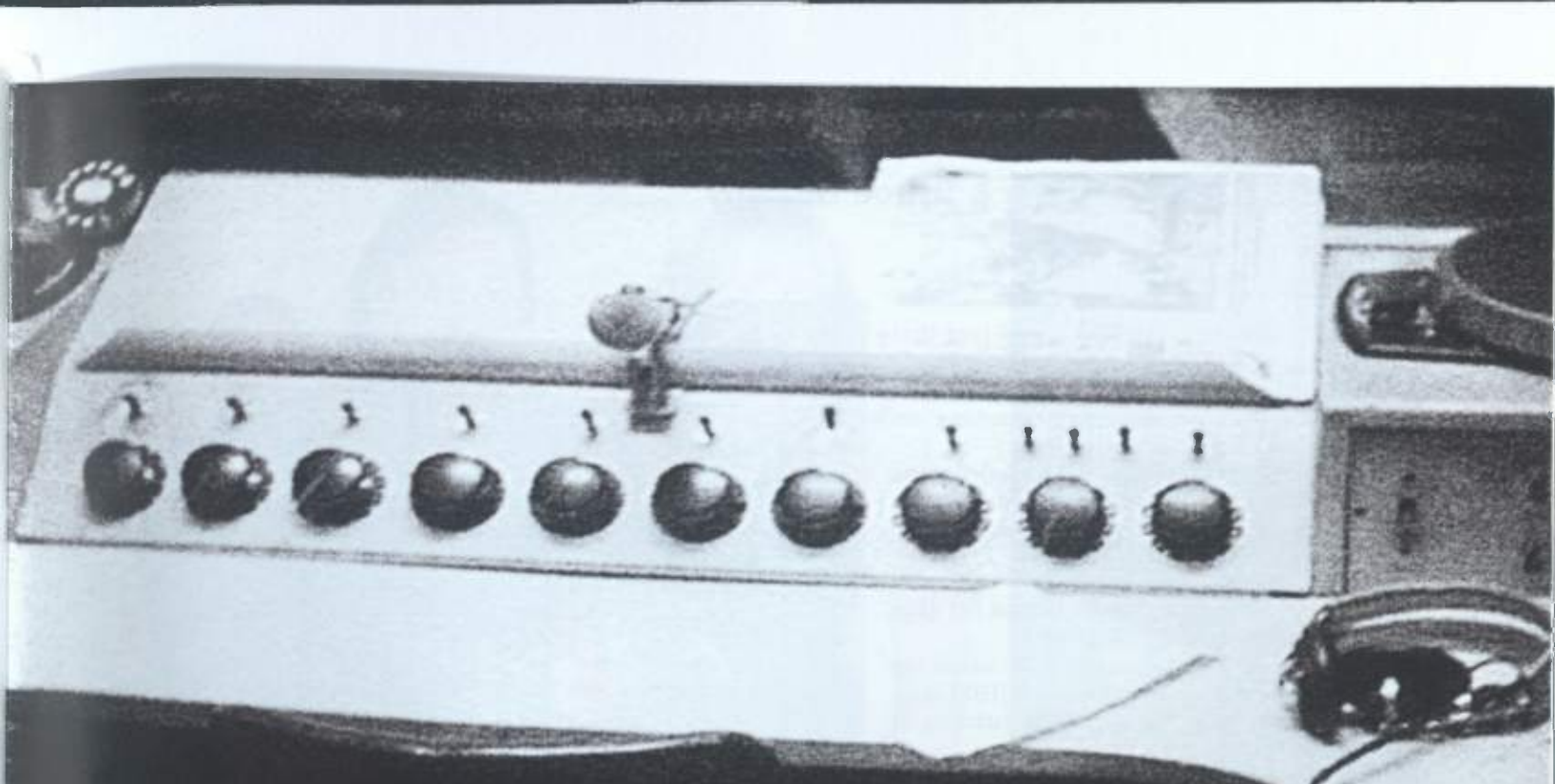
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COVER STORY: Caroline & Bruce Beasley

RI: Are subscription-based services an idea that might play out?

BB: No, absolutely not.

CB: I agree with Bruce, that's something we should stay away from.

BB: The key is, this is radio. It's a high-definition radio that will offer sideband channels, and it's free — just like people have been used to listening to the radio for many, many years.

RI: How do you feel about what the Alliance has done in terms of marketing HD to consumers?

CB: They've done an amazing job. We would not be where we are today without Peter and [HD Digital Radio Alliance Senior Vice President/Marketing & Communications] Diane Warren.

BB: I concur with that. As I said, to get everybody to agree on something as important as rolling out HD, forming that Alliance was a great call.

RI: What are you hearing in terms of consumer awareness?

CB: We're running a lot of commercials on our radio stations to promote HD Radio, and people are becoming aware of it. I have people coming up to me in the Naples/Ft. Myers market and asking how is HD Radio coming along, should I go buy one, what kind of channels do you have on your stations, do all the other stations have side channels? People are becoming more aware, and we just have to continue the effort.

RI: Do you feel that the right receivers are on the market, or is there a product vacuum somewhere?

CB: We're just going through the initial stage, and we have to walk before we run. I expect that there will be more choices down the road and they will be better, because technology improves.

BB: Consumer demand will evolve the needs; that is basically how retailers work their product placement.

RI: What are you hearing about negotiations with the automakers to get HD Radio receivers in new vehicles?

BB: Peter is working diligently on that; he's got some good opportunities for us moving forward. I was reading the other day that it's not a long process to integrate HD into a car radio — I think it's a chip. Auto dealers do research themselves to see if consumer demand is there, and that's why I keep going back to education. The more consumer demand we can put on HD Radio, the more people will be asking their car dealer, "Where is my HD?" or "How can I get that?" It's a two-pronged effort: the Alliance working with the automotive dealers, and us continuing the education to the consumer.

RI: With so much going on at once — consumer education, programming, receivers — do you fear something is being overlooked?

BB: We are just in the beginning of this, and to judge what's lagging right now is too early. We are working on our HD2 content, on educating the public. The Alliance is trying to convince



The Beasley family (l-r): Brian, vice president of operations; Caroline, Bruce, Brad, vice president and market manager of SW Florida cluster; and George, chairman/CEO (seated)

manufacturers, auto dealers, retailers. I think we've got a good plan, and that's the key to success in anything. We'll eventually get there. We've got a long way to go, to be very honest, but at the end of the day, you'll have good content on HD2, the public will be educated about the quality of HD Radio, and we'll all look back and say the Alliance did a great job.

CB: I agree. Even though we're in the infancy stages, the important thing is to not get frustrated, and to stay the course.

RI: Caroline, can you tell me about the NAB Task Force you chair, and what this effort is about?

CB: The NAB stepped up about a year ago and allocated dollars toward marketing HD Radio. We have been working in partnership with the Alliance, and the goal was to specifically target the automotive industry and to encourage automakers to include HD Radio receivers in their vehicles. We've been running the "fully equipped" campaign — if you don't have HD Radio in your car, you're not fully equipped — and the NAB has committed to several marketing initiatives. We had provisions at the New York auto show; we put ads in automotive print magazines, we had billboards throughout Detroit, and we're going to have billboards through the end of the year in the Detroit area. We put ads in the regional issue of *USA Today*, targeting Detroit, New York, and L.A., and we plan to be at the L.A. auto show. We just need to be out there and constantly in their face, reminding them that HD Radio is available and they need to put it in cars. I really have to commend NAB for stepping up and doing this.

Task Force members heard tremendous feedback from the New York Auto Show, our first event, which boosts our confidence in the direction we're taking with our various promotions. From our vantage point, the numbers are all moving in the right direction. We're seeing more models of HD radios, supplied by an increased number of manufacturers, placed in a wider variety



of automobiles and offered to customers at price points that continue to drop. Our Task Force feels that the collaborative efforts of the NAB, HD Radio Alliance, iBiquity, and others are successfully placing HD Radio on an even playing field with other technologies vying for consumers' attention.


RI: Do you believe that getting HD Radio receivers into new cars is the step that will take the technology to the next level?

BB: Definitely. It will certainly help; there is no doubt about it. If people have it there, right at their finger tips just like they have regular AM and FM, there's no doubt about it, it will help pique the availability to consumers.

CB: That does seem to be the missing link, if you will.

RI: Without getting too technical, FCC rules dictate that HD2 channels must keep their power levels below a certain limit to protect main channels. Are you hearing any complaints that power levels are a little weak right now?

CB: I can only respond based on my own personal experience because I have an HD radio in my car. I live in Naples, and we have four FM stations that have converted to HD. They all have the side channels, and I have to tell you that every morning going into the office and coming home, I am sitting there punching those buttons. The problem that we had initially was with processing equipment; you've got to have good processing equipment on these channels. Once we upgraded those, it seems like there's not the distinct difference between your main channel and your HD2 channel. That's the only way that I can comment on that. I'm in Naples and our stations are up in Ft. Myers, so that seems to have been the difference that I have found down here, just personal experience. But that is something that I can bring up to the NAB task force.

BB: That goes back to making sure you treat your sideband channels with the same amount of passion that you treat your, for lack of a better word, main channel. We've told our program directors when they put a sideband channel on the air, if you wouldn't have it on your regular channel, then we don't want it on the air. 

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Blast From The Past



IS THIS THING ON?
Actor Charles Laughton examines some of the original KDKA microphones and their successors, circa 1940.

Photo courtesy of Frank Boyle

SEARCH YOUR ARCHIVES. *Radio Ink* magazine is searching for vintage photographs of people, stations, or promotions to use on our Blast page. All photos will be returned, but please LABEL them with identifying captions, including a return address and contact name. Mail to: Wendy Bernstein, Managing Editor, *Radio Ink*, 224 Datura St., Suite 1015, West Palm Beach, FL 33401, or e-mail to wendy@radioink.com.

EVENTS

ARBITRON DATES

Spring 2007: April 5 - June 27
Summer 2007: June 28 - Sept. 19
Fall 2007: Sept. 20 - Dec. 12

SEPTEMBER

Sept. 5-6 — North Dakota Broadcasters Association Annual Conference, Fargo, ND.
www.ndba.org
Sept. 6-11 — International Broadcasting Convention IBC2007, Amsterdam.
www.ibc.org
Sept. 13-15 — Oregon Association of Broadcasters Fall Conference, Eugene, OR.
www.theoab.org
Sept. 17 — 2007 Broadcasters Foundation Celebrity Golf Tournament, Darien, CT.
☎ Gordon Hastings, 203-862-8577
www.broadcastersfoundation.org
Sept. 26-28 — NAB Radio Show, Charlotte, NC.
www.nabradioshow.com
Sept. 26 — NABEF Radio Show Career Fair, Charlotte, NC
www.nab.org

OCTOBER

Oct. 5-8 — 123rd AES Convention, New York City. ☎ 212-777-4711
www.aes.org
Oct. 11-14 — Association of National Advertisers Annual Conference, Phoenix.
<https://annual.ana.net/>
Oct. 12 — Commercial Radio Australia National Radio Conference, Melbourne.
www.commercialradio.com.au/
Oct. 15-Nov. 16 — International Telecommunications Union World Radiocommunication Conference and Assembly 2007, Geneva, Switzerland.
www.nabanet.com
Oct. 28-30 — Community Broadcasters Association 2007 Convention, Las Vegas.
www.dtvnow.org

NOVEMBER

Nov. 4-6 — NAB European Radio Conference, Barcelona, Spain.
www.nab.org/meetings/europe
Nov. 4-6 — Canadian Association of Broadcasters 2007 Convention, Ottawa.

www.cab-acr.ca/

Nov. 14-16 — National Association of Farm Broadcasters Annual Convention, Kansas City, MO. ☎ 612-224-0508
Nov. 17 — The Radio Club of America 97th Anniversary Annual Awards Banquet, New York City. ☎ 303-988-3515
www.radioclubofamerica.org
Nov. 26-30 — IEEE GLOBECOM 2007, Washington, DC.
www.ieee-globecom.org/2007

DECEMBER

Dec. 4 — *Radio Ink's Forecast 2008*, New York City.
☎ 561-655-8778.

JANUARY 2008

Jan. 22-24, 2008 — IEEE Radio & Wireless Symposium, Orlando, FL.
www.ieee.org

FEBRUARY 2008

Feb. 17-20, 2008 — 46th annual Music Personnel Conference of the Association

of Music Personnel in Public Radio, Mobile, AL.
www.amppr.org

MARCH 2008

March 7-12, 2008 — NRB2008, Nashville, TN.
www.nrb.org
March 26-29, 2008 — 33rd Annual Community Radio Conference, Atlanta.
www.nfcb.org

APRIL 2008

April 12-17, 2008 — NAB2008, Las Vegas, NV
www.nab.org
April 16-19, 2008 — BEA2008, Broadcast Education Association 53rd Annual Convention Las Vegas
www.nab.org

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