

RADIO'S PREMIER MANAGEMENT & MARKETING MAGAZINESM

RADIO INK

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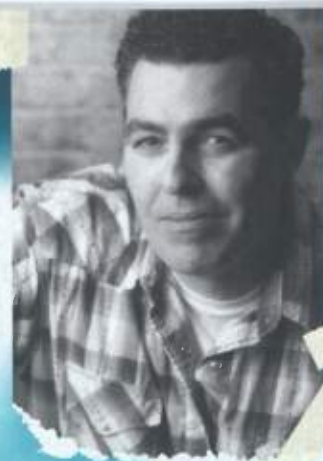
DIGITAL

FRED JACOBS SAYS
THERE'S MONEY IN MOBILE

WHY YOU SHOULD KEEP
YOUR WEBSITE SIMPLE

RING THE REGISTER
WITH YOUR DATA

DOES SOCIAL ENGAGEMENT
= HIGHER RATINGS?



Adam Carolla:
Podcasting King

RADIO'S NEXT ROCK STAR

KEN RUTKOWSKI

**RADIO INK'S 2014
CONVERGENCE AWARD FINALISTS**

STREAMLINE
PUBLICATIONS



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HyperLocal • Audio • Radio • Mobile • Social Media • Digital Media • Video

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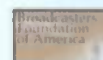
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CONVERGENCE 2014 Agenda

Wednesday, June 4

8 a.m.-noon

Exhibit setup

Noon-1 p.m.

Registration (Exhibit Area)

1-1:15 p.m.

Opening Entertainment

Convergence has earned a reputation for spotlighting talented and up-and-coming musicians, in addition its strong digital line up of speakers and panels. This year is no different. Convergence is proud to welcome Brent Cobb, one of Nashville's most promising singer-songwriters. His songs are sung by stars such as Luke Bryan, David Nail, Kellie Pickler, and the Eli Young Band. Cobb picked up the guitar at age 12 and began writing songs regularly at age 13. You'll have a chance to hear Brent, who recently completed his first Nashville recording as an artist, during Convergence.



Brent Cobb

1:15-1:30 p.m.

Opening Remarks

Eric Rhoads

1:30-2:45 p.m.

Keynote



John McAfee

2:45-3:30 p.m.

Delivering Mobile Consumers to the Cash Register
Today's consumers want it all -- and want it now. Mobile devices allow critical interaction to occur anytime and anywhere. And transaction marketing is becoming more common. The goal is getting your audience to respond and engage with your client's offers. It's critical to a successful marketing partnership and demonstrates your station's ability to move the needle at the cash register

for your advertisers -- and you. How do you "mobilize" the power of your audience with mobile applications that create better, more targeted, and more efficient opportunities for your station and your clients?



Moderator:
Paul Jacobs,
Vice President/
General
Manager,
Jacobs Media

Jim Kott, SVP/
Products and
Marketing,
Abacast

Joe Schembri, VP,
Corporate Business
Development,
Sports Sales and
Sponsorships,
Entercom
Communications

3:30-4:10

Digital Sales Strategies to Grow More Revenue: What We've Learned About What Works and What Fails, and Why Some Are Seeing Significant Digital Growth While Others See Little
Before your sellers get through the door, chances are that prospects already know all about them, your company, and what it offers. That's because, like you, today's clients enjoy access to data -- lots of data! Digital has truly changed the sales landscape and the "rules of engagement." Yesterday, it took an average of three calls to make the sale. Today, it takes 10. How can sellers get in front of prospects those 10 times before decisions are made? When you are no longer the primary information provider, how do you redefine your role as marketer and more effectively interact with client through social media -- the ultimate anti-sales tool? This panel offers 10 key social media strategies for building stronger client relationships that lead to bigger, better sales results.



Jackson Dell
Weaver,
Managing
Partner, InTown
Media



Jon Sofield,
Head of
Business
Development,
Channel Sales/
North America,
Google

4:10-5:00 p.m.

TBA

5:00-5:30 p.m.

"Futuretainment"

Convergence favorite and a "Business Rockstar" in his own right, Ken Rutkowski provides a fascinating worldview of your next generation of customers and how they will impact your business. He'll also pinpoint lessons on disruptive innovation from brands in fast-growing, emerging markets, how to leverage digital anthropology to drive your innovation agenda, and what it takes to compete and win on customer experience in the 21st century. Finally, why do you need to move beyond social media to building an integrated brand engagement platform? Ken shares some thoughts on this and more that will help you better understand the future -- today!

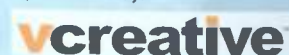


Ken Rutkowski, CEO/
METal International and
Business Rockstar host

5:30-6 p.m.

Fourth Annual Convergence Awards

Sponsored by:



6-7 p.m.

Opening Reception

Sponsored by:



Thursday, June 5

7:45-8:30 a.m.

Continental Breakfast

8:30-8:50 a.m.

All New "Infinite Dial" Data Presentation



Larry Rosin,
Co-Founder/
President, Edison
Research

8:50-9:30 a.m.

TBA

9:30-10:05 a.m.

Multi-Platform Content Engagement Tools and Strategies

How do you successfully distribute content across multiple platforms without developing individual versions for every device? For example, a mobile strategy might neglect a broadcast platform, and vice versa. Creating clean basic content that can be used across multiple platforms calls for fresh thinking about the best ways to integrate across different platforms, including social media and e-mail campaigns. Unless you are convinced you've perfected the art, this is a session you won't want to miss!



Moderator:
Larry Rosin,
Co-Founder/
President, Edison
Research

Patrick Polking,
Senior Director,
Digital Business
& Strategic
Development,
ESPN Audi

10:05-10:25 a.m.

Break

Sponsored by:



10:25-10:55 a.m.

Keynote



Jeff Smulyan,
Chairman/
President/
CEO, Emmis
Communications

10:55-11:35 a.m.

Online Content Innovation: Playing Offense for Audience Growth

A radio content renaissance is underway, but for the most part, it's not happening on broadcast radio. Borrell Associates predicts TSL for pureplay mobile services will grow by 38% over the next four years -- while broadcast radio declines 42% over the same period. Whether you're running a broadcast or online audio media company, engaging in content innovation means playing offense, which will increasingly be key to success. How will broadcasters extend their brands online above and beyond streaming their existing stations? And among new audio media players such as Apple, Google, Microsoft, Pandora, Spotify, Rdio, Beats, and more, what role will original content play in the audience shakeout? Learn from content and innovation experts who'll help spark ideas for your digital path forward.



Moderator:
Paul Goldstein,
President,
PG Audience
Development



Michael
Fischer, SVP/
Labels &
Content, Clip
Interactive



Johnnie Floater,
EVP/Business
Development,
Audience Bakery



Kurt Hanson, Publisher,
"RAIN: Radio and
Internet Newsletter,"
and CEO, AccuRadio

11:35-12:15 a.m.

Digital Advertising: The Key to Unlocking Dollars, From the Client Perspective

In the world of advertising, if it's not linked to digital media, if it's not accountable, or if it doesn't have granular measurement, it's not relevant. This panel brings advertisers together in a frank and detailed discussion on what clients want from your digital assets, and what advertisers need in general to enhance and increase their return on their investment in them. What do they need specifically from radio stations in terms of both content and accountability -- and what's the best way for stations to present their digital platforms? What key elements should be part of every proposal? What tools provide the kind of measurement that meshes digital delivery with broadcast ratings? Clients, agencies, and research experts come forward to lay out, in elementary terms, what every radio rep, manager, and owner needs to know.



Moderator: Norm
Pattiz, CEO, Courtside
Entertainment Group and
PodcastOne

12:15-1:30 p.m.

Lunch

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1:30-2:10 p.m.

Social Media: Best Practices, Opportunities, and the Risk of Standing on the Sidelines

Social media is an impactful complement to broadcast radio, allowing listeners to engage with our stations, our advertisers, and each other in rich multi-way communications. How can stations leverage social channels in tandem with their existing resources to create entirely new value propositions for their audiences? This session explores the many compelling opportunities social media affords broadcast media companies. Panelists will focus on best practices, sensible investment strategies, and effective utilization of social data to generate outstanding ROI. This session will also impart the risks of ignoring or improperly utilizing social channels, as well as tips for aligning the organization for social success.



Moderator:
Alexander Kates,
Author, Investor,
Digital Strategist
and Founder, Jer-
sey Angels Invest-
ment Group



Alisa Cromer,
CEO,
LocalMediaIn-
sider.com

2:10-3:00 p.m.

Keynote Interview

Adam Carolla and Norm Pattiz



3:00-3:20 p.m.

Break



3:20-4:00

Innovators and Inventors: Looking Ahead on the Digital Highway

Convergence 2014 puts the spotlight on a few select companies whose strategies and imagination are ahead of the curve, providing solutions and roadmaps that will be driving many of tomorrow's platforms and adapted technologies. They'll give you a look at what's new on the horizon, and you'll have the chance to follow up later for information you may want to take back to your company.



Moderator:
Buzz Knight,
VP/Program
Development,
Greater Media



Pat Higbie,
CEO &
Co-founder,
XAPPmedia
Inc.

4:00-4:40 p.m.

How Radio's Automotive Dominance Will Change: What You Need to Know to Take Advantage of Changes on the Auto Dashboard

Radio has always owned the car and about 50 percent of listening, but now the dashboard and connected car are changing consumer behaviors. Learn what Apple, Google, and others have planned for the car, how technology impacts how users use their radio, and how your station needs to adapt in order to maintain your dominance. See how the connected car will impact ad dollars and how we sell.



Moderator:
Fred Jacobs,
Founder/CEO,
Jacobs Media



Alan Taylor,
CEO,
Entertainment
Radio Network



Tobin
Trevarthen,
Founder/CEO,
Spatial Shift

4:40 p.m.

Closing Remarks





"Radio is broken. It is not broken in a bad way. I don't think it has ever been repaired, because no one sees it as broken. The same people who have owned it for the last 20 years don't know how to fix it."
-Ken Rutkowski

IN THE ISSUE

06 PUBLISHER'S LETTER

A New Vision For Radio

08 WIZARD OF ADS

By Roy Williams
The Advertiser's Dilemma

09 SALES

By Matt Sunshine
Increase Your Win Percentage

10 SALES MANAGEMENT

By Jon Horton
For Managers Only

11 SALES MANAGEMENT

By Paul Weyland
Maybe It's Time For Her To Go

CONVERGENCE 2014

12 MOBILE

The Massive Move To Mobile
Fred Jacobs & Bob Kernan

14 SOCIAL MEDIA

By Stephanie Winans
13 Steps To Your First Facebook
Advertising Campaign

15 DIGITAL

By Jon Erdahl
Digital Dollars Are Out There

16 KING PODCASTER

Adam Carolla

18 CONVERGENCE DIGITAL AWARDS FINALISTS

20 COVER STORY

By Editor-in-Chief Ed Ryan
The Next Big Thing
Ken Rutkowski

DIGITAL SUCCESS STORIES

25 Dave Paulus, Max Media
27 Erica Dreyer, Mid-West Family Broadcasting
29 Brad Holtz, Sarkes Tarzian

30 DIALOGUE

By EVP/GM Deborah Parenti
The Online Radio Battle
Paul Goldstein

31 BLAST FROM THE PAST

FEEDBACK:

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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.

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- 5. No Make Goods**

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daveramsey.com/arc





B. ERIC RHOADS
FROM OUR CHAIRMAN

A New Vision For Radio Sales

TO REACH ME, WRITE:

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I'm on a mission to improve radio's top line. But to do that, we need to change how we as an industry do business. So many things seem counterintuitive to today's tech-centric culture.

I'm not interested in eliminating sales jobs in our industry, but I am interested in bringing some stability to our sales efforts. For instance, almost every sales organization I know of struggles each month to hit goals. Most sales organizations have up and down cycles, aggravated by the moods and life challenges of our sellers, our sales managers, our station successes and failures, and our clients' moods, changes, and needs.



Turnover is a giant problem in the radio industry. At our DASH conference last year, a major car dealer said, "I stopped using radio because I no longer know any radio people in my town. When I got the 50th call from someone telling me they were my new radio rep from one of the stations I used to advertise on, I gave up on radio." As an industry, our 90-day "make it or break it" policy is working against us. Selling is a relationship business, and building relationships and starting to sell in 90 days isn't always possible. I've had some who could do it, and others who invested more time and ended up as stronger sellers.

In any case, we have sellers who just take the 90-day deal, then fake it for three months, knowing they won't make it. And we lose others who simply give up because they realize they can't pull off what's needed in such a short time.

Meanwhile, managers tell me they are often hiring substandard, untrained sellers because they don't have sufficient sales budgets. The best sellers are being seduced away by better packages from pharmaceutical companies and others that pay bigger bases, allow more time for success, and offer weeks of training and big incentives. How can we be competitive?

Think about how we sell in radio. It's not much different than it was in 1950. We are still making cold calls, we are still combing phone books (now databases) and churning through people, and we're still giving up after two tries, so we're also churning potential clients. There is no time to develop business. We put our strongest sellers on established accounts and we put new, untrained people on new business. Most companies today offer no training of substance, and managers don't have time because of the churn. ("Why bother? They'll be gone in 90 days anyway.")

Technology is changing everything, and I believe we can use technology to improve radio sales. My goal is to find and develop a program that sells while you sleep, that overcomes objections, that builds credibility and interest before you ever talk to a client. Can it be done? Absolutely, in fact it's being done in many industries today that are finding they don't have to go through all the motions over and over again with numerous clients. Instead their system does the hard work, generates truly interested leads, and leaves time for sellers to actually take them to the next level.

Is it a pipe dream? Only time will tell, but I don't think so. I believe we can radically alter the sales process, reduce our sales efforts, and increase our demand — and thus our pricing. We will be discussing the details at our Convergence conference (www.radioconvergence.com), which is where innovation begins in the radio industry. Convergence will be held June 4-5 in Silicon Valley. See you there. **INK**

B. Eric Rhoads
B. ERIC RHOADS, PUBLISHER

CONTENT CONNECTION:

RADIO'S LEADING ADVANTAGE

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ROY WILLIAMS
THE WIZARD OF ADS

The Advertiser's Dilemma

Retailers are asking, "Why do people buy from my competitors without even giving us a chance?" And I reply, "They gave you a chance. They just didn't physically come to your store."

Customers carry instant access to all the knowledge of the world in their pockets. They no longer have to visit stores or even call them on the phone to compare prices and research their options.

Why would a customer drive to a store to get expert guidance when better, faster, more objective guidance is instantly available online?

You can argue, if you like, that the information your advertiser provides is far superior to the information available online. And you might even be right. But customers are looking for information immediately. They're looking for information right this second. They gave your client a chance when they went online. That website just didn't volunteer what they wanted.

If your client's answer to your listener's query had been available online, Google would likely have directed them to it.

"Advertising is a tax you pay for not being remarkable."

There are three keys to being remarkable:

1: Correctly anticipate the customer's desire.

Is your client doing this? Are they customer-sensitive, or are they struggling to sell what they're convinced people ought to buy "if we could only make them understand"? If you have a client who says, "You need to help me educate the public," tell your client that radio can drive the customer to their website, but "education" is best done online. I tried to educate the public until I finally realized that it was never going to work. Save yourself and your client the heartbreak. Get on board with what your customer wants.

2: Satisfy the customer's desire. Hold nothing back.

Win big. When a client says they are "competitive," that means their offer is virtually indistinguishable from the offers made by their competitors. Is your client in

the game to compete, or to win? It's amazing how much better radio works when your client actually has something to say.

3: Package your offer magnetically.

A magnetic offer is impossible to ignore, even when your listener isn't currently in the market for that product or service. A magnetic offer is sticky, repeatable, remarkable. It's an offer that no one else has the courage to make. A magnetic offer is where word-of-mouth begins.

These are simple things, but as my friend Jeffrey Eisenberg says, "Simple isn't always easy."

Particularly "not easy" is this challenge of magnetic packaging.

Magnetic packaging begins with strategy. "What would the customer be delighted to hear?" Answer this question resoundingly, and you have the beginnings of a radio campaign whose results are easy to measure.

Ad strategy is more difficult to teach than ad copy.

Strategy is determining what a customer would like to hear.

Copy is deciding how best to say it.

Impact in advertising is 80 percent strategy, 20 percent copy. This makes it nearly impossible for good copy to compensate for weak strategy.

We create failure when we pretend that creativity can overcome the fact that our advertiser has nothing to say.

Morris Hite said it sharply enough to pop a balloon: "If an ad campaign is built around a weak idea — or, as is so often the case, no idea at all — I don't give a damn how good the execution is, it's going to fail. If you have a good selling idea, your secretary can write your ad for you."

The most annoying creatures on earth are those small little weasels who preach that the secret of successful advertising is to isolate the media that reaches the right customer. In effect, these weasels are selling a treasure map. "The reason you haven't found the treasure," they say, "is because you've been digging in all the wrong places."

But the treasure isn't buried at all. It's in the pockets and purses of everyone you see. And if your client offers these people something they'd rather have than their treasure, they'll hand your client that treasure with a smile and say, "Thank you." And then they'll tell all their friends that they should give your client some treasure, too.

Want to know a secret? The media that delivers the message is the least important part of the advertising equation. When the message is right, any media will work. When the message is wrong, no media will.

During the decade when I lived in hotel rooms and taught advertising in 50 cities a year, my least favorite moment was when an advertiser would follow me into the bathroom during a break and casually lean over to say, "Mr. Williams, I'm in the [INSERT CATEGORY HERE] business. How do you suggest I advertise? Is it TV? Is it radio? Is it the Internet?"

This happened to me a lot more often than you might think.

How would you have answered? **INK**

Roy H. Williams is president of Wizard of Ads Inc. E-mail: roy@wizardofads.com.



Increase Your Win Percentage And Forecast Revenue More Accurately

The headline really says it all: When you talk to sales managers these days and ask them about their business, there are two themes that come up almost every time. Sales managers are centered on the issue of needing to win more of the pending business that is being presented, and on the significant need for more accuracy when it comes to forecasting beyond the current month. And, let's face it, even in-month forecasting can have its challenges.

Let's tackle these two issues separately — although, as you already know, they are closely related. If you had a better grip on how to increase your win percentage, forecasting would be much easier.

THREE WAYS TO INCREASE YOUR WIN PERCENTAGE:

1. Know your numbers. The first thing you need to do is to get a solid understanding of your specific situation. I'm not talking about having a "good idea" of what percentage of business you are currently winning; I am talking about knowing *exactly* what percentage of business you're winning. The numbers you should have are overall win percentage for all business, as well as win percentage by type (transactional vs. direct) and category of business. In addition, you need to have this same information broken out for each salesperson on your sales staff. Getting started with this information will give you a great understanding of where you are and allow you to set performance goals to improve.

2. Don't present until the client is ready to buy. A significant number of proposals don't close or are lost simply because the client or prospect wasn't ready to buy. In fact, in many of these same cases, the client wasn't even ready for a proposal. A great way to improve in this key area is to simply ask the salesperson to give you the reason she thinks the client is ready for the proposal. You can ask, "What specifically did the client or prospect say that makes you think they are wanting to see a proposal from you? And do you have any reason to believe they would not say yes on the spot to your proposal?" This sort of discipline will increase the winning percentage of your pending deals.

3. Use the "no surprise" proposal. You may remember me writing about this in the past, but this is a big deal

and worth bringing up again. The concept here is that absolutely everything in the proposal has been discussed and confirmed by the prospect before the proposal is presented. Essentially, there should be no surprises in the proposal and zero reason for it not to be signed off on and confirmed. This one always seems simple in writing about it, but in practice it's not always done.

THREE WAYS TO IMPROVE FORECASTING:

1. Examine what is working now. Take a look at your current system and determine what is working and what's not. Identify the areas you would like to improve for your particular sales operation. Set specific and measurable goals for your improvement in forecasting. Without setting specific goals, you will never know if you achieved success.

2. Set strict guidelines for how you want your salespeople to predict what they will close and how they'll finish a month. The old method of "Tell me where you think you'll finish next month" is not good enough anymore. Neither is asking them to just look at the business they feel is

85 percent or better — everyone has a different idea of what "85 percent chance" means. The more specific you can make your definitions with regard to pending business, the more accurate your forecasts will become.

3. Ask questions and challenge the numbers. In most cases sales managers are basing their forecasts on two primary pieces of information: what the salespeople say they have pending and what they predict they will close, and a look at the remaining inventory for a given period of time. While the inventory part is computer-generated and is consistent information, the other is based on a lot of random and most likely inconsistent information. That makes the job of forecasting extremely difficult. Ask your salespeople questions, and challenge the numbers. The best forecasters out there are asking a lot of questions and digging deep, allowing them to forecast more accurately. Big data for radio forecasting is just around the corner. Start today. **INK**

Matt Sunshine is EVP of the Center for Sales Strategy. E-mail: mattsunshine@csscenter.com.

QUICKREAD

- Sales managers today are focused on winning more pending business and on forecasting accurately.

- These things are related: Increasing the win percentage makes it easier to forecast more precisely.

- A solid understanding of the numbers and what is and isn't working will help with both goals.





JON HORTON
SALES MANAGEMENT

For Managers Only

QuickRead

- All sales managers have systems, but it's not very effective to simply mandate efficient selling habits.
- Managers should "sell not tell" and get sellers to buy in to a system on their own.
- Asking sellers how they would address a problem will get a better response than a list of performance criteria.

All sales managers have systems they use to direct and/or control their salespeople. The elements vary widely, but what all these systems typically have in common is a finite (if arbitrary) number of activities every seller is required to perform on a daily, weekly, or monthly basis. For example, account executives are often asked to meet minimum quotas for things like new business appointments and face-to-face presentations. And to verify compliance with these "rules," sellers must complete call sheets or activity reports.

So, do these systems actually work? Although they are loath to question their own approach, sales managers privately confess a good deal of frustration. They find little correlation between the written reports they review and outstanding sales performance. At some point, they become convinced their sellers have simply become proficient at creative writing. They are no doubt correct.

This disconnect will continue to exist so long as managers insist on simply mandating efficient selling habits. By contrast, sales consultants (like me) encourage management to "sell not tell," to "get the buy-in" from the team. The idea is to persuade sellers to adopt the "system" as their own. How?

Having slogged my way through three years of law school (please don't hold that against me), I view this process as similar to the Socratic teaching method popular with legal professors. Socrates used relentless questioning to elicit the desired response from his pupils. Consider the following sample dialogue between a sales manager (M) and a seller (S) who is falling short of budget.



M: How do you feel about the sales team we have assembled here?

S: Good. We have a really good sales team here.

M: That's great, I'm glad you feel that way. So you're happy to be on this team?

S: Yes, I am.

M: Wonderful. I think we have a good team, too, and I want to be a good manager for

the team. Would you be willing to help me with that?

S: Well, sure, if I can.

M: Good, I'm sure you can. What do you think the members of the team expect from me?

S: I think they expect you to help them be better salespeople.

M: Oh, yes, that really makes sense. But let me ask you this: How will I know if they're getting better?

S: Well, if they're making their budgets, they must be doing a pretty good job.

M: I get it: That's perfect. If a salesperson is making budget, we're both doing a good job. Right?

S: Correct.

M: OK! But wait. What should I do if a team member is not making budget?

S: You have to help them.

M: Sure, I want to help. But how would you suggest that I help?

S: Provide direction. Tell them the steps they need to take to get better.

M: That's it? Just tell them what they need to do?

S: Pretty much. And make sure they do what they are supposed to be doing.

M: Wow, this is really helpful. Now let me make sure I've got this right. When team members don't make budget, I should give them specific action steps and check to make sure they get done?

S: That's right.

M: And that will make me a good sales manager for my team?

S: It sure will.

M: Wonderful! Thank you so much for your help! Hey, since it was your idea, would it be OK if I started this new approach with you?

S: Uh ... sure.

My dialogue is admittedly simplistic, and your conversations with sellers may not go quite so smoothly. But this approach stands a much better chance of getting salespeople involved in your system than simply passing out a list of fixed performance criteria. Give it a try, and let me know how it works for you.

By the way, I recognize that the title of this article will probably guarantee readership from lots of non-managers. So, while I have your attention, let me suggest that this same approach serves as an excellent closing technique. Used creatively, sellers can maneuver prospects into closing themselves. **INK**

Jon E. Horton is the author of *The 22 Unbreakable Laws of Selling*, available in both paperback and Kindle versions from Amazon.com. For more of his writing, please visit www.jonehorton.com. Comments to jon@jonehorton.com.



Maybe It's Time For Her To Go

A newly hired sales manager in a small market has inherited a perplexing problem. One of his senior reps, an employee at the station for decades, is consistently bringing in the lowest average rates as well as the lowest average orders. Due to her longevity, the account executive has a very large account list and is personal friends with many of her accounts.

"I know that many... well, most of her accounts are capable of spending much more than they are currently spending," says the manager. "But my rep insists that she is thorough and that she is maximizing her share of her clients' advertising budgets."

This rep is by far the biggest biller on the station and she works very hard, but the manager feels she is short-changing her clients with thin schedules and

mediocre commercials:

"She churns a lot of accounts. Many will drop out for months, saying they don't feel like our station is working for them, but they are loyal to her and eventually she convinces them to come back on. This has been a pattern for a long time.

"She came in the other day with an order for a brand-new restaurant. The schedule was very sparse and only written up for one month, which is typical for her. I was concerned that for a brand-new client on our station, the frequency level was too low. She told me that based on her experience, this was an acceptable amount of spending to introduce the restaurant to our audience."

Another downside with this "seasoned" veteran was her influence over the other reps. "She mothers them," says the sales manager. "But I believe she is singularly responsible for the 'small order' syndrome we have in this market. She has created a 'glass ceiling' on rates and average orders, and regardless of the conversations we've had on this subject, she won't budge. She loves her job, and she has no intention of ever retiring. It's driving me crazy."

This situation is not unique. Reps like this one are unintentionally stifling growth in markets all over the country. The question is how to effectively modify her behavior and crack that glass ceiling.

The answer to the dilemma is to lead by example. You as manager will have to prove to this salesperson (and the rest of the staff) that it is absolutely possible to bring in bigger orders at higher rates.

Insist on going with her on appointments so you can personally meet with her advertising decisionmakers. Come up with higher-frequency long-term campaign strategies, then take her and junior reps with you and sell them yourself. Take what she normally asks for a month and routinely ask for that much each week. Back up your larger budget proposals by using the client's own numbers — her average sale and gross margin of profit.

"Why run a commercial per hour on our station? Because we let you. Mrs. Client, your average sale is \$1,500. Your gross margin is 'keystone,' or 50 percent. How many \$750s would you need to justify the \$2,000 a week we're suggesting you spend with us? Three. This is what it would cost you per week to dominate your category on our station. You could easily afford it, and your calculated risk is low. This is the best way to utilize our station and get new customers."

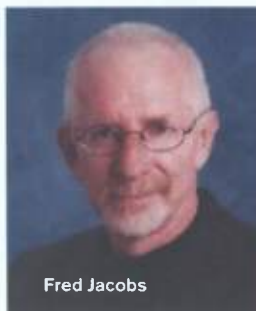
Once your senior rep sees that your plan works, she will either step up to the plate or she won't. But you will succeed in breaking her spell over the rest of the staff, and you will quickly raise the bar on what is an acceptable order on your station — and what is no longer acceptable. **INK**

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**AVERAGE
ORDERS**

The Massive Move to Mobile

Jacobs Media's JacAPPs has been creating cutting-edge mobile apps for the radio industry since 2008. The Jacobs brainpower jumped in the app business shortly after the Apple Store opened in July of that year, and they've been going strong ever since. With so much of our daily lives now arm's length away, what role does the radio station mobile app play in the lives of your listeners? We turned to the experts for answers: Jacobs Media President/CEO Fred Jacobs and JacAPPS COO Bob Kernan.



Fred Jacobs



Bob Kernan

AT WHAT POINT — AND HOW — CAN RADIO STATIONS SEE MORE REVENUE FROM MOBILE?

Kernan: The point is now! We're past the point where having an app is a cute trick or a box to check. Having reached the tipping point where more streaming is to mobile devices than to desktops, it's time to monetize mobile. The first thing to do is offer sponsorship of your app. Give the sponsor display presence on the homepage and throughout, as well as pre-roll audio/video. Also, use one of the many services available to serve mid-roll ads if you're doing ad replacement. Even if you're contracting out the ads in your mobile stream, at least you're making money at it.

Jacobs: Too many broadcasters have looked at apps as an obligation rather than an opportunity to be where listeners already are. Plus, at a time when there are truly no more avails on the air, the app ecosystem offers umpteen opportunities to generate revenue.

WHAT ADS ARE WORKING THE BEST ON MOBILE DEVICES, AND WHY?

Kernan: Pre-roll is the most effective, as it roadblocks your product for the advertising. If you can do video, the CPMs are very strong. Mobile banners are the worst. The units are small and the user is seldom looking at the app when they're listening. So unless it's in a specifically visual place in the app (a program schedule, social page, or content) nobody's looking. Additionally, as I said, full-app sponsorships are strong, as it gives the advertiser real ownership of a special part of your product.

Jacobs: A number of JacAPPS clients have done creative things, marketing-wise. Sometimes it's about identifying

advertisers who are especially interested in being in ad spaces that are outside the norm. Or for clients of sustaining station events, where you can demonstrate that you're providing them new and different outlets to share in the appeal of your brand.

HOW HAVE APPS EVOLVED SINCE YOU FIRST STARTED IN THIS SPACE?

Kernan: When we started out, the app was pretty much only about streaming the station signal, and only a small minority of people even had smartphones.

Jacobs: Remember, we opened up shop several weeks after Apple opened its App Store. During those days, the Zippo lighter app was considered radical.

Kernan: Apps have become much more multi-functional now. For instance, WEEI in Boston is offering sports news stories and scores. News stations are offering news, weather, and traffic on their apps now. We are also seeing more and more stations offering on-demand content. And of course, the social elements are much more evolved than they were five years ago. Users can now interact socially with the station in a number of ways right through the station app.

Jacobs: Second-generation apps have to also reach higher in order to stand out. Buzzworthy features are essential in capturing attention and mindshare because there are so millions of apps available to consumers. Obviously, having a great brand is job one.

WHAT ARE THE THREE MOST IMPORTANT FEATURES ON A RADIO STATION APP?

Kernan: Streaming, of course. Social interactivity. Alarm clocks are popular because as clock radios disappear from nightstands, apps that play the station stream become more important to help get broadcast radio off to a good start.

Jacobs: It is also very station-dependent. A brand that is invested in music discovery, for example, can build feature sets into that app that focus on exposing users to new bands, albums, songs, and music news. In other cases, stations with mega-personalities can create features that reflect whatever level of humor, zaniness, or other qualities that are part of their DNA appeal. We urge stations





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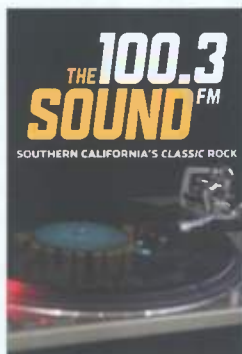
to get as strategic with their apps as they do with their brands overall.

WHO ELSE SHOULD HAVE APPS AT THE RADIO STATION? MORNING SHOW? SALESPEOPLE? ANYONE?

Kernan: Strong brands may have the ability to adopt a multi-app strategy. While the core streaming app is obviously most important, the morning show may provide a unique enough experience to merit its own app. A specific app for that allows the morning show to offer a lot more content, everything from a "too-hot-for-air" after-show to other content they'd typically post on their website.

Jacobs: We also think there is a role for games, and entertainment/restaurant/bar/ski guides. Each new app is an opportunity to offer something really special to a both listeners and advertisers. People use their mobile devices in every conceivable setting. Stations are trusted guides, so why not marry the two and create secondary apps that reflect how a station interfaces with its community?

HOW IMPORTANT IS IT FOR RADIO STATIONS TO HAVE THEIR WEBSITES OPTIMIZED FOR SMARTPHONES AND TABLETS?



Kernan: It's crucial. So much content is now being consumed through that channel, it is essential. We always recommend that to our clients because it makes it very easy to pull that optimized content into their apps, making the app richer and offering the user the best of both worlds (app plus mobile Web).

Most website providers now offer "responsive design." You just have to ask for it and go through the process of redesigning your website. And tools like Wordpress make it very easy, if you're on that platform.

HOW HAS MOBILE GROWN IN IMPORTANCE OVER THE LAST FEW YEARS?

Kernan: As smartphones have become more ubiquitous, they have become an essential part of people's lives. That means every brand that connects with consumers needs to think about its mobile footprint — especially media entities like radio stations.

Jacobs: Every media brand is sweating mobile right now. I first remember Google's Eric Schmidt saying "mobile first" to describe its outlook on every initiative. Mobile is table stakes, and Americans in particular prefer apps to browsers. This is an amazing opportunity for any station — in a big or small market — to have presence on the coolest devices in the word. Consumers are addicted

to their mobile phones. We need to be a part of that addiction. **INK**

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13 Steps To Your First Facebook Advertising Campaign

If you haven't asked me how to run a Facebook advertising campaign, we probably don't know each other. The truth is, whether this question is asked directly or it's the answer to another question, I often find myself explaining the basics of Facebook Ads to my radio brethren.

If you've wondered about how to set up a Facebook Ads campaign, here are 13 steps to getting started:

1. Know why you're doing it. "Because my biggest competitor is doing it" is not an answer. Whether it's increasing website traffic, driving ratings, adding VIP members, generating brand awareness in the market, or improving social engagement, you should have a concrete goal in mind for what you're trying to achieve.

2. Define your KPIs. A KPI (key performance indicator) is how you will define the success of your campaign. Sometimes KPIs are obvious (for example, if your goal is to increase Facebook likes, then your KPI is the number of likes your page receives during the campaign), but sometimes they aren't so cut-and-dried. It's important that your whole team be on the same page in the early planning stages so your expectations are clear and you know what "successful campaign" really means.

3. Make sure Facebook is the best choice. Facebook is often the first social advertising platform used by radio stations, but it's not the only digital advertising option out there. Once you've defined your goals

and KPIs, you can consider other platforms before settling on Facebook. For example, if your goal is to drive traffic to website

content, you could consider a content-distribution advertising platform like Taboola or Outbrain. If your goal is to generate brand awareness in the market, you could consider a geotargeted display ad campaign.

4. Determine your budget. Advertising doesn't come free. (Just ask your sales manager!)

5. Set goals. No, really. Goals always make you work harder. Whether you say them aloud or keep them in your head, give yourself reasonable benchmarks to strive for.

6. Do your homework. Spend some time scrolling through your own newsfeed and notice the ads you're being served. Which ones seem effective?

7. Develop your creative. You'll need to develop different copy for the newsfeed and the right column because the character count is different, and you'll need multiple versions for each. Think about your call to action. What do you want the user to do? And don't slack off when it comes to the images! An attention-grabbing visual for your ad can make or break it.

8. Define your audience. Part of this is easy; you already have your target demographic defined. But depending on your goals, you may be targeting people who already like your page or people who don't. Additionally, you may want to target people who like your competitors' Facebook pages or who have specific interests relevant to this campaign. If you're targeting more than one demographic, set up two different ad sets in Facebook Ads with the same creative but with a different audience. You'll be able to measure how well your campaign is converting with each.

9. Sleep on it. No matter how good a job you do, you can always do better when you leave it and come back to it. If you're on a deadline and you can't sleep on it, walk away from it for 30 minutes and review it with a clear head.

10. Pull the trigger. Input your ad copy and visuals with the audience targeting you've defined. Start with multiple ads in each ad set. Just like everything else in marketing, A/B testing is key.

11. Walk away for half a day. While it can be really exciting to watch your campaign when it's first launched, it can also be frustrating, as it takes time to achieve results. Plus, you don't want to make any rash changes to your campaign before you can really tell if it's working.

12. Babysit. Even if your campaign is performing well, don't forget that the Internet is the Wild West and things can change quickly. Check your campaign twice a day and make optimizations to your ads and audience targeting until you reach the goals you've set.

13. Remember my golden rule. "You can always do better." Keep optimizing your campaign until you plateau. For example, if you're trying to drive entries to a station contest, keep adding variations of copy and images to lower your cost per acquisition until the cost plateaus no matter what you try. While I use this mantra to push myself into milking advertising campaigns for everything I can get, it's a great rule to live by in all of your professional endeavors. **INK**

Stephanie Winans is a social media strategist for the Randy Lane Company and Stephanie Winans Digital, and VP/operations at Bundo. Learn more at stephaniewinans.com or e-mail her at stephaniewinans@gmail.com.



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Digital Dollars Are Out There. You Can Get Them

We are nearly midway through 2014, and that means it's time to reset your digital strategies to accommodate ever more aggressive agency and direct business requirements. Your goal should be to create client solutions combining both on-air inventory and digital assets (such as video pre-rolls, display, and client-specific landing page opportunities).

We recently spent significant time in one market brainstorming ways to get past the typical gatekeeper (the radio buyer at the agency level) with a cool digital-plus-radio solution. This strategy dovetailed perfectly into the client's national campaign while developing a companion idea for local franchise owners. The end result was an increased share of the radio ad spend, pulling in new national and local digital dollars, and the strategy also leveraged local budgets for on-site sampling and contesting.

To gain greater access to new budgets, and the people who control those dollars at the gateway, it's time to aggressively recalibrate in order to maximize new digital opportunities ahead. It's called "Digital Sales 3.0," and here are some suggested strategic points to focus on as you work to secure that business over the second half of 2014.

1. Know your clients' marketing channels. This sounds obvious, but it's worth mentioning. Make sure you are re-examining each key client to track their digital profile. You need to know everything — what digital campaigns they are running on Google and their entire digital footprint (from LinkedIn, Twitter, and Facebook to their website focus). The fundamental point is knowing what your client is up to and doing the research before you make the call. If you have command of their strategy, you will have a base from which to ask better questions so you can address their marketing objectives.

2. Combine radio and digital to maximize ad spend. There is a host of new research pieces available to AEs and sales managers that illustrate the benefits of combining the best of radio's digital assets with an effective reach/frequency radio campaign. Already this year there have been superb research pieces from Edison, BIA/Kelsey, and Nielsen. Sales managers and AEs should constantly scan those companies' websites — as well as www.rab.com — to get an edge. And sign up for any e-mail updates the companies offer. Always look for ways to incorporate new research into your sales presentations, illustrating how efficient using radio and digital can be. Information is empowering.

3. Ensure campaign consistency across all platforms.

Make sure the message on air matches the digital campaign. Sloppy marketing in radio causes many problems; you don't want to pitch a campaign that's all over the place. AEs should not try to throw everything they know at the listener — all that does is create confusion and tune-out. For example, if the on-air message says, "We are the heritage plumbers," and speaks to things the client wants

prospective customers to believe but the digital campaign says, "Stop by for free hot dogs and a balloon," the campaign makes no sense, and it will fail. Keep the message focused on both fronts and let the digital components (video, streaming, display, etc.) add other cool elements to create rich and flowing textures that engage the listener to connect with the brand further. Which brings us to....

4. Remember the call to action.

Many a campaign seems to be clicking along on all cylinders only to hit a snag at the end because it's failed to engage the potential customer. Make sure you have something for customers that will make them smarter, save them time or money, or create an opportunity for them to do something they would normally never get the chance to do (backstage meeting with a band, front-row tickets to an NFL game, breakfast with an artist, private concerts in their homes, and so forth).

Once you have this in place, you can track the metrics in real time to see how people are connecting with your campaign (by signing up for a newsletter, concert VIP e-mails, white papers, etc.), allowing you to make adjustments to anything that might not be working. You should never "set and forget" any campaign running for a client. If you catch something in the moment and make the adjustments, you are far more likely to get the renewal. That is client service in the Digital Sales 3.0 world.

With the news that Ford and other brand verticals are shifting dollars away from radio to spend more in the digital space, the savvy AE and manager must now step up the creative process to generate fresh ideas that will allow stations to tap in to those shifting dollar pools. It is time to reset the basics so you can enter the second half of the year in a stronger Digital 3.0 position. **INK**

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QUICKREAD

▪ In a "Digital Sales 3.0" world, it's time to reset digital strategies and create solutions that involve both on-air and digital assets.

▪ Know each client's marketing channels, and understand their entire digital profile.

▪ Combine radio and digital to maximize ad spend — and keep the message consistent across all platforms.

DIGITAL
SALES
3.0

A

RI: When you started your podcast five years ago, what were your expectations?

I didn't have any expectations. I rarely have expectations. My life is really not built on any kind of expectations. I know it sounds weird. I'm shooting an independent film right now and you can ask me what my expectations are, and I have no answer. I do it intentionally. I start something, I try to finish it, and I try to do the best I can with it. I leave the expectations up to everyone else. I can't control any of that.

I'm a field-goal kicker. I take a few steps back, plant my foot, and try to hit the ball right. Once it's in the air, I'm not even going to look, because I can't control it anymore. My job is to hit it as best I can. Do a good podcast, do it every day, get good guests, provide good content, and that gives you the best opportunity of it working out. But there were never any expectations. The format didn't really exist back then.

RI: How did you get the word out in those early days?

It was a combination of things. I was on terrestrial radio on *Loveline*. That show was syndicated in 125 to 130 markets; it was on for 10 years. When I went to do mornings, I went from 100-plus markets to maybe eight or 10 markets. It took me a while to realize that there are a whole bunch of people in Chicago, in Minneapolis, and in Seattle who were big *Loveline* fans, who had been listening to me on the radio for 10 years. Then I was off the radio.

I was off the radio, but I was on the computer, where they were. So if you were an Adam Carolla fan from Chicago, the bad news is he's no longer on Q101 in Chicago. The good news is you can

dam Carolla has become known as the originator of the most downloaded podcast ever — he's even listed as such in the *Guinness Book of World Records*. Thirty million people find what Carolla has to say interesting enough to download his daily podcast. The former *Loveline* co-host and CBS morning man is now in his sixth year of podcasting, and has set the bar high for what makes a successful podcasting career. His website at www.adamcarolla.com (Carolla is also part of Norm Pattiz's Podcast One) is littered with advertisers wanting his followers to get a taste or glimpse of their products, and he's added more podcasts from friends, family members, and colleagues.

go to your computer and you can listen to a podcast of his show and still get your Adam Carolla fix. Not that I'm as good as a drug, but you know what I'm saying. I had a lot of people that were listening that way and they used to tell me, "You've got 18 million minutes of streaming last month." People would call in all the time and say, "I'm in Hawaii listening to the show." I would say, "Hawaii? We're on in Hawaii?" They would say, "No. I'm listening on the computer." It kind of dawned on me that maybe there was something to this computer thing. Then when they told me I was going off the air, the last two days I said, "OK, I am off the air, but if you want to hear me, you can hear me on the computer." And that's where it went.

RI: Do you still enjoy doing this every day?

I do. It is a little tough when you are shooting an independent film and you're working 12 hours a day. It's tough when you're doing a television series for Spike or writing a book or blah, blah, blah. But I find myself writing things down all the time for the show. It certainly doesn't feel like work.

RI: You said you had no expectations, but yours has become the most downloaded podcast ever.

I'm happy with it, but I don't take a lot of time and revel in any success. It is just sort of, "What's next?" I am glad it is so successful, but what's next?

RI: It's more than your podcast now — you've started a network of podcasts on your website.

Well, it just made sense. If I'm going to do my show, then other people should do a show as well. Why not offer a little

variety? They don't need to hear me all the time. My show is still kind of the show that drives the thing. My wife has a show, I do a car show. I do a home improvement show. Penn Jillette has a show. Dr. Drew and I do a show. It just sort of keeps going.

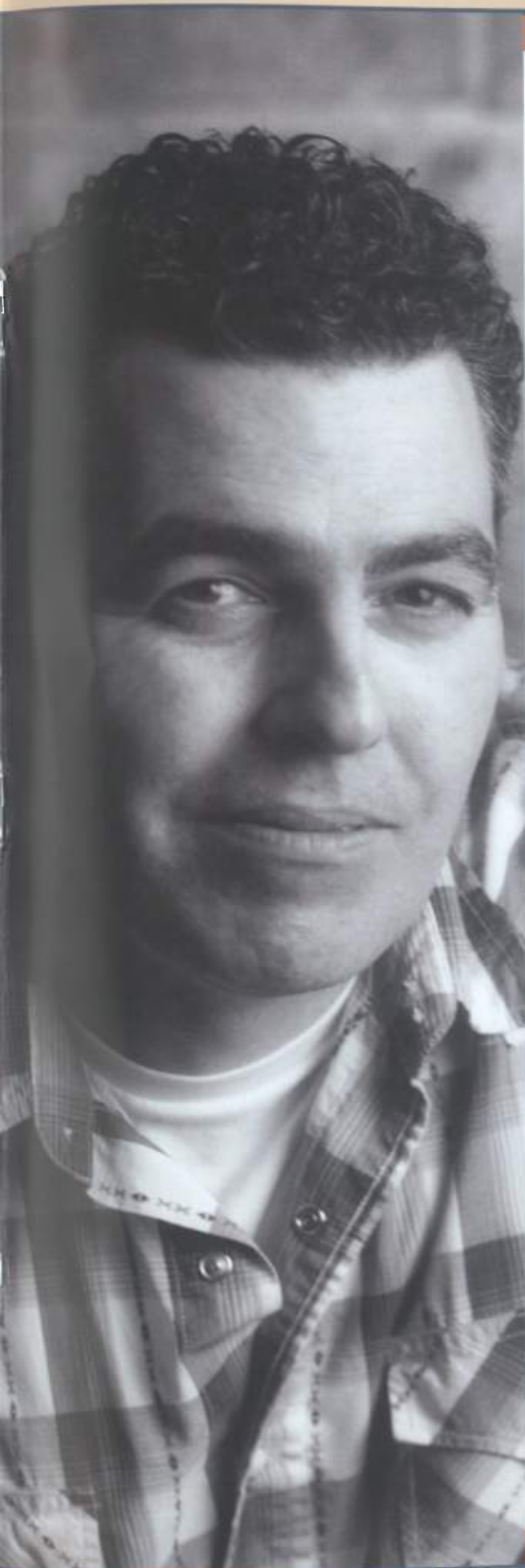
RI: What is the key to a successful podcast?

It's tough, because you have to be good. I would say, have something to say, and say it every day. For me, it's always been a daily thing. It has never been a twice-a-week or catch as catch can. I think a lot of people just go, "Well, you know, he does a podcast because he wants to do a podcast." Think about it. What do you have to say? You want to do a podcast like a lot of people say they want to act. Do they want to act, or do they just want to see themselves on TV? Which is it?

First off, make sure you have something to say. Once you have decided you have something to say, then say it early and often. Then, after that, there is not much guarantee that anyone is going to listen, but having something to say and doing it consistently will mean the highest probability of having success.

RI: Is there a real chance to make money doing a podcast?

Without sounding like a blowhard, it is like talking to a bunch of junior high kids and going, "Is there really money to be made in the NBA?" Well, probably not. But if you are a 13-year-old LeBron James, yes, there will be money to be made in the NBA. I don't know what the answer is. Most of the people who read this article, if they started a podcast tomorrow, would not make any money. But that doesn't mean you're not the



C14 CONVERGENCE

one who could make money. I can't give a percentage to it, but it's low. On the other hand, you turn on your TV every day and you see a bunch of people acting and you go to a movie theater and there's George Clooney. You turn on a TV on Sunday and there are a bunch of guys playing NFL football. If I had gotten hold of all those guys when they were 10, I would've told them not to do it. But there they are. Are you going to make it? Probably not. Can you make it? Why not?

RI: Would you ever go back on the radio?

Sure. If they back up a Brinks truck and it hits another Brinks truck coming the other way on my driveway after unloading a bunch of cash, then, yes, I'm all ears. Honestly, I have not had an offer since I left terrestrial radio, or was fired. Strike that — I have had a couple of offers, but nothing that has piqued my interest.

RI: Don't you think that's odd, being that you have the most popular podcast ever?

Well, it is weird. No, not for me, because I have low self-esteem. I'm in the middle of making my second movie. My first movie, *The Hammer*, I made about seven years ago, is sitting at 80 percent with the critics at Rotten Tomatoes, and *Sports Illustrated* said it was the best comedy of the year. No one has ever asked me to be in another movie. No one has asked me to write a movie or even help write a movie. I think it's weird that people don't come to me and go, "Hey, I saw your last thing or I heard your podcast. Why don't you be a part of this?" Yes, I think it's weird, but I am not surprised.



TROLL WANTS A BITE OF CAROLLA'S GOLDEN APPLE

Sometimes, when you're successful, you're also a target. PersonalAudio's James Logan is coming after Adam Carolla, along with Fox, NBC, and CBS in a copyright-infringement lawsuit expected to go to trial in September. Carolla has already paid out \$100,000 in legal fees and says he's still unclear what he did or what PersonalAudio wants. "I got a call and was told my tech guy was being deposed," he says. "My thought was, what does he know? What did he do? He doesn't know anything. He records me and puts me on iTunes. Of course, my lawyers need to sit next to him while he's deposed. If it turns out to be illegal, what we're doing, which is capturing a file and putting it on the Internet, the whole Internet is going to have to shut down. If what we're doing can't be done, then really nothing can be done."

Carolla is trying to raise money for his legal fees using the website www.fundanything.com; he says he needs about \$1.5 million. Carolla told *USA Today*, "The first thing [PersonalAudio] said was, 'Give us \$3 million.'" The paper reports that Carolla has raised \$370,000 so far, including a \$20,000 donation from Amazon.

Media and communications attorney Frank Montero says the stakes in this battle are huge: "PersonalAudio claims to hold a patent on the idea of downloadable playlists, which it claims is integral to podcasting. PersonalAudio further claims that its founder, James Logan, helped create the medium of podcasting in 1996. In fact, it has been reported that Apple paid PersonalAudio a settlement in 2011 over the use of downloadable playlists."

The outcome of this case could affect podcasting, network TV video downloads, and the likes of Netflix and Amazon, says Montero. "PersonalAudio's infringement trial against the TV networks will take place in a Texas court, which is apparently a favorite with patent trolls, and the Patent & Trademark Offices ruling could come some time in the next year."

CONVERGENCE DIGITAL AWARDS FINALISTS

Congratulations to all the finalists in the fourth annual *Radio Ink* Convergence Digital Awards, sponsored by vCreative. We're delighted to honor these forward-thinking companies who are keeping radio ahead of the curve, and the competition.

BEST RADIO APP

iTreasure Radio Network
100.3 The Sound *Los Angeles*
Clear Sky Radio *Lethbridge, AB, Canada*
Radio.com CBS Radio
WSTR *Atlanta*
WNYC *New York*
Slam 101.1 FM *Nobex Partners*

BEST BRAND EXTENSION THROUGH STREAMING

Build Grow Enjoy
Watch The Junkies *WJFK/Washington, DC*
Spokane Hoopfest *KXLY Radio Group*
Saturday Night Online Live with Romeo *Clear Channel*
92profm.com *Providence*

BEST CLIENT-FOCUSED DIGITAL SOLUTION

Fox Sports Radio
Providence High School Team of the Week *WPRO-FM, Providence*
Abacast
Listen Later *StreamOn*
CBS RADIO/University of Phoenix
Lincoln Financial Media - Star 94 *WSTR/Atlanta*

MOST ORIGINAL DATABASE/DIGITAL MARKETING CAMPAIGN

LiteRock105FM.com *Providence*
Trey Miller, WWKX-FM *Providence*
ACM Awards Sweepstakes *CBS Radio*
WTRC *Elkhart, IN*
Saturday Night Online Live W/Romeo *Clear Channel*
Erica Dreyer, Mid-West Family Broadcasting *Rockford, IL*
WBYT *Elkhart, IN*

BEST USE OF SOCIAL MEDIA

WPRO-FM *Providence*
KSWD/The Sound *Los Angeles*
Zimmer Interactive *KCLR (Clear99)*
QueenB Radio, ESPN 700 *Spokane, WA*
Saturday Night Online Live with Romeo *Clear Channel*
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THE NEXT BIG THING

Ken Rutkowski's
Business Rockstars
is growing fast — on
the air and online

KEN RUTKOWSKI is a dot-commer from the early days. He's one of the first broadcasters who went from radio out of a small town (Joliet, IL) to broadcasting over the Internet. He saw how big digital was going to be long before radio stations had websites worth visiting, long before social media existed, and long before anyone knew the smartphone would take over our lives.

Rutkowski's radio show, called *World Tech Roundup*, was one of the only shows listened to by every big deal in Silicon Valley, and his newsletter was read by tens of thousands. To have that kind of fans, you not only need to know your stuff, you need to know how to network. Ken Rutkowski is a master at networking, a super connector. He prefers personal telephone calls over e-mails or texts (he tries to call 50-80 people every day). And he started a group called METal, which consists of 1,600 paying members who meet regularly to talk about entrepreneurship.

And now, along with Steve Lehman, Rutkowski has leveraged his two decades of networking, his Rolodex of CEOs, and his knowledge of the digital space into a syndicated talk show called *Business Rockstars*. The show focuses on aspiring entrepreneurs — all 30 million of them — whom Rutkowski calls "wantrepreneurs." The show is heard live weekdays from 10 a.m.-noon, it's streamed over the Internet at www.businessrockstars.com, iTunes, Stitcher, and iHeartRadio, and it can even be seen on YouTube. Already *Business Rockstars* has 450,000 Twitter followers (@bizrockstars) and more than 183,000 Facebook fans.

How did you get connected with radio?

Rutkowski: I was teaching engineering architecture at University of Illinois. I was driving one day and heard an accountant talking on the radio. I thought it was the most boring content I had ever heard. I thought, if this guy can talk about accounting and people listen, I could talk about computers. I went to the radio station. The guy in charge's name was Ed Sherman. I went to Ed and said, "I heard this guy talk about accounting. Let me talk about computers." He said, "All right, what the heck." He allowed me to do a show for 45 minutes on Saturday called *World Tech Roundup*, which eventually led to a weekly three-hour show on Saturdays. I probably had 15 listeners. But that progressively grew.

How did you wind up on WLS?

Rutkowski: Mike Elder was the program guy there. He heard the show and said, "Why don't you bring this to a powerhouse station in Chicago and do it on Saturday nights as opposed to Saturday mornings? We'll do a syndicated deal and you can have so many advertising spots per hour." I was able to take my advertisers with me.

I did the show for a year on WLS until they found out how much I was getting paid from my advertisers, which was 20 times more than they were getting paid for the same spots. They asked if I could be put on salary. Salary was like \$50,000 a year. I was making probably \$800,000 a year, with a three-hour show once a week. I said no, I don't want to do this. So I took the show off the air, and I literally created a daily show.

So you transitioned to the Internet.

Rutkowski: I love taking phone calls. That is the heart of almost everything I do; I am sitting there taking phone calls. We would get them from our local listeners in the Joliet area. When Rob Glaser from RealAudio said, "We are literally going to take your on-hold feed from the radio station and that's what we are going to broadcast through the Internet," our first call came from Acapulco, Mexico, and then another call came in from Melbourne, Australia.

I just realized that the world is where it's at. I didn't want to just hang out in Joliet. So I put more and more emphasis on a global audience. It allowed me to get really, really big sponsors. I got Oracle and Microsoft. And it wasn't for small sponsorships. I got Microsoft for almost \$600,000, as a spon-



sorship on a little-known radio station, over the course of a year, because they believed in the Internet also. Everyone I booked and everyone I talked to said, "Hey, we are the first global broadcast."

And that's when you started to meet the bigwigs in the early dot-com days.

Rutkowski: I got to meet Mark Cuban through Rob Glaser. Mark allowed me to stream through AudioNet and then allowed me to create a network through AudioNet. During the heyday, around 1998-99, I had 11 daily shows that were being pumped through AudioNet that I was producing. But they weren't normal shows. One was *The South African Report*. Another was *New Zealand/Australia and Brazil*. It was technology and cool happenings in those parts of the world.

Through the process I met a bunch of cool tech people. I ended up working for CNet and launching CNet Radio. CNet Radio was good, but the minute you heard Time Warner was bought by AOL, the world was upside down. Nothing made sense anymore. So I was told, "You should move to Los Angeles. Get out of San Francisco." I moved to L.A. and fell in love with it. I still did my daily radio show, still with great sponsors.

Microsoft backed it for the longest time because my data bills were around \$15,000 a month; they would pay my data bills. I had a nice following in L.A. My newsletter got up to about 100,000 people every single day. The newsletter had great advertisers on it too.

I created an organization called METal. METal was my way to meet amazing people — about 50-80 people would meet once a week. While the show continued to grow,

my METal group was really growing. It became my larger source of revenue. I now have about 1,600 paying members, including five billionaires. It's like a TED every weekend. Real important here: They are paying members. I have to stress that. You don't just become a member.

Then I bumped into Steve Lehman. Steve said "Let's take what you do at METal and bring it to radio." We launched the *Business Rockstars* radio show in February two years ago, with a few weekend shows. Then we launched the full-blown show on June 17 of 2012.

You were getting sponsorships back when the technical aspect of delivering content was very different than it is today. How were you doing that?

Rutkowski: Huge dollars. It's pretty easy, actually. My newsletter was the key. Today, that would be social media. Every time I would press "send," it would show when somebody opened the newsletter and read it. For example, I would know when Larry Ellison from Oracle opened my newsletter. I went after their tier-two people. Mark Benioff, who is the CEO of Salesforce at Oracle, became a really good friend. When he would open up the newsletter, I would know it. I would pick up the phone and say, "Hey, Mark, what's going on?" He would say, "Ken, you are never going to believe this, but I am listening to your show," or, "I am looking at your newsletter."

I would use the newsletter as a door-opener to meet these people, then I would get them on the show. I would use them as regulars on the show. From there, they knew that people would talk about it and say, "Hey,

I heard you on *World Tech Roundup*." They never had that feeling before. Remember, most of these dot-commers and tech people are nerds. I saw them as rock stars. I really did. I would put them on on a regular basis, like somebody from Pink Floyd or Steely Dan. They liked it so much they would say, "Let's find a way to sponsor it."

You love to pick up the phone and talk to people, don't you?

Rutkowski: To this day, I hate e-mail with a passion. There's no personal connection. I love the phone. I just saw Jeffrey Katzenberg the other day. Katzenberg, to this day, makes 200 phone calls per day. I try to make 50 to 80. I try to meet 25-50 people every day. I try

to bring together 200-300 people a week. It's all around some type of touchpoint.

E-mail, there is no personality. When people send e-mails back and forth, it loses its connection, especially if it's done over and over again. It loses its resource, in that it is short, quick, and to get a point across. It is not a real mode of communication to make something happen. That is what phone calls are for. That is what meeting face-to-face is for.

What is *Business Rockstars* all about?

Rutkowski: Steve and myself are diehard entrepreneurs, which means you jump out of the plane, then as you are falling, you check to see if the parachute is on. That's

what entrepreneurs are. There are so many entrepreneurs out there, but they feel so alone. We wanted to create a place for them.

Lehman: *Business Rockstars* is a show that focuses on rock star CEOs, entrepreneurs, and starting, growing, and funding a business. Our target is the "wantrepreneur." There are 30 million "wantrepreneurs" in the United States. We've created a show in one of the hottest sectors in the world right now, entrepreneurship.

We are the only daily two-hour national show that focuses on entrepreneurship in an entertaining, fast-paced, exciting format. We drive the audience, and we enable the audience through social interaction,

"STEVE LEHMAN AND MYSELF ARE DIEHARD ENTREPRENEURS, WHICH MEANS YOU JUMP OUT OF THE PLANE, THEN AS YOU ARE FALLING, YOU CHECK TO SEE IF THE PARACHUTE IS ON." — Ken Rutkowski

Business Rockstars host Ken Rutkowski and Chairman Steve Lehman



through our website, Twitter, Facebook, and LinkedIn. We create an interactive platform with our listeners that we think adds an entirely unique dimension to this radio show.

I want to step back and say something very important. I specifically believe that this is the turning point for women entrepreneurship. Women are really getting involved. If you look at the world right now, from Janet Yellen to Hillary Clinton to Angela Merkel, all of these women are gaining power seats throughout world politics, but we're seeing the change down through corporate America too. More women will graduate college, starting next year, than men. That trend will continue to grow. We feature a lot of women entrepreneurs, business owners, and women rock stars, which I think is very unique.

Who are some of the guests you've had on the show?

Rutkowski: We've had about 1,500 guests, including Nolan Bushnell, founder of Atari and Chuck E. Cheese; Brian Lee, founder of LegalZoom; John McAfee, founder of the McAfee security software company; Peter Gruber, owner of the Dodgers; actress Cheryl Tiegs; and musician Akon.

All call-in guests?

Rutkowski: I hate the call-in guests. I like guests in studio. Since we broadcast the show on radio but also via YouTube, all these founders now want to be on the stream, because they chop it up and use it themselves. People will fly in to do a 15-minute radio interview because they want the social media connection.

Lehman: We have a radio studio that's been converted into a television live-streaming studio where we do the show every day. People are able to listen to the show on radio, listen on Internet, and watch the show on YouTube, and we are able to take some of the most powerful pieces of content and cut those up into flashes of knowledge, play those back, and give them to the radio stations to put on their websites.

We also record interviews after the show, so that when we have a rock star CEO or interesting entrepreneur or a 17-year-old that's changing the world, Ken will record unique content as a follow-on, which again engages the audience.

Ken Rutkowski with bridal stylist and *Brides of Beverly Hills* star Renee Strauss, a frequent guest on *Business Rockstars*.



Rutkowski with Atari and Chuck E. Cheese founder Nolan Bushnell.

What is your goal with this show?

Rutkowski: We focus on the good, the bad, and the ugly of business. Every true entrepreneur has had failure. The "wantrepreneurs" — somebody who wants to become an entrepreneur — may not know where to begin. A "wantrepreneur" may have tried starting a business, failed, and then just stopped. Or they just do not have the skill set to know how to take something to the next level. That's who we focus on.

Lehman: Everyone who listens, even if they are not in business, even if they are not entrepreneurial, is going to say, "Wow, that's inspirational." We have CEOs tell stories about success, failure, and what it took to

become an entrepreneur, their dedication. What they did to overcome adversity. It incorporates one of the strongest aspects of Talk radio, the story-telling. Ken is masterful at setting the story up and taking the story to logical conclusions that connect the dots with listeners.

What's your perception of how radio is embracing digital?

Rutkowski: It depends. I'm pretty damn impressed by a lot of these new podcasts where they talk to their niche listener. Radio, unfortunately, is so very one-way. It's like a broken Twitter. With Twitter, at least you can do a direct message. You can somehow get to the person that is relaying this. Now, with all the satellite and all the pre-programmed stuff, there is no direct feedback. And you consistently feel that.

I drove for seven miles the other day, and I heard three Katy Perry songs on the same station. What's going on here? People don't want to hear that. Radio is a one-way path. It is not bi-directional. It needs to look at what the Internet has done for the last 20 years; it's a bi-directional path. Radio is broken. It is not broken in a bad way. I don't think it has ever been repaired, because no one sees it as broken. The same people who have owned it for the last 20 years don't know how to fix it.

Is there serious revenue to be made in digital for radio?

Rutkowski: Absolutely. Radio needs to allow the fans to be a part of the story. Look at Pepsi as an example. The Pepsi One campaign allowed the people that loved Pepsi to create videos around how Pepsi fits into their lives. That was a massively successful campaign. Radio needs to do that. Why does

Entrepreneur (and onetime child star) Brock Pierce is interviewed on *Business Rockstars*.



a certain radio station fit in somebody's life? Allow those videos and posts and messages to be part of the radio environment, on websites, on social media, and on the air. Radio has to turn back to the listener and say, "How are we important to you?" Show us, teach us. No one is really doing that.

Unless your name is Adam Carolla, is there really any way to make money podcasting?

Rutkowski: I want to point to a guy named PewDiePie. He is on Youtube. PewDiePie has over 26 million subscribers, over 4 billion views. He's 24, plays two video games a day, and makes over \$12 million a year. He destroys Adam Carolla's numbers. This is where it's going. CaptainSparklez plays just *Minecraft*, and he has somewhere in excess of 1.8 billion views. My point: It has to be niche content for niche audiences. Radio can grab those stars and say, "Hey, we are going to have the top *Minecraft* person join us today," and use their social media outreach to help build that station's visibility.

I've been doing a lot with Akon lately. Akon has 54 million likes on Facebook. The minute he's on our show, we trend on Twitter. Radio needs to go after the rock stars in the social media world to build, and that's how they'll compete against the online world: by using those people that really capture the digital world and collaborating with them.

"RADIO IS A ONE-WAY PATH. IT NEEDS TO LOOK AT WHAT THE INTERNET HAS DONE FOR THE LAST 20 YEARS — IT'S A BI-DIRECTIONAL PATH." —Ken Rutkowski

Lehman: We've taken what Akon does in music and put it into music mentoring as a business within *Business Rockstars*. On Thursdays we have actual rock stars as part of this. It could be Akon, a member of Pink Floyd, someone from Oingo Boingo or a member of Smashing Pumpkins.

Rutkowski: Those real rock stars mentor up-and-coming musicians and bands about the business of music. It allowed us to stay true to our core of *Business Rockstars*, because we're talking about music as a business and incorporating real rock stars into our show.

To be successful in your world, the digital world, what should radio be doing?

Rutkowski: You have to evolve, and you have to embrace. You can't stop. I think radio right now is thinking that if there is a way we can just grab something and hold on to it for a while and ride it out — some of these radio stations' websites are eight years old. A website needs to

change every two years. They all need to have iPhones and Androids. Every station manager, everybody at every radio station, should have a LinkedIn profile.

I go to a hotel in the middle of Indonesia and everybody who works for that hotel has a LinkedIn profile to connect with the person who stayed in the hotel to create a personal relationship. That is so smart, because now I want to go back to that hotel.

Everybody has to be social media-ized. They have to be on the latest and greatest of technology. They have to understand it. They may not have to implement it right away, but they have to accept it and not think that they can slow it down. That's probably one of the most important things. That is how you stay in touch with everything.

The last thing: Make sure the GMs and radio guys know it is all about connecting with one another, meeting and talking consistently. That's the only thing that is going to save radio, when everybody is really communicating and working together. **INK**

Giving Listeners What They Want, When They Want It

Dave Paulus is the vice president and general manager at Max Media in Hampton Roads, VA. His team's approach to digital includes video, mobile, Facebook Accelerator, listener databases, and the Web. "It's all about total and complete engagement with our fans," says Paulus. "We're very proud of not only the work we've done from an operational perspective, but also taking our digital revenue department from \$11,000 in 2010 to \$500,000 in 2014." Paulus credits Max Media's incredible success to his amazing team.

RI: When did you start getting serious about digital?

Paulus: When I started here 3 1/2 years ago, we decided to jump into digital more out of fear, because that's where our audience was going. We talked so much more about engagement, how to engage our consumer, our fans, the best way possible. I challenged our operations team to look at different platforms. From the sales end, our company allowed us to build a platform of people. We have a digital sales manager, a graphics person, and a video person.

One of our biggest projects was developing our own content-driven station app, and a big redesign of our websites. Our app is not a platform to stream the radio station, which a lot of apps are. It is a content-driven app. So anybody involved in my Country station or my CHR station can get everything from social applications to concert information, to traffic and local news, to local breaking entertainment information, all on one screen. We had great success selling it.

We also redesigned our websites. They are far different from most station sites; they are very clean and very lean. We have one client, one main banner sponsor, no horizontal boxes. It's a portal to our social media. Frankly, we believe people have stopped going to radio station websites.



Dave Paulus

RI: How did the apps become a sales success?

Paulus: At the time, the only apps we saw on the marketplace for radio were either an adaption of TuneIn or just a stream portal.



Ours have tiles on them for Facebook, Twitter, concert information. We sold each tile. Then we have a main sponsor of the app. Every time we mention the app, we say it's "Powered by Hall Automotive." We haven't cluttered it up with a lot of information, and we've had good success with that.

RI: Why did you decide to simplify your website so much?

Paulus: When NASH signed on in New York City, I thought they had the sharpest website I had ever seen. It was clean and easy to navigate. It was more of a social media portal than a website.

If you look at it today, they've polluted the hell out of it. I can tell you, when they first signed on, I liked it so much I sent it on to my guys and said, "Take a look at this." Then we had an off-site strategy meeting. I asked my team how much they would use our website if they didn't work here. Everybody kind of sheepishly raised their hand and said they wouldn't go on our website.

I said, "Take a look at the NASH site, see how clean that is and easy to navigate." We loved it. We are making 10 times more money from our one main client than we did from selling banners and box ads and links and all the other junk that clutters up websites. Nobody uses them. We are fooling ourselves if we think they are.

RI: Why is simplicity working so well?

Paulus: If you watch people consume radio or the Internet or products, the easier to navigate, the more they consume. If you sit in a car next to somebody who doesn't work in the radio business and you watch them consume radio, you see how often they punch around the radio stations. If somebody is watching a video, no matter how cool it is and how funny it is, if it is over 90 seconds or two minutes, people are not going to sit through it.

So we stopped trying to stroke our own egos by doing all this stuff and said, "What does the consumer want, and how can we

match that up?" That really has been the key for us. That's where I saw the business going, and I didn't feel like we were adapting. We have been able to turn around our digital revenue. We are number one in the marketplace now.

The sales staff goes out feeling like media representatives, not radio pitchers. They can talk about cutting-edge items. For example, we just introduced some mobile Grouping and gaming elements to sell. They can walk into a client now with a bag of stuff and not just say, "Sorry, we're eighth and they are sixth in the Nielsen ranker," but, "Let me show you some of the other cool stuff we can do."

RI: What do you mean by gaming?

Paulus: People use their tablets and their mobile phones for gaming, whether they are on an airplane or in the car — not while driving, of course. We want to give them a portal to be able to do that. We saw something cool the other day that was a scratch-off gaming process, like a lottery ticket, only you do it on your phone. We're going to start selling that to clients.

Initially, we're going to do it through operations: "You want to win backstage passes to Luke Bryan? Play our game. See if you win." Then we will pull from a pool of winners. Eventually, we'll be selling it through the clients where they can win a free Blizzard or a sandwich for a year from one of the local businesses. That's what consumers are consuming right now. They are not consuming banner ads. They are consuming stuff that they want to get quickly and efficiently.

RI: Where do you see the innovation going for radio and digital?

Paulus: My all-time favorite is Bruce Springsteen. I saw him a week or so ago. He wanders out into the audience a lot. He went out to go high-five the area that I was sitting in. He

reached out and there was no one to high-five because everybody was holding up their phones. He couldn't get anyone's hand to high-five because they were all taking video of him. I told that story in a sales meeting the other day and I said, "That's where our business is going. Mobility."

We have to stop shoving stuff down people's throats because it's easy for us to sell, and we have to adapt to what the consumer wants. It's about engaging the consumer on their terms, not on our terms. It's all about mobile. We have a good website and it is current, but it's all about the listeners' ability to get information on their mobile phones and hopefully, us being a portal to that information.

If they click on my concert tile and Keith Urban is coming to town, on there is what time the doors open, how much the beer is, where to park, what time the show starts — all the information they need when they go to that concert.



Country WGH's app

Making The Point With Digital

Erica Dreyer is the director of interactive media, also known as the digital sales manager, for Mid-West Family Broadcasting in Rockford, Ill. Dreyer and her team of digital experts, with help from Marketron, put together a killer campaign for North Pointe Wellness, a client that was not a big fan of radio. What resulted was more customers for the client and new digital dollars for the radio station.



Erica Dreyer

RI: Tell us how you put all this together for the client.

Dreyer: We did a client needs analysis and found out they weren't huge fan of radio; they had used a lot of direct mail. That's when we uncovered what was really important to them, which made us realize we needed to be able to use some of our geotargeting to be able to compete.

Once we figured that out, we were able to come back to the office and do some brainstorming. We knew we could do geotargeting, but we needed to go beyond that and come up with an idea. We came up with "The Vision of a Better You." We knew that people worked out for different reasons. We wanted to be able to talk to each person in a way that was important to them.

RI: What was your plan?

Dreyer: We are able to use GeoStations, which is part of Digital Suite through Marketron. That enables us to look at our entire database and pick areas we want to target, a custom geography. I not only used the ZIP codes that were important, I didn't e-mail anyone under the age of 16 because I knew they couldn't be members at the gym. We brainstormed to figure out how we could talk to our listeners. We didn't want just one message going out there.

We took a couple of different things that we thought would be important to people working out and we called these the "key motivators." We went back to the advertiser and said, "This is what we think is important." We ended up with three key motivators we would use in our ad campaign. It was also helpful that we had testimonial ads. We worked with the client to come up with these testimonial ads to put out on the air that also focused on these three key motivators, which were losing weight, a healthier lifestyle, and a big event. The big event could've been a wedding, a marathon, something coming up they had to prepare for.

RI: How did you incorporate the database with on-air and digital?

Dreyer: On-air, we used testimonials from three different people that focused on the key motivators. We ran a promo talking about an online contest for a \$500 fitness package. We incorporated streaming, which matched the commercial schedule. Then we used an online campaign, when we held the survey and the online contest. Everything we were doing was trying to drive traffic to this online contest that we built on our own website.

We used two different phases of e-mail. One was geotargeting, at the beginning. That was when we sent out the invite for people to participate, using the radius near the gym. Then every few days, when people would complete the survey, we sent them a customized e-mail based on their responses. If they identified through the survey that they were interested in losing weight, they got a customized e-mail from the radio station saying, "We know you're looking to lose weight. Here are some things that North Pointe Wellness wants you to know. By the way, if you are interested in losing weight, here is a great deal to get you started."

We did that coming from the radio station side, because we included, through the contest, the opportunity to be contacted by the advertiser. Seventy-one percent opted in, but we knew there would be some people that wouldn't opt in. We wanted to offer one more additional touchpoint that included the advertiser but wasn't violating that trust that we had with our listener. From the station, we were able to send them a message saying, "Here is something you might be interested in, if you want to take advantage of it."

That was the second part of the e-mail campaign. We also used our text club to push the message out. We sent that during the first week of the campaign and we saw a huge spike in participation when we sent that text out. That was not geotargeted or anything. That was just based on our text club members.

RI: What kind of response and feedback did you get from the client?

Dreyer: It was great. At the end of the campaign, we were able to get feedback on how many people signed up. The client didn't give us expectations initially of what they were looking for, which is often a problem when you're putting a campaign together. Out of the 41 people who opted in, we had four annual memberships, and their memberships are \$65 per month. The client got double their money back for what they spent online with us.

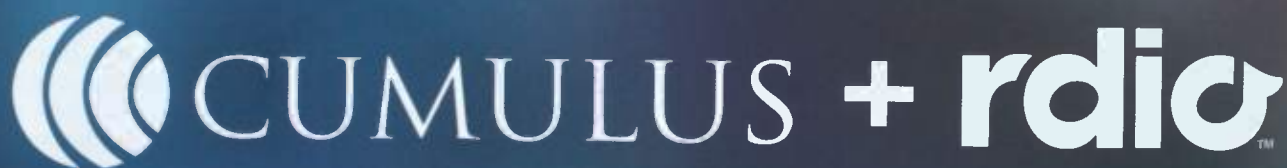
They also had 148 signups between September and October. We couldn't take all the credit for those because we couldn't match all the last names, but we feel a lot of it was due to the heavy on-air schedule and digital components during the campaign.

RI: Would you say this campaign brought new digital dollars to the radio station?

Dreyer: Definitely.



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Brad Holtz has been the program director for WTTS & WGCL in the Bloomington-Indianapolis market for 12 years. With help from Presslaff Interactive, Holtz and his team at Sarkes Tarzian's Triple A WTTS-FM have come up with some very creative ideas to both keep listeners happy — and coming back — and generate new digital revenue.

RI: Tell us about your VIP Room for listeners.

Holtz: We've had a great relationship with Ruth Presslaff [head of Presslaff Interactive Revenue] for about 11 years now. First it was, let's build a database, love the database, reward the database, and continue to keep new people coming in. So we've created a very close relationship with our audience.

From there, it's about weaving clients in in smart ways that can be of benefit to them and the listeners. We've had success with traffic to our database room, and contesting in that room. We're seeing most of our website activity now coming through the database hub on our website, called the VIP Room. From a monetization standpoint, we do pre-sales, contests, surveys, and things of that nature.

RI: What's the VIP Room all about?

Holtz: It's pretty simple. You sign up for free at our website, wttsfm.com — it's a 15- to 20-second process. Then listeners enter by inputting their e-mail addresses. From there they have a chance to win contests set aside just for the VIP Room. We offer concert ticket pre-sales there, surveys for prizes, and one of the smart things we've done is daily contesting opportunities.

If we have a pair of front-row tickets for a concert, we'll have that contest live in the VIP Room for a month. Our VIPs can stop by every day to enter to win, so you could stop by 30 times, presumably. We've seen a lot of repeat traffic from changing the mechanism by which we allow people to enter. We also send multiple e-mails every week, music surveys, and targeted content based on a listener's preferences.

RI: Tell us about the sponsorship you have for a single client.

Holtz: That sponsorship on top of the page is a branding sponsorship for a local mattress company. We thought of the branding "Furnished by Holder Mattress." It's been a great relationship now for almost three years, and it's a tremendous branding opportunity because of the traffic this room gets.

RI: Do you have other promotions for VIPs?

Holtz: We have a great relationship with Klipsch Audio. Klipsch is a client based in Indianapolis, and they've outfitted and power our

live-performance studio in downtown Indianapolis. Part of the deal is we give away their product in our VIP Room, either headphones or wireless speakers. We've seen tens of thousands of entries in a quarter for one of these Klipsch wireless music systems. We're just taking things we think our listeners would love to have, like concert tickets of course, but why not offer high-end speakers too?



Brad Holtz

RI: So you have special concerts in the studio?

Holtz: The room holds about 40 people. We have about 25-30 concerts every year, and in the last few years we've had Matt Nathanson, Serena Ryder, Walk the Moon, Snow Patrol, Feist, and Mike Doughty, just to name a few. It's very much centered in the Triple A world, but occasionally we'll have somebody come in that blows us away. We had the Doobie Brothers and Train come in out of the blue. Klipsch takes video, they have a pre-roll, and they put the content on their website and it lives on our YouTube page.

RI: You're building a nice bond between the station and your P1s.

Holtz: It's a really unique room that means a lot to our listeners. They come in and they get to sample some beer — we have Sun King, which is a local beer. They get to see the performance, meet the artist, get a picture, and get an autograph. And we give them a card to get their picture online later. And you've really just made their day. It's about an hour's time investment for the artist, and they've just made the day of 30 to 40 people. **INK**



Jonny Lang plays for WTTS VIPs.

Amos Lee at WTTS's performance space in Indianapolis.



DEBORAH PARENTI
DIALOGUE

Online Radio Battle



Paul Goldstein

Paul Goldstein, an award-winning audience development executive, is leading a fascinating panel at Convergence (June 4-5 at the Santa Clara Convention Center) on online content innovation. Here's a sample of the kind of topics you'll be hearing about.

Many say broadcast radio is not participating in the content renaissance going on today. Thoughts?

Google, Apple, Amazon and Microsoft are now in or entering the radio business, joining Pandora and the three major record labels through their investments in startups like Spotify.

We can argue what is or isn't "radio," but what matters to advertisers are audiences. The business those behemoths are entering is dependent on building and maintaining an audience of listeners that can be sold to advertisers. Only a minority of the population will pay for radio, which means soon broadcasters will probably be competing for audience and ad dollars with the four most powerful technology companies in the world.

The music and radio industries are in just the first inning of a three-four year period of change that will alter the audience and revenue landscape of both industries for years to come.

Foundations for online radio's beachfront property are being laid.

Simultaneously, CD and MP3 sales have collapsed as listeners get their music via streaming services, a paradigm shift with profound implications for broadcast radio. Record labels will rely more on advertising revenue as listeners get their music from the cloud. Remember, the bulk of Pandora's revenue comes from advertising, not subscriptions. About half their revenue flows to the labels. So competition for time spent listening will only intensify.

Broadcasters have seen this movie before. However, today's sequel is more dangerous.

In the 1970s, when FM audience overtook AM, the possibilities for AM owners to compete were limited to those who could afford to purchase FM stations. As ad dollars followed audience to FM, their asset values rose while AMs fell, creating an audio-media monopoly for FM broadcasters. With the explosive growth in mobile streaming, that monopoly has ended.

Nielsen Audio says broadcast radio's cume remains strong, but its AQH share has plummeted from a 13.2 share five years ago to what sources close to Nielsen estimate at about a 9.2 share for 2013.

Clearly differentiated online audio content, often presented with elegant technical design, has attracted 160 million people to online radio and that is forecast

to surge in the next few years. About two thirds of 12-24-year-olds listen to "radio" online weekly, and the majority of that listening is not to the streams of broadcast radio stations.

As Google, Amazon, Apple, and Microsoft write 8- or 10-figure checks to buy in to the radio business, Edison Research says the boom of online radio is largely coming at the expense of broadcast radio. Forty-four percent of online radio listeners say they are mostly replacing time spent listening to local over-the-air stations.

Borrowing a Steve Jobs' strategy now would benefit radio broadcasters. Shortly after the iPod became a hit, Jobs realized it wouldn't be long before mobile phone manufacturers would become competitors by adding a music capability to their devices. Jobs moved swiftly, even cannibalizing iPod sales by introducing the iPhone, which offered music, phone, Internet, and apps on one device. The iPhone's market shares outweighed declines in iPod sales. Apple's stock doubled in less than a year.

Apple recently followed that same strategy with iTunes. Witnessing the unraveling of MP3 sales on iTunes due to streaming apps like Pandora, Apple anticipated and invested in what was next. Although iTunes Radio cannibalized iTunes MP3 sales, it also scored a whopping 20-plus-million listeners and millions of blue chip advertising dollars in just a few months. Record labels are relieved to see revenue flowing their way through Apple's iTunes Radio replacing revenue from the decline of MP3s and CDs. Going forward, will labels become less dependent on and even competitive with broadcast radio as they grow dependent on revenue from the sale of audiences to advertisers rather than MP3s and CDs to consumers?

Last year alone, more than \$432 million was invested in online radio startups such as Spotify.

With a few exceptions, broadcast radio's response to the online radio movement has been insufficient. Year-to-year (February 2013-February 2014), most broadcasters are flat or down among online listeners. Moving forward, broadcasters will either proactively invest and innovate by developing powerful and compelling online audio content (that will to some extent cannibalize their existing audiences), or they won't. Apple, Google, Amazon, Microsoft, Pandora, and Spotify are betting hundreds of millions on the latter.

For more information, check out Paul Goldstein's website, TheContentIsKing.com. **INK**

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BLAST From The PAST >>

NO MORE ELEVATOR MUSIC!

Jack Diamond had the honor, he tells *Radio Ink*, of "being the first jock ever on PRO-FM!" As the new afternoon personality, Diamond got to flip the station from Beautiful Music to Top 40 (with Paul McCartney & Wings' "Jet") back in 1974. He writes, "We started in the old studio with a five-pot board and the automation two feet away. We played records on Gates turntables that didn't have a rocker switch, but a two-click push-button, and you were never sure after you started the record if it was pushed in far enough and had 'caught.' So we slip-cued everything."

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