

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

April 23, 2001

Volume 18, Issue 17

## Special Issue

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## Solutions to AFTRA issue still top priority

The dust is beginning to settle: radio stations are slowly re-launching their webcasts, at least as quickly they find a way to block the AFTRA-talent spots. When agencies sent letters warning stations not to stream AFTRA spots—or risk losing terrestrial buys—the understandable knee-jerk reaction was to cut the streams, ASAP. Read Initiative Media's take on all this: Initiative Media Director **Kathy Crawford**'s column addresses the issue, p. 10.

At its worst, the new AFTRA and SAG Union streaming fee requirements for advertisers had caused most of ABC Radio, Clear Channel, Emmis, Bonneville, Cox Radio, Citadel, Lotus Broadcasting, Radio One, Saga, Entercom and others to cut their audio streams (*RBR* 4/16, cover, p.11).

As ad substitution solutions are being implemented, streaming audio is once again being heard. Streaming and ad insertion provider StreamAudio announced it has converted many of its radio station clients over to its ad insertion solution in two days—allowing them to continue streaming in the face of the recent AFTRA fees fiasco.

So far, StreamAudio has helped get stations back on the web for the following: Cox, 13 stations in five markets; Entercom, 11 stations in four markets; and one station each for Morris and New West.

At presstime, Emmis' 23 stations were still down; Citadel was working on the fix. All ABC Radio streams are down, but it claims an internal ad substitution solution is in the works, to debut within 60 days. Lotus Broadcasting says the stream is "temporarily unavailable" in Vegas, but is streaming KLPX-FM Tucson. Radio One is still off in LA, but on in Dallas. Coolink Broadcast Network kept Clear Channel's streams up in Dallas, but silence and an explanation is still found elsewhere at CCU websites.

As to Citadel, "We pulled all the streaming on our websites or we're in the process of it. We're looking into every other possible solution to be able to stream without being in violation of that new rule," Citadel COO **Bob Proffitt** tells *RBR*. "It's unfortunate for our listeners who like to stream their radio stations. We're hoping to have a solution to be back up streaming as soon as possible."

Infinity, of course, never streamed audio and was therefore not affected.—CM

## 2001: It's all about local



Feature p.12



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## MeasureCast results reflect streaming cuts

MeasureCast has released its webcast ratings for the week of 4/9-4/15. The total number of hours streamed declined nearly 5%, due, of course, to hundreds of stations pulling their streams off the Internet from the new AFTRA Recorded Commercials Contract, which ups talent fees by 300% over what was already paid for the terrestrial broadcast. requires advertisers to pay a higher fee if ads originally recorded for radio are played over the Internet.

MeasureCast's Internet Radio Index returned to February listening levels, dropping 4.8%—13.3% over the last two weeks when the AFTRA fiasco began. Updated weekly, the MeasureCast index is a representation of the trend in Total Time Spent Listening (TTSL) across MeasureCast-measured stations. For the ratings list, see RBR.com—CM

## Sealed with a KISS: Joyner clears NYC

Radio Hall-of-Famer Tom Joyner added a home in yet another major market—THE major market, according to Arbitron. Emmis Communications' (O:EMMS) WRKS-FM New York will start broadcasting the Urban legend's morning show April 30 at 6AM. WRKS will have its cake and eat it, too. It will retain the morning drive services of Isaac Hayes, a legend in his own right. Hayes will fill four network feed breaks per hour. However, don't listen for him in your hometown. WRKS Director of Marketing & Promotion Frank Iemmiti told RBR the Hayes "will interact with Joyner on the national feed at times, but not as a regular part of the show."

Joyner now has over 100 affiliates. Besides New York, the large market roster includes stations in Chicago, Philadelphia, Boston, Washington, Dallas, Detroit, Atlanta and Miami.—DS

## Children's gets new trial against ABC

The Eighth Circuit US Court of Appeals is allowing a new trial to determine monetary damages for Children's Broadcasting v. ABC Radio/Disney (N:DIS), setting aside a previous reversal. Back in 9/98, a jury awarded "Radio Aahs" operator Children's Broadcasting Corporation (CBC) \$40M after finding that ABC Radio Networks was in breach of contract and trade secret misappropriation with the company by launching Radio Disney (other charges of breach of fiduciary duty, fraud and wrongful conduct were dismissed). That verdict was overturned months later because CBC failed to prove it suffered sufficient damages, according to the judge (the jury's liability findings were upheld). In 2/99, CBC appealed that judgment and was granted this new trial on the issue of damages. ABC Radio had originally en-

tered into a rep deal for Radio Aahs. CBC later became Intelefilm (O:FILM), a TV spot production company, in 6/99 after selling its radio stations. Incidentally, Intelefilm received notice from NASDAQ 4/11 for non-compliance with minimal tangible net worth requirements and that its continued listing is under review.—CM

## Quello confab a post- Kennard love-fest

This month's second annual symposium by Michigan State University's Quello Center wasn't intended to be a forum for either praising the new FCC Chairman or condemning the previous one, but it seemed to work out that way.

"I've been known to criticize



Quello & Powell

chairmen—one or two in particular," noted former Commissioner **Jim Quello** (D) after being introduced by current Chairman **Michael Powell** (R), but he had no criticism for the new occupant of the Commission's center chair. Quello said he'd tried to lobby to have Powell appointed to the FCC's top post by President **George W. Bush**, but didn't have much success. "Everyone was already on board. He was made Chairman by acclamation."

Even stronger condemnation of past Chairmen **Reed Hundt** and **Bill Kennard** came from another fellow Democrat, Rep. **John Dingell** (D-MI). "For the first time since Jim Quello was [acting] chairman, we seem to have a chairman who wants to make the Commission work and will make reform a priority," said Dingell, the ranking minority member of the House Commerce Committee. The congressman said the FCC needs to be reconstructed and complained that the Commission is often "hamstrung by its own antiquated design," with different bureaus regulating competing companies because they happen to use a different type of technology to compete for the same markets. "I have great hopes that Chairman Powell will succeed in his effort to re-tool the agency."

### Quello the great

What does it take to make a great regulator? Speaking at the Quello Center symposium, FCC Commissioner **Harold Furchtgott-Roth** (R) noted that some people think it's important for regulators to have more technical sophistication. "I am not convinced," he said, citing retired Commissioner Quello (D) as an example—a former radio executive who served at the FCC through a period of rapid technological advances.

"He was a great regulator—perhaps the greatest," Furchtgott-Roth said of Quello. The former regulator, he said, followed the

## Apple crop continues to wilt into the summer

According to a Miller, Kaplan & Arase 4/15 pacing report obtained by RBR from an anonymous source, the revenue picture in New York remains, in a word, ugly. The worst part? The bread-and-butter local category, which has been a saving grace in many markets, is just as bad as national. It is taking a while for New York radio stations to emerge from the tough comps of 2000.

	Local	National	Total
April	-22.0%	-12.5%	-20.0%
May	-34.4%	-43.0%	-36.2%
June	-42.5%	-42.8%	-42.8%

Source: Miller, Kaplan & Arase & Co.

will of Congress and tried to keep up with technological innovation, rather than trying to control it—making obvious digs at former Chairman Kennard (D) on both counts. Furchtgott-Roth said that if you can keep government out of technological innovation, there will be no need to worry about technology advancing.—JM

## FCC Ex-chairs get board seats

Two former Chairmen of the FCC are taking seats on corporate boards.

• **Reed Hundt**, who served from 1993 to '97 as the first Chairman appointed by President **Clinton**, has been nominated to the board of directors of Intel (O:INTC). He'll take the seat currently held by **Gordon Moore**, one of the co-founders of the micro-chip giant, who is retiring from the board in May at age 72.

• **Bill Kennard**, who succeeded Hundt at the FCC and resigned when the **Bush** Administration began in January of this year, has been named to the board of directors of Handspring Inc. (O:HAND), the maker of a small hand-held computer, Visor. The device competes with the better-known Palm Pilot, but also uses the Palm operating system under a license from Palm Inc. (O:PALM)—a license that was renewed just this month (4/11) through 2009.—JM

## Tristani worried about billings in Billings

In a 4/13 press release, Commissioner **Gloria Tristani** objected to the FCC's failure to object to a quartet of deals which had attracted three petitions to deny and one informal objection (see related story, p. 18). One is a deal in which Marathon Media is sending a 1AM-4FM cluster in Billings, MT to Clear Channel (N:CCU), along with numerous other stations in a group deal (RBR 1/1, p.12).

In the Billings case, the initial objection came from Fisher Radio Group (O:FSCI), which owns a 1AM-3FM cluster in the market (New Northwest is also in the market with a 1AM-4FM cluster). Fisher does not question the legality of the CCU cluster. Rather, its concern is that its stations carry highly-rated syndicated program-

ming from CCU's Premiere Radio Networks, and it is in jeopardy of having the programming terminated and moved to the stations CCU is proposing to purchase.

Fisher questions whether this serves the public interest. Fisher's objection was dismissed because the Commission's rules "do not limit the common ownership of a radio network or syndicated program supplier and broadcast stations."

"Fisher complains that the vertical integration of its competitors with Clear Channel's programming subsidiary includes the power to control which stations in the market will receive top-rated and top-selling programs," wrote Tristani. "Fisher's contention that creation of a potentially disabling market reality, in a market where its new competitor would own the maximum number of stations permitted by our rules and control Fisher's access to high value programming, was at least subject to differing interpretations or inferences by a trier of fact."

**RBR observation:** Tristani noted it herself: There is nothing illegal about owning a radio station and a network or syndicated program simultaneously. It is unclear whether or not CCU will indeed pull the programming away from Fisher, but there is nothing in the law to prevent them from doing so. Why give the lawyers an extra payday when there is nothing to be gained?

Our second question: Is Tristani attempting to protect the public interest or Fisher's interest? If the programs will remain available to the public one way or the other, how does the public figure in?

Thirdly, at a time when consolidation is being blamed for, among other things, the loss of localism in radio programming, we find it a bit odd that a member of the Commission would be taking steps to protect a broadcaster's right to use just the type of programming-from-a-far so many have been railing against.—DS

## Ad insertion companies look for allies

iM Networks and targeted ad insertion technology provider Lightningcast.com announced a strategic alliance to integrate their ad-insertion technologies. Lightningcast will also provide ad



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sales representation in the deal. iM Networks provides online solutions for consumer electronics companies. It also licenses its iM Tuning Service to consumer device manufacturers and delivers its "Best of Planet" network programming over those devices.

The joint effort is aimed at enabling terrestrial and Internet only radio stations with a single standard for setting up ad-insertion systems and for reporting tracking data to ad agencies. Key ad serving technology components of both companies will be standardized between the two in an attempt to create a de facto standard for ad-insertion.

"Basically, what iM Networks and Lightningcast have done is agree on how content should be tagged. There are two things that go out into a stream—the content and the ads. The way that the ads get stripped out and replaced with another, every single vendor out there has a different way of doing this," Lightningcast Chairman/CTO **Tom Des Jardins** tells *RBR*. "What Lightningcast is doing is releasing

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to their partners our view of the standard. Rather than having people...using five or six different ways of tagging content, we could think of this as all of us getting together and saying 'the tone or the signal that indicates the spot should go here is THIS.' If Hiwire were to come to us and say, 'Hey, I want the code to implement Lightningcast's system,' I would give it to them."

At this time, there is no indication that Hiwire is ready to join in. For more on this story, see [rbr.com](http://rbr.com).—CM

## CYA in LMA for CCU

After being fined by the FCC for taking unauthorized control of a

station (*RBR* 2/19, p. 4), it appears Clear Channel (N:CCU) has added new language to its LMA contracts. The company's LMA of WABI-AM & WWBX-FM Bangor, ME, which it is buying from Gopher Hill Communications for \$3.75M, begins (even before the contract title) with these two paragraphs—all in boldfaced capital letters:

"The execution and delivery of this agreement shall not result in the loss of any control by owner with respect to the stations or any other control, the loss of which would be in violation of FCC rules and regulations.

"Pursuant to Section 73.355(A)(3)(ii) of the FCC's rules, licensee certifies that it maintains

ultimate control over station finances, personnel, and programming. Owner certifies that this agreement complies with the provision of Section 73.355(a) of the FCC's rules."—JM

## RAB focuses on small markets

The Radio Advertising Bureau has increased the size of its Small Market Advisory Committee (SMAC) and announced plans to intensify its efforts to meet the unique needs of stations in small markets. The SMAC, chaired by **Cary Simpson**, President of the Allegheny Mountain Radio Network, has been expanded to 28 members. RAB Exec. VP/Services

Mike Mahone will serve as executive staff liaison to the SMAC, a role previously filled by the late Wayne Cornils.

"The small and medium markets are the backbone of our industry, and the premier example of how Radio reaches the community," said RAB President **Gary Fries**. "The enhancements to SMAC further strengthen small market Radio representation in our organization."—JM

### SMAC Members:

Chairman—**Cary Simpson**, Pres., Allegheny Mountain Radio Network, Tyrone, PA

Vice Chairman—**Mike O'Brien**, VP/Sales, Bliss Communications, Janesville, WI

**Joanna Alexander**, GSM, Re-

## No Clothing NTR in March?

We've come up with a great NTR idea for next March, so be sure to cut out this page and stick it into your calendar for next year. Your station should be able to make big bucks next March with a nudist promotion! If there's no Clothing NTR in March, it stands to reason that everyone must want to get naked. You can be the first station in your market to tap into this anti-clothing movement by launching a "Nudefest," featuring booths from nearby nudist camps and, of course, tanning lotion distributors.

While waiting for next March to see how many of you take us up on this NTR innovation, we would observe that Automotive finally picked up a bit in March 2001. That indicates a glimmer of hope that this major category, both for NTR and traditional advertising, is becoming a bit more active.—JM

## Non-traditional Revenue Track % of vendor/new business by category (March 2001)

	Oct	Nov	Dec	2000	Jan	Feb	Mar	YTD
Automotive	10.19	12.11	1.55	10.27	0.22	2.45	9.33	4.14
Food/Grocery	28.90	19.52	29.28	26.38	19.89	33.05	27.85	26.83
Leisure	20.55	38.11	53.56	30.15	24.17	43.86	47.35	38.51
Health & BC	8.64	7.25	4.16	6.30	8.48	4.21	3.62	5.43
Home Improv.	5.23	4.97	1.81	6.39	1.24	5.49	6.28	4.35
Office	6.61	6.62	0.00	5.62	5.51	2.34	1.57	3.13
Clothing	1.42	1.05	5.63	4.67	8.32	2.44	0.00	3.55
Recruiting	18.47	10.37	4.02	10.22	32.12	6.16	4.00	14.07

Source: Revenue Development Systems, based on revenues from 76 stations in 32 markets.

## News Analysis

### DOJ still brain dead

**Joel Klein** may be gone (and making big, big bucks as a record company executive), but the politically-engineered system he put in place for judging media deals lives on in the Antitrust Division of the US Department of Justice, even under the new Republican administration. After months of pointless work, DOJ has announced a consent agreement with News Corp. (N:NWS) and Chris-Craft Industries (N:CCN) which will require the spin-off of KTVX-TV (Ch. 4, ABC) Salt Lake City as a condition to closing News Corp.'s \$5.3B acquisition of the 10-station Chris-Craft group.

The DOJ settlement was absolutely pointless since, under the FCC's TV duopoly rules, News Corp. could not have acquired the ABC station in Salt Lake City, since its current O&O, KSTU-TV (Ch. 13, Fox), is also one of the market's top four stations. The two, combined (which can't happen), account for approximately 40% of TV ad revenues in the market. "Without this divestiture, the businesses that purchase broadcast television spot advertising to reach customers in Salt Lake City would have lost a significant competitive alternative," said **Constance Robinson**, Director of Operations and Merger Enforcement in DOJ's Antitrust Division, as she announced the settlement. She asserted that the break-up of a merger that couldn't have taken place anyway somehow insured that SLC advertisers will enjoy lower prices.

It's bad enough to waste taxpayers' money on investigations that serve no purpose, but the greater damage is being done by DOJ's perpetuation of the myth that radio, TV and newspapers do not compete with each other for local advertising dollars. As *RBR* has warned in the past, there will be real antitrust problems to deal with once the broadcast-newspaper crossownership ban is abolished (either by the FCC or Congress—and likely sooner, rather than later) and DOJ will be unable to deal with them. Its hands will be tied by the precedent set by the numerous settlements it's filed in federal courts in recent years which treat each type of competing media as a separate market.

Once monopoly newspapers (not the case in SLC, which has two dailies) are free to acquire two in-market TV stations and up to eight radio stations—taking their current 40-50% of local ad revenues to the 60-70% range—DOJ will finally get a chance to see what ad rate manipulation really looks like. It will be too late to do anything about it and, we have to admit, other radio stations will likely also benefit from higher rates (so long as they're not cut out of buys completely).

We can only imagine the howls of complaint that we'll hear from advertisers and agencies who cheered on the DOJ's efforts to curtail post-Telecom Act radio mergers. Don't say we didn't warn you.—JM

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**Harold Wright**, Owner/GM, Wright Radio Network, Weatherford, OK

**Al Walters**, Pres., Cromwell up, Inc., Nashville, TN

**Jay Mitchell**, GM, Fairfield Media Group, Fairfield, IA

**iBiquity Digital gets ITU worldwide AM standard**

Not long after Digital Radio Mondiale (DRM) announced it had received a International Telecommunication Union (ITU) worldwide AM DAB standard for its system (RBR.com 4/13, 4/6), iBiquity Digital has received a similar announcement. The Geneva-based consortium also approved (4/17) iBiquity's IBOC DAB AM system for an ITU digital broadcasting standard in the AM band and other radio bands below 30 MHz.

So how can there be two standards? "Their system did not meet the needs of US broadcasters and therefore, it could not have been adopted in the US," iBiquity VP Broadcast Engineering **Glynn Walden** tells RBR. "And that's why the US government supported iBiquity's system at the ITU as a worldwide standard for digital broadcasting."

DRM couldn't provide a hybrid mode for broadcasters

(it would have to transmit the digital signal on another frequency altogether) and the sound quality is said to be more suited to talk than music, as iBiquity says it can do with its AM system.

"The ITU has approved our AM system and is expected to recommend our FM system later this year. The test program we are conducting based on criteria set by the NRSC is well underway and we expect the results to be submitted to the FCC this fall," adds **Al Shuldiner**, iBiquity Digital's VP and General Counsel, and the company's representative at ITU meetings. "With these developments, we are now well poised for approval of our IBOC technology by the FCC later this year or early next year."

The ITU endorsement also helps establish IBOCs as a viable option for

digital broadcasting in other countries where spectrum is scarce.—CM

### WTOP-AM launches first LMIV Website

The much-anticipated Local Media Internet Venture (LMIV) has finally come to fruition, with Bonneville's WTOP.com. LMIV is a partnership initiated by Emmis (O:EMMS) CEO **Jeff Smulyan** almost two years ago (RBR 7/5/99, p. 3). Since then, the necessary critical mass needed to attract advertisers and technology partners has been achieved with equal partners Entercom (O:ETM), Bonneville, Jefferson Pilot (N:JP) and Corus. The venture is led by CEO **Jack Swarbrick**.

WTOP.com, like other LMIV affiliates, will be equipped with ad insertion technology from RealNetworks.

The site took a LONG time to load, even with DSL here at RBR, but was rich with content. Major categories included National News, World News, Top Stories, Sports News and Business News. Smaller click-thru categories include Traffic, Hi-Tech, Health, Local Events, Charities, Contests, Maps and Directions, and multiple weather information destinations.

Along with three full-size banner ads, ad partners can participate in a section, "WTOP Features," that contains reports and info useful to the listener: The Logicon FDC Federal Line; Mike Causey's Federal

Forum; EDS' "e" and Beyond; Lincoln's Man About Town; Litton PRC's Ask the CIO; RSA's Security Report; Lockheed Martin's Global Flashpoints; Suburban Hospital's Ask the Doctor; GEICO's Sensible Alternatives; Network Solutions' Dotcoms to Watch; Nokia's Network Security Views and Clues and The Car Report.

Look for Bonneville's DC FM, Classical WGMS, to officially launch as an LMIV soon. It already shares links with WTOP.com. Other LMIV tech partners include CMGI Solutions, ATG and Interwoven. Cumulative LMIV system-wide audience estimates are expected to reach 70M by the end of this year.—CM

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ATM Network Data Linking

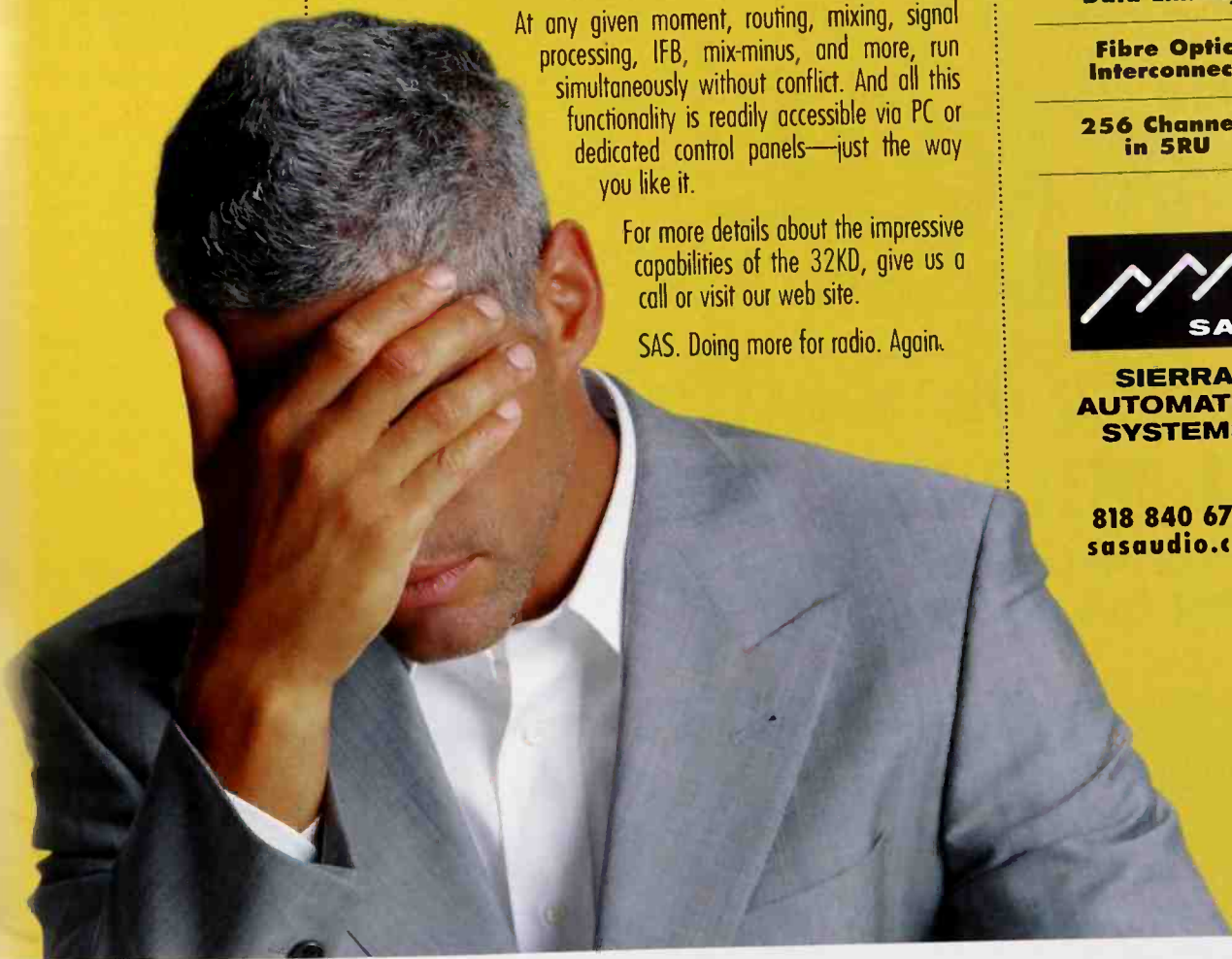
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## MeasureCast results reflect streaming cuts

MeasureCast has released its webcast ratings for the week of 4/9-4/15. The total number of hours streamed declined nearly 5%, due, of course, to hundreds of stations pulling their streams off the Internet from the new AFTRA Recorded Commercials Contract, which ups talent fees by 300% over what was already paid for the terrestrial broadcast. requires advertisers to pay a higher fee if ads originally recorded for radio are played over the Internet.

MeasureCast's Internet Radio Index returned to February listening levels, dropping 4.8%—13.3% over the last two weeks when the AFTRA fiasco began. Updated weekly, the MeasureCast index is a representation of the trend in Total Time Spent Listening (TTSL) across MeasureCast-measured stations. For the ratings list, see RBR.com—CM

## Sealed with a KISS: Joyner clears NYC

Radio Hall-of-Famer Tom Joyner added a home in yet another major market—THE major market, according to Arbitron. Emmis Communications' (O:EMMS) WRKS-FM New York will start broadcasting the Urban legend's morning show April 30 at 6AM. WRKS will have its cake and eat it, too. It will retain the morning drive services of Isaac Hayes, a legend in his own right. Hayes will fill four network feed breaks per hour. However, don't listen for him in your hometown. WRKS Director of Marketing & Promotion Frank Iemmiti told RBR the Hayes "will interact with Joyner on the national feed at times, but not as a regular part of the show."

Joyner now has over 100 affiliates. Besides New York, the large market roster includes stations in Chicago, Philadelphia, Boston, Washington, Dallas, Detroit, Atlanta and Miami.—DS

## Children's gets new trial against ABC

The Eighth Circuit US Court of Appeals is allowing a new trial to determine monetary damages for Children's Broadcasting v. ABC Radio/Disney (N:DIS), setting aside a previous reversal. Back in 9/98, a jury awarded "Radio Aahs" operator Children's Broadcasting Corporation (CBC) \$40M after finding that ABC Radio Networks was in breach of contract and trade secret misappropriation with the company by launching Radio Disney (other charges of breach of fiduciary duty, fraud and wrongful conduct were dismissed). That verdict was overturned months later because CBC failed to prove it suffered sufficient damages, according to the judge (the jury's liability findings were upheld). In 2/99, CBC appealed that judgment and was granted this new trial on the issue of damages. ABC Radio had originally en-

tered into a rep deal for Radio Aahs. CBC later became Intelifilm (O:IFILM), a TV spot production company, in 6/99 after selling its radio stations. Incidentally, Intelifilm received notice from NASDAQ 4/11 for non-compliance with minimal tangible net worth requirements and that its continued listing is under review.—CM

## Quello confab a post- Kennard love-fest

This month's second annual symposium by Michigan State University's Quello Center wasn't intended to be a forum for either praising the new FCC Chairman or condemning the previous one, but it seemed to work out that way.

"I've been known to criticize



Quello & Powell

chairmen—one or two in particular," noted former Commissioner **Jim Quello** (D) after being introduced by current Chairman **Michael Powell** (R), but he had no criticism for the new occupant of the Commission's center chair. Quello said he'd tried to lobby to have Powell appointed to the FCC's top post by President **George W. Bush**, but didn't have much success. "Everyone was already on board. He was made Chairman by acclamation."

Even stronger condemnation of past Chairmen **Reed Hundt** and **Bill Kennard** came from another fellow Democrat, Rep. **John Dingell** (D-MI). "For the first time since Jim Quello was [acting] chairman, we seem to have a chairman who wants to make the Commission work and will make reform a priority," said Dingell, the ranking minority member of the House Commerce Committee. The congressman said the FCC needs to be reconstructed and complained that the Commission is often "hamstrung by its own antiquated design," with different bureaus regulating competing companies because they happen to use a different type of technology to compete for the same markets. "I have great hopes that Chairman Powell will succeed in his effort to re-tool the agency."

### Quello the great

What does it take to make a great regulator? Speaking at the Quello Center symposium, FCC Commissioner **Harold Furchtgott-Roth** (R) noted that some people think it's important for regulators to have more technical sophistication. "I am not convinced," he said, citing retired Commissioner Quello (D) as an example—a former radio executive who served at the FCC through a period of rapid technological advances.

"He was a great regulator—perhaps the greatest," Furchtgott-Roth said of Quello. The former regulator, he said, followed the

## Apple crop continues to wilt into the summer

According to a Miller, Kaplan & Arase 4/15 pacing report obtained by RBR from an anonymous source, the revenue picture in New York remains, in a word, ugly. The worst part? The bread-and-butter local category, which has been a saving grace in many markets, is just as bad as national. It is taking a while for New York radio stations to emerge from the tough comps of 2000.

	Local	National	Total
April	-22.0%	-12.5%	-20.0%
May	-34.4%	-43.0%	-36.2%
June	-42.5%	-42.8%	-42.8%

Source: Miller, Kaplan & Arase & Co.

will of Congress and tried to keep up with technological innovation, rather than trying to control it—making obvious digs at former Chairman Kennard (D) on both counts. Furchtgott-Roth said that if you can keep government out of technological innovation, there will be no need to worry about technology advancing.—JM

## FCC Ex-chairs get board seats

Two former Chairmen of the FCC are taking seats on corporate boards.

• **Reed Hundt**, who served from 1993 to '97 as the first Chairman appointed by President **Clinton**, has been nominated to the board of directors of Intel (O:INTC). He'll take the seat currently held by **Gordon Moore**, one of the co-founders of the micro-chip giant, who is retiring from the board in May at age 72.

• **Bill Kennard**, who succeeded Hundt at the FCC and resigned when the **Bush** Administration began in January of this year, has been named to the board of directors of Handspring Inc. (O:HAND), the maker of a small hand-held computer, Visor. The device competes with the better-known Palm Pilot, but also uses the Palm operating system under a license from Palm Inc. (O:PALM)—a license that was renewed just this month (4/11) through 2009.—JM

## Tristani worried about billings in Billings

In a 4/13 press release, Commissioner **Gloria Tristani** objected to the FCC's failure to object to a quartet of deals which had attracted three petitions to deny and one informal objection (see related story, p. 18). One is a deal in which Marathon Media is sending a 1AM-4FM cluster in Billings, MT to Clear Channel (N:CCU), along with numerous other stations in a group deal (RBR 1/1, p.12).

In the Billings case, the initial objection came from Fisher Radio Group (O:FSCI), which owns a 1AM-3FM cluster in the market (New Northwest is also in the market with a 1AM-4FM cluster). Fisher does not question the legality of the CCU cluster. Rather, its concern is that its stations carry highly-rated syndicated program-

ming from CCU's Premiere Radio Networks, and it is in jeopardy of having the programming terminated and moved to the stations CCU is proposing to purchase.

Fisher questions whether this serves the public interest. Fisher's objection was dismissed because the Commission's rules "do not limit the common ownership of a radio network or syndicated program supplier and broadcast stations."

"Fisher complains that the vertical integration of its competitors with Clear Channel's programming subsidiary includes the power to control which stations in the market will receive top-rated and top-selling programs," wrote Tristani. "Fisher's contention that creation of a potentially disabling market reality, in a market where its new competitor would own the maximum number of stations permitted by our rules and control Fisher's access to high value programming, was at least subject to differing interpretations or inferences by a trier of fact."

**RBR observation:** Tristani noted it herself: There is nothing illegal about owning a radio station and a network or syndicated program simultaneously. It is unclear whether or not CCU will indeed pull the programming away from Fisher, but there is nothing in the law to prevent them from doing so. Why give the lawyers an extra payday when there is nothing to be gained?

Our second question: Is Tristani attempting to protect the public interest or Fisher's interest? If the programs will remain available to the public one way or the other, how does the public figure in?

Thirdly, at a time when consolidation is being blamed for, among other things, the loss of localism in radio programming, we find it a bit odd that a member of the Commission would be taking steps to protect a broadcaster's right to use just the type of programming-from-afar so many have been railing against.—DS

## Ad insertion companies look for allies

iM Networks and targeted ad insertion technology provider Lightningcast.com announced a strategic alliance to integrate their ad-insertion technologies. Lightningcast will also provide ad



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sales representation in the deal. iM Networks provides online solutions for consumer electronics companies. It also licenses its iM Tuning Service to consumer device manufacturers and delivers its "Best of Planet" network programming over those devices.

The joint effort is aimed at enabling terrestrial and Internet only radio stations with a single standard for setting up ad-insertion systems and for reporting tracking data to ad agencies. Key ad serving technology components of both companies will be standardized between the two in an attempt to create a de facto standard for ad-insertion.

"Basically, what iM Networks and Lightningcast have done is agree on how content should be tagged. There are two things that go out into a stream—the content and the ads. The way that the ads get stripped out and replaced with another, every single vendor out there has a different way of doing this," Lightningcast Chairman/CTO **Tom Des Jardins** tells *RBR*. "What Lightningcast is doing is releasing

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to their partners our view of the standard. Rather than having people...using five or six different ways of tagging content, we could think of this as all of us getting together and saying 'the tone or the signal that indicates the spot should go here is THIS.' If Hiwire were to come to us and say, 'Hey, I want the code to implement Lightningcast's system,' I would give it to them."

At this time, there is no indication that Hiwire is ready to join in. For more on this story, see [rbr.com](http://rbr.com).—CM

## CYA in LMA for CCU

After being fined by the FCC for taking unauthorized control of a

station (*RBR* 2/19, p. 4), it appears Clear Channel (N:CCU) has added new language to its LMA contracts. The company's LMA of WABI-AM & WWBX-FM Bangor, ME, which it is buying from Gopher Hill Communications for \$3.75M, begins (even before the contract title) with these two paragraphs—all in boldfaced capital letters:

"The execution and delivery of this agreement shall not result in the loss of any control by owner with respect to the stations or any other control, the loss of which would be in violation of FCC rules and regulations.

"Pursuant to Section 73.355(A)(3)(ii) of the FCC's rules, licensee certifies that it maintains

ultimate control over station finances, personnel, and programming. Owner certifies that this agreement complies with the provision of Section 73.355(a) of the FCC's rules."—JM

## RAB focuses on small markets

The Radio Advertising Bureau has increased the size of its Small Market Advisory Committee (SMAC) and announced plans to intensify its efforts to meet the unique needs of stations in small markets. The SMAC, chaired by **Cary Simpson**, President of the Allegheny Mountain Radio Network, has been expanded to 28 members. RAB Exec. VP/Services

Mike Mahone will serve as executive staff liaison to the SMAC, a role previously filled by the late Wayne Cornils.

"The small and medium markets are the backbone of our industry, and the premier example of how Radio reaches the community," said RAB President **Gary Fries**. "The enhancements to SMAC further strengthen small market Radio representation in our organization."—JM

### SMAC Members:

Chairman—**Cary Simpson**, Pres., Allegheny Mountain Radio Network, Tyrone, PA  
Vice Chairman—**Mike O'Brien**, VP/Sales, Bliss Communications, Janesville, WI  
**Joanna Alexander**, GSM, Re-

## No Clothing NTR in March?

We've come up with a great NTR idea for next March, so be sure to cut out this page and stick it into your calendar for next year. Your station should be able to make big bucks next March with a nudist promotion! If there's no Clothing NTR in March, it stands to reason that everyone must want to get naked. You can be the first station in your market to tap into this anti-clothing movement by launching a "Nudefest," featuring booths from nearby nudist camps and, of course, tanning lotion distributors.

While waiting for next March to see how many of you take us up on this NTR innovation, we would observe that Automotive finally picked up a bit in March 2001. That indicates a glimmer of hope that this major category, both for NTR and traditional advertising, is becoming a bit more active.—JM

## Non-traditional Revenue Track % of vendor/new business by category (March 2001)

	Oct	Nov	Dec	2000	Jan	Feb	Mar	YTD
Automotive	10.19	12.11	1.55	10.27	0.22	2.45	9.33	4.14
Food/Grocery	28.90	19.52	29.28	26.38	19.89	33.05	27.85	26.83
Leisure	20.55	38.11	53.56	30.15	24.17	43.86	47.35	38.51
Health & BC	8.64	7.25	4.16	6.30	8.48	4.21	3.62	5.43
Home Improv.	5.23	4.97	1.81	6.39	1.24	5.49	6.28	4.35
Office	6.61	6.62	0.00	5.62	5.51	2.34	1.57	3.13
Clothing	1.42	1.05	5.63	4.67	8.32	2.44	0.00	3.55
Recruiting	18.47	10.37	4.02	10.22	32.12	6.16	4.00	14.07

Source: Revenue Development Systems, based on revenues from 76 stations in 32 markets.

## News Analysis

### DOJ still brain dead

**Joel Klein** may be gone (and making big, big bucks as a record company executive), but the politically-engineered system he put in place for judging media deals lives on in the Antitrust Division of the US Department of Justice, even under the new Republican administration. After months of pointless work, DOJ has announced a consent agreement with News Corp. (N:NWS) and Chris-Craft Industries (N:CCN) which will require the spin-off of KTVX-TV (Ch. 4, ABC) Salt Lake City as a condition to closing News Corp.'s \$5.3B acquisition of the 10-station Chris-Craft group.

The DOJ settlement was absolutely pointless since, under the FCC's TV duopoly rules, News Corp. could not have acquired the ABC station in Salt Lake City, since its current O&O, KSTU-TV (Ch. 13, Fox), is also one of the market's top four stations. The two, combined (which can't happen), account for approximately 40% of TV ad revenues in the market. "Without this divestiture, the businesses that purchase broadcast television spot advertising to reach customers in Salt Lake City would have lost a significant competitive alternative," said **Constance Robinson**, Director of Operations and Merger Enforcement in DOJ's Antitrust Division, as she announced the settlement. She asserted that the break-up of a merger that couldn't have taken place anyway somehow insured that SLC advertisers will enjoy lower prices.

It's bad enough to waste taxpayers' money on investigations that serve no purpose, but the greater damage is being done by DOJ's perpetuation of the myth that radio, TV and newspapers do not compete with each other for local advertising dollars. As *RBR* has warned in the past, there will be real antitrust problems to deal with once the broadcast-newspaper crossownership ban is abolished (either by the FCC or Congress—and likely sooner, rather than later) and DOJ will be unable to deal with them. Its hands will be tied by the precedent set by the numerous settlements it's filed in federal courts in recent years which treat each type of competing media as a separate market.

Once monopoly newspapers (not the case in SLC, which has two dailies) are free to acquire two in-market TV stations and up to eight radio stations—taking their current 40-50% of local ad revenues to the 60-70% range—DOJ will finally get a chance to see what ad rate manipulation really looks like. It will be too late to do anything about it and, we have to admit, other radio stations will likely also benefit from higher rates (so long as they're not cut out of buys completely).

We can only imagine the howls of complaint that we'll hear from advertisers and agencies who cheered on the DOJ's efforts to curtail post-Telecom Act radio mergers. Don't say we didn't warn you.—JM

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**Brad Eure**, Pres./GM, Eure Communications, Charlottesville, VA

**Jo Guck Bailey**, GM, Clear Channel, N. Mankato, MN

**Jerry Hinrikus**, VP/GM, EBC, Inc., Salina, KS

**Mike Hulvey**, VP/GM, Neuhoft Broadcasting, Danville, ILL

**Ron Korb**, SM, Commonwealth Communications, Great Falls, MT

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**Doug Loy**, GM, KWLM/KQIC, Wilmar, MN

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**Jeanie Nord**, Ukiah Broadcasting Corp., Ukiah, CA

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**Bill Payne**, Owner/Pres., K95.5 Inc., Hugo, OK

**George Pelletier**, VP/Operations, Waitt Radio, Omaha, NE

**Jay Philippone**, GM, Priority Communications, Dubois, PA

**Chris Rolando**, GM, Mad Dog Wireless, Lake Havasu, AZ

**Roseanne Rybak**, NSM, Southern Minnesota Broadcasting, Rochester, MN

**Steven Trivers**, Pres./GM, WQSN-AM, Kalamazoo, MI

**Mark Trotman**, GM, KHUT, Hutchinson, KS

**Gerald Vigil**, GM, San Luis Valley Broadcasting, Monte Vista, CO

**Bill Willis**, GM, Will Tronics Broadcasting, French Lick, IN

**Harold Wright**, Owner/GM, Wright Radio Network, Weatherford, OK

**Bud Walters**, Pres., Cromwell Group, Inc., Nashville, TN

**Jay Mitchell**, GM, Fairfield Media Group, Fairfield, IA

## iBiquity Digital gets ITU worldwide AM standard

Not long after Digital Radio Mondiale (DRM) announced it had received a International Telecommunication Union (ITU) worldwide AM DAB standard for its system (RBR.com 4/13, 4/6), iBiquity Digital has received a similar announcement. The Geneva-based consortium also approved (4/17) iBiquity's IBOC DAB AM system for an ITU digital broadcasting standard in the AM band and other radio bands below 30 MHz.

So how can there be two standards? "Their system did not meet the needs of US broadcasters and therefore, it could not have been adopted in the US," iBiquity VP Broadcast Engineering **Glynn Walden** tells *RBR*. "And that's why the US government supported iBiquity's system at the ITU as a worldwide standard for digital broadcasting."

DRM couldn't provide a hybrid mode for broadcasters

(it would have to transmit the digital signal on another frequency altogether) and the sound quality is said to be more suited to talk than music, as iBiquity says it can do with its AM system.

"The ITU has approved our AM system and is expected to recommend our FM system later this year. The test program we are conducting based on criteria set by the NRSC is well underway and we expect the results to be submitted to the FCC this fall," adds **Al Shuldiner**, iBiquity Digital's VP and General Counsel, and the company's representative at ITU meetings. "With these developments, we are now well poised for approval of our IBOC technology by the FCC later this year or early next year."

The ITU endorsement also helps establish IBOC as a viable option for

digital broadcasting in other countries where spectrum is scarce.—CM

## WTOP-AM launches first LMIV Website

The much-anticipated Local Media Internet Venture (LMIV) has finally come to fruition, with Bonneville's WTOP.com. LMIV is a partnership initiated by Emmis (O:EMMS) CEO **Jeff Smulyan** almost two years ago (*RBR* 7/5/99, p. 3). Since then, the necessary critical mass needed to attract advertisers and technology partners has been achieved with equal partners Entercom (O:ETM), Bonneville, Jefferson Pilot (N:JP) and Corus. The venture is led by CEO **Jack Swarbrick**.

WTOP.com, like other LMIV affiliates, will be equipped with ad insertion technology from RealNetworks.

The site took a LONG time to load, even with DSL here at *RBR*, but was rich with content. Major categories included National News, World News, Top Stories, Sports News and Business News. Smaller click-thru categories include Traffic, Hi-Tech, Health, Local Events, Charities, Contests, Maps and Directions, and multiple weather information destinations.

Along with three full-size banner ads, ad partners can participate in a section, "WTOP Features," that contains reports and info useful to the listener: The Logicon FDC Federal Line; Mike Causey's Federal

Forum; EDS' "e" and Beyond; Lincoln's Man About Town; Litton PRC's Ask the CIO; RSA's Security Report; Lockheed Martin's Global Flashpoints; Suburban Hospital's Ask the Doctor; GEICO's Sensible Alternatives; Network Solutions' Dotcoms to Watch; Nokia's Network Security Views and Clues and The Car Report.

Look for Bonneville's DC FM, Classical WGMS, to officially launch as an LMIV soon. It already shares links with WTOP.com. Other LMIV tech partners include CMGI Solutions, ATG and Interwoven. Cumulative LMIV system-wide audience estimates are expected to reach 70M by the end of this year.—CM

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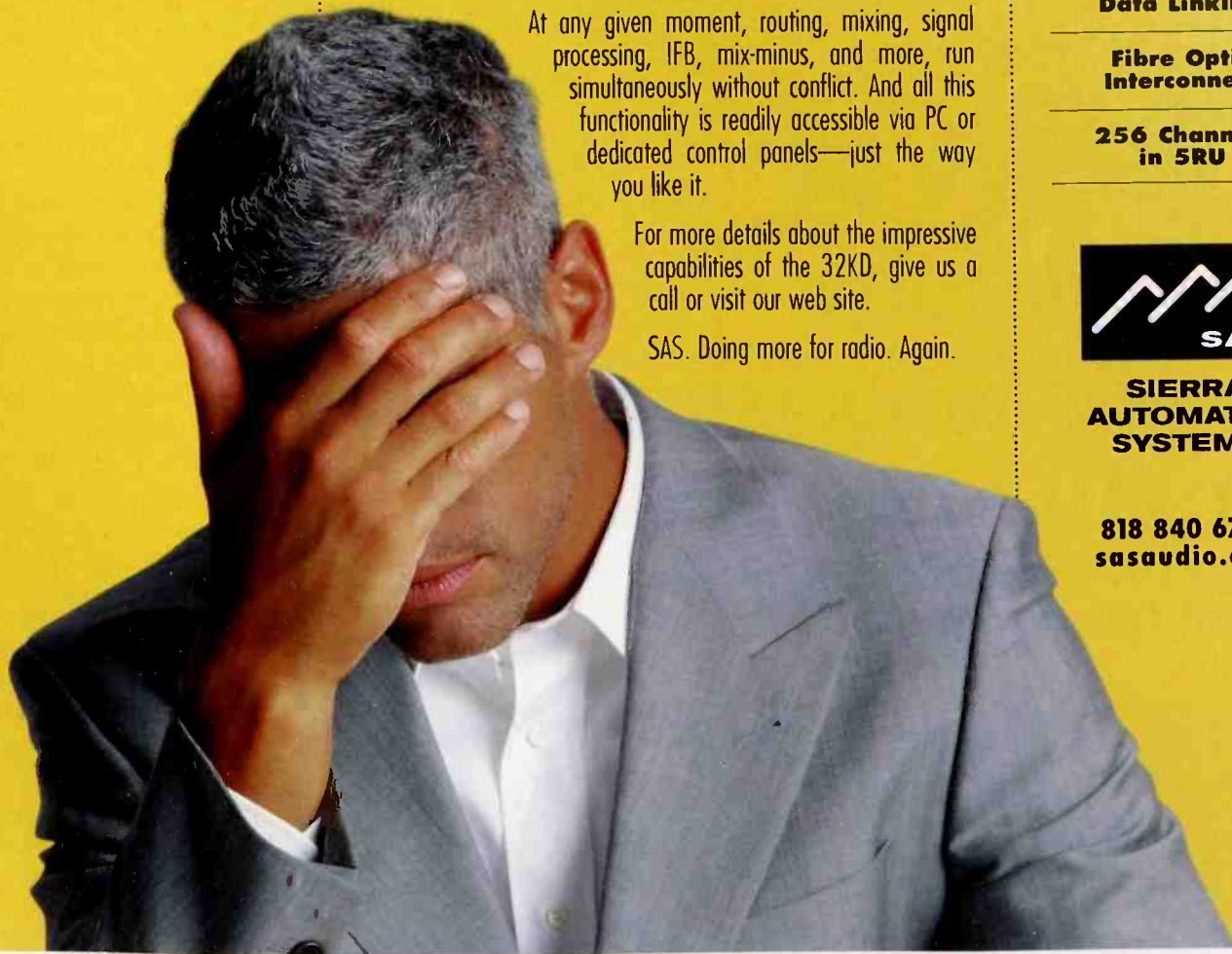
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## Complaints shut down Yahoo! porn

The Internet may be largely unregulated, but that doesn't make dot-com companies (those that have survived) immune to public pressure. Faced with a tough economy, Yahoo! (O:YHOO) had been planning to expand its "adults only" retailing to include direct sales of hardcore XXX DVDs. But after being hit with thousands of email protests, the Web portal reversed course 4/13 and announced that it would exit the "adults only" business—not renewing existing contracts as they expire.

Yahoo! said it had been offering adult products and accepting advertising for XXX sites for over two years. Until now, that fact had been little noticed and the business had drawn few complaints. A quick search by *RBR* found a co-branded site with the "Yahoo! Shopping" logo selling X-rated lingerie, another selling condoms and plenty of paid links to porn sites (such as the "Free Live Video Chat" site pictured below).

"At Yahoo!, we value the strong relationships we have with our members and have consistently listened to them," said President & COO **Jeff Mallett** in an official company statement. "While Yahoo! has offered controlled access to adult products available via the Internet since

launching our commerce services more than two years ago, many of our users voiced concerns this week about some of the products sold by merchants on Yahoo! Shopping. We heard them and swiftly responded. We consistently strive to act responsibly and constantly evaluate our policies based on what our users tell us."

Like most search engines, which seek to provide a universal index to the World Wide Web, Yahoo! will continue to index X-rated Websites. Microsoft's (O:MSFT) MSN is apparently the only major search engine which doesn't include pornography sites in its index, but rather refers would-be porn surfers to an X-rated search site.

Unlike broadcast radio and TV, and even cable, Internet content has thus far been beyond the regulatory reach of the FCC and other US government agencies. Past attempts by Congress to pass laws restricting Internet porn, on the grounds that it might be accessible to children, have been struck down by the courts.—JM

# Radio News

## RBR News Analysis

### Are decent indecency guidelines possible?

Evergreen Media's WLUP-AM Chicago had been hit with indecency fines of \$6,000 and \$33,750 by the FCC. Evergreen refused to pay on grounds that the FCC's enforcement practices were unconstitutional and that indecency standards were too vague. The FCC sued to collect (*RBR* 2/28/94, p.2).

On February 22, 1994, they two parties arrived at an out-of-court settlement. The FCC agreed to drop the fines. Evergreen made a \$10K "payment," which did not go into the books as a fine and resulted in a clean slate for the station. Also, the FCC agreed to provide "guidance" to the broadcast industry on how it applies federal laws on indecent speech.

According to **Scott Ginsburg**, Evergreen's chairman at the time, the whole affair cost the group over \$500K in legal fees.

On April 6, over seven years later, the guidelines finally appeared.

"It's certainly a step in the right direction to get this report out," said Dow, Lohnes & Albertson attorney **Anne Swanson**, who is also President of the Federal Communications Bar Association. "I'm pleased the Chairman [**Michael Powell**] got it out the door—I know it was in the works for a long time. Indecency cases have many nuances and there can't be a cookie cutter solution. The fact that we now have guidance will help."

So are the rules now clear?

"After seven years it really didn't say anything," said **Milagros Rivera-Sanchez**, Associate Professor Ra-

dio-TV at Indiana University, who is the author of a 1997 essay entitled "How Far is Too Far? The Line Between Offensive and Indecent Speech." She said, "I don't think they were unclear, necessarily. Most of them know when they've crossed the line."

Rivera's 1997 paper tried to pinpoint the indecency line in absence of the FCC guidelines by examining what was and was not held to be indecent. The new FCC document follows the format of Rivera's paper to an extent, giving examples and explanations of cases with both results.

The FCC definition of indecency is "language that, in context, depicts or describes, in terms patently offensive by contemporary community standards for the broadcast medium, sexual or excretory activities or organs." This applies only to the hours between 6A-10P when children are likely to be in the audience. The remaining late-night hours are considered safe harbor.

One notable FCC example is for fleeting and/or inadvertent instances of indecent language, which are usually not liable for fines. The FCC quoted a newscaster at a combo in Paso Robles, CA who flubbed a story, saying, "Oops, f\*\*\*ed that one up." No fine resulted.

Bona fide newscasts are generally safe from fines. The same goes for bona fide discussions of sex that are clinical or medicinal in nature. TV talk shows often have been able to skate on the safe side of the line. However, radio stations which have tried a bona fide news or clinical defense have often been shot down by the tone and/or comments of air staffers. If the FCC finds the main thrust of the program to be titillation rather than informing or educating the audience, the fine may well be on its way.

"Radio has a harder time because you have to explain, be more descriptive than television," says Rivera. "There were 40 fines against radio stations and only one against TV at my last count. Safe harbor helps TV more than radio." She went on, "Radio is live—it makes it much more dangerous than TV. Why do all the cases involve radio? Why isn't television getting the same kind of heat?"

The gray or nuanced area involves the double entendre. This is where a given broadcast may draw a fine one day and not the next depending not only on who at the FCC handles the case, but perhaps merely on how that person is feeling that day. It is, to say the least, a subjective matter.

Take the song "Candy Wrapper," noted by the FCC as actionably indecent in the new guidelines. Here are some of the lyrics: "I whipped out my Whopper and whispered, Hey, Sweet Tart, how'd you like to Crunch on my Big Hunk for a Million Dollar Bar?" The song goes on in this fashion for several more lines.

While an adult may indeed draw sexual inferences from this, on the face of it the FCC could be finding the sweets aisle of the local grocery store indecent. And would a child

understand any of this? Probably not. Says Rivera, "Who are we trying to protect? Adults or children, and if the latter, what age—12, 16, 17? If parents listen to **Howard Stern** around their kids—that's their decision."

"I think there should be some standards since broadcasters are public trustees. Airwaves should not become gutters," said Rivera. "That said, the Commission should give some room to radio. Protect children, not adults—the FCC does not do a good job of saying who it is trying to protect."

Three of the Commissioners appended comments to the FCC document.

In supporting the guidelines, **Susan Ness** (D) noted the delicate line between enforcing indecency and protecting the First Amendment. She wrote, "It is time for broadcasters to consider reinstating a voluntary code of conduct. I encourage broadcasters, the **Bush** administration and Congress swiftly to resolve any antitrust impediments to such action and move ahead."

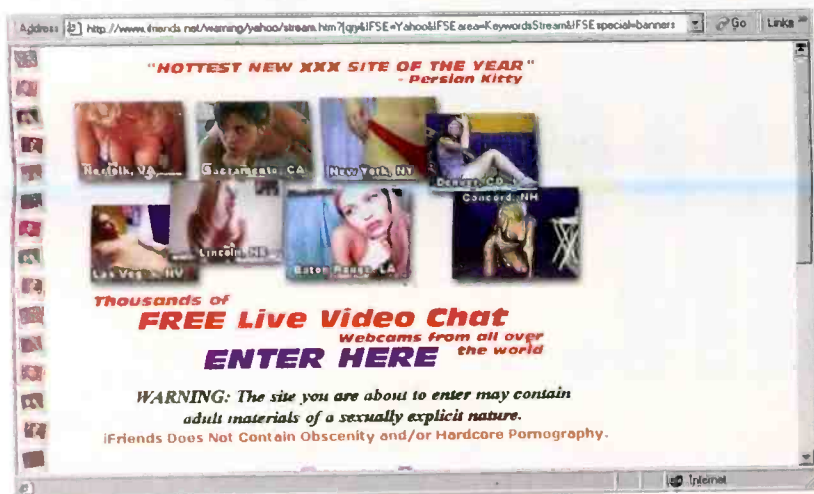
**Harold Furchtgott-Roth** (R) supported the guidelines, but sees them as increasingly unnecessary in the rapidly expanding media arena. "Technology, especially digital communications, has advanced to the point where broadcast deregulation is not only warranted, but long overdue. In my view, the basis for challenging broadcast indecency has been well laid, and the issue is ripe for court review."

The lone dissenting vote came from **Gloria Tristani** (D). She objected to even issuing the guidelines, due to the fact that the other party to the 1994 settlement, Evergreen Media, had made no demand for the FCC's action on the matter. However, her main concern was that, "This Policy Statement will likely become a 'how to' manual for those licensees who wish to tread the line drawn by our cases."

Ness perhaps had the best suggestion. She noted that the target station of an indecency complaint is often unaware that the complaint has even been filed. She called for sending to broadcasters a courtesy copy of complaints filed with the FCC, saying "...most broadcasters want to be made aware of audience complaints. And consumers would be reassured that their views were being treated seriously."

The bottom line seems to be much as Swanson noted. There is no real possibility of a cookie cutter solution other than the absence of rules altogether. If Furchtgott-Roth is correct, it may be left to the courts to make that determination.

We must note, however, that the stakes in this game have gone down considerably since 1994. At the time of the Evergreen-FCC settlement, Stern had a total of \$1.7M in indecency assessments hanging over his head. It has been a long time since any transgressor has been hit with the kind of six-figure fines that Howard was getting on a seemingly routine basis, particularly during the tenure of Chairman **Alfred C. Sykes** (R). The going rate these days seems to be in the \$7K-\$14K range.—DS



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**We asked a few General Managers from around the country to share with us, and you, their views of the industry.**

**This time we quizzed:**

Edward G. Hoyt, Jr., President/GM, Mission Broadcasting, Merced, CA :KABX-FM, KYOS-AM, KIBG-FM, KAJZ-FM



John Caracciolo, GM/CE, Jarad Broadcasting, Long Island, NY: WDRE-FM, WLIR-FM



John Fuller, GM, WBMW-FM, WJFF-AM New London, CT  
Red Wolf Broadcasting



**What's business like in your market?**

**Caracciolo:** Business in Nassau-Suffolk is good right now, but we are working harder to make more money than last year. Advertisers and clients want more. They demand quality service and expect fantastic results.

**Hoyt:** Great...my market is local/direct driven. We continue to grow our revenue the old fashioned way—by calling on local retail and educating them on how to grow their business with radio. Our growth in national business has been due to becoming an Arbitron ranked market in 1994. We're

having the best month we've had in probably six months—local and national. When the majors in the media markets are having their turmoil, the small markets' backbone is what we have always done—retail direct advertising. Out here in the hinterlands, they're still selling Ford pickups.

I recently spoke to some friends in San Francisco and they were bemoaning the fact that managers were getting blown out left and right. San Francisco has seen as much as a 40% downturn in business. I can tell you we didn't have any of that lost business, so we're not seeing any downturn. And actually, what's interesting is since the economy has taken a downturn—it's working to our advantage! We can now recruit salespeople. For the last two years, we haven't been able to find salespeople, and now, we've had no fewer than six people apply this week.

**Fuller:** There are some signs of it softening—more nationally than locally. We are up 15-17% in Quarter One. But overall—two thumbs up. Believe in radio. It really is one of the most effective advertising media—it goes everywhere.

**What are you doing to drive more local revenue?**

**Caracciolo:** At Jarad Broadcasting Company, we are hitting the streets hard. We are developing events and non-traditional advertising tools to become Long Island's marketing experts. We made our first quarter budget. We did so because our event marketing company created three exciting events that gave our marketing sales team the ability to tap into non-traditional first quarter budgets. We created and sold a college fair in January, a job fair in February and an 80s music concert in March. These high-profile events brought new non-radio dollars into the company and helped introduce clients to our medium.

**Hoyt:** Training our local salespeople to ask for and get a larger share of the retailer's budget. We don't have any in-market network TV to compete against and the local newspaper is weak. This is a great radio market.

**Fuller:** Really committing to our existing base and increasing prospecting. There is so much untapped revenue!

**How has rate integrity been for you and your market competitors?**

**Caracciolo:** We have held the rate at our stations. We feel that rate integrity is a critical part to overall success. The tough thing in this market is that some stations use a sliding scale rate card. Our attitude is once you lower the rate, you have to work twice as hard to bring it back up. We will put added value into the mix, or give a client some sponsorship opportunities, but the radio rate stays solid.

**Hoyt:** We own and operate 50% of the general market (English language) stations in the Merced Market. There are two other companies operating in our market and none of us cut rates

during the first quarter or at any other time during the year.

**Fuller:** We have and will continue to work to drive rates.

**Were you previously a dot-com market?**

**Caracciolo:** Most dot-com business went to the NYC stations. Long Island saw its share, but that Long Island dot-com business is still here. These companies were bottom-line conscious and made decisions on advertising that were precise and targeted.

**Hoyt:** No, dot-com business was mainly in the top 25 markets.

**Fuller:** No, but we should continue to cultivate this potential revenue stream. The Internet is hot. It was growing too fast—so I'm not surprised for it to have a downturn.

**Are you doing more sales training?**

**Caracciolo:** Yes! We are training our reps to be marketing managers. Our business is changing—if we don't change with the times, we are going to be left behind. Our sales team spends two days a month with our event manager. Together they develop and create major market events and sponsorship opportunities for our existing clients, and develop new business target accounts to pitch. Anyone can sell spots. We train them to sell concepts, ideas, and help clients move products. We train our team to prospect and develop, to cultivate and to brainstorm. Every member of this radio station is trained in sales development. Every office in this station contributes to the bottom line. Our traffic director, our programming department and our music department all work to help increase the bottom line. Even our engineering department goes through sales training.

**Hoyt:** We have always trained five days a week, every morning at 8am. We also do an "end-of-day" meeting at 5pm each evening, to review with whom the salespeople met and any opportunities or challenges that may have arisen during the day. I know it may sound like a lot of training to some managers, but we would rather grow our own salespeople, than hire the misinformed or poorly trained from other sales organizations, that don't understand local/direct.

**Fuller:** Yes. More specifically...get salespeople equipped to be more creative and finding new dollars. It may be the only area you have control over in the next 12 to 18 months if there is a major downturn.

**How are you handling the pressure?**

**Caracciolo:** This is not pressure. You want to talk about pressure—in 1995, WLIR went through a rough format change, loss of key personal, and the lowest sales figures in its history. That's pressure! This is development and development done right is teamwork, and teamwork is fun and exciting.

**Hoyt:** Good national economy or bad, the pressure hasn't increased in

our market. We have been training our local/direct clients on how to quantify anticipated results from their advertising.

**Any tricks you wish to share with the industry as to driving revenue?**

**Caracciolo:** Every office in the radio station needs to be a sales office. We dismantled our promotions department and created an event marketing department. Their job is the development of the non-traditional revenue stream. We formed a new company for this and they specifically go after those dollars. The dollars that a radio account rep would never see. We increased the bottom line of the radio station by over 40% with this program alone.

Our engineering department contributed over \$75K to the bottom line so far in 2001. By taking a sales attitude, they sold antenna roof space, equipment rack space to Internet companies, and sub-carrier rentals on all three of our stations. Treat employees like business partners. Make them aware of bottom line decisions, grow the company with their input and reward them for success.

**Hoyt:** Rod Rademacher of Rademacher & Associates in Topeka, Kansas, but you have to be willing to change the way you look at selling local/direct. If we all worked with Rod, we would outsell newspaper.

**Fuller:** What people don't realize is this is a wonderful time to grow market share. Competitors pull back their marketing.

**How did you get into radio?**

**Caracciolo:** I was stung by the radio bee early in life. My grandmother used to take my brother and me with her every Saturday. She used to go shopping and my brother and I would go the arcade. Right next door was WSUL-FM radio. They used to broadcast from a storefront window on Main Street, and I was hooked. I would stand there for hours looking at the equipment, and asking tons of questions. That winter I started a closed circuit station at our school, and my parents' electric meter was spinning off the wall thanks to the transmitter my brother and I put together in the basement. Years later, and thousands of dollars to the electric company, I'm living my dream, and yeah, my brother works here too!

**Hoyt:** I grew up in central California listening to Drake/Chenault's KYNO-AM, Fresno, one of America's great Top 40 stations! At 14, I decided that radio was my career path. I studied telecommunications at San Francisco State University and got my first job on-the-air in 1971 at KONG-AM, Visalia, CA, making \$375 per month.

**Fuller:** I started hanging out at a college station at age 15 and started my first station, WJFF, an AM daytimer, at age 21. I bought all of the equipment second-hand and built the station in a converted chicken coop at my parents' farm.

By Carl Marcucci

# GM Talkback



## Upped & Tapped

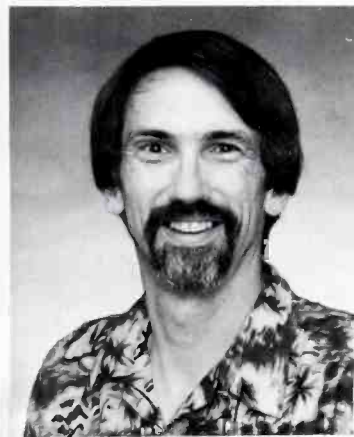
DMR takes a Tripp: Direct Marketing Results has promoted **Tripp Eldridge** to the position of President and Chief



Eldridge

Operating Officer. He'll report to CEO **Jay Williams**, Jr. Eldridge has been with the company since 1998.

CCU plays Trumper card in Honolulu: Clear Channel Communications (N:CCU) has tapped ex-Trumper Communications Salt Lake City PD **Paul Wilson** to program its seven-station Honolulu cluster. Wilson will also be hands-on PD for KSSK AM & FM.



Wilson

Promotions at Salem Communications' (O:SALM) Salem Radio Network: **Greg Lhamon** and **Linnae Young** have both



Young



Reed

been upped to VP of National Sales. Lhamon will be based in St. Louis, Young in Chicago. At Salem Radio Representatives (SRR), **Mike Reed** was named VP/GM.

The Beck stops here? WGRX-FM is in Fredericksburg VA, which is about to become both the newest and the smallest continuously-measured Arbitron market in the US. It

will post its initial book under the guidance of a new PD, **Jeff Beck**, who will also hold down an airshift. He exits Clear Channel's WRXL-FM Richmond.

Stephenson gets to the Root of the matter: **Steve Stephenson** is exiting Cumulus Media's (O:CMLS) FM pair in McAllen, TX to take over the GM slot at the eight-station Root Communications cluster in Florence, SC.

New worldview: **Henk Mensinga**, European Sales Manager for Orban/CRL (O:CRLD), is expanding his duties to cover sales activities across the globe as Sales Director.

Kalman oversees latest additions to Hubbard's cupboard: WIXK AM-FM, which take Hubbard Broadcasting to a double-duopoly in Minneapolis, have a new GM: Market veteran **Marc Kalman** will occupy the VP/GM desk.

**Robert Damon** is the new Chief Financial Officer for Katz Media Group. Meanwhile, Katz Radio has upped a quartet of employees to



Damon

the Senior Account Exec level. They are **Anthony Fuscaldo**, **Trevor Dinsmore**, **Mathew Kluft** and **Brian Surowitz**. At Katz Marketing Dimensions, **Pam Godfrey** has been named Sales Manager.

NBG Radio Networks (O:NSBD) has named **Ernie Capobianco** to its Board of Directors. He takes the seat vacated by **Steven R. Sears**.

I feel the need, the need for Sneed: At least we hope feeling the need to report to Sneed will be the case for **Dennis Jackson**, who will be working for Radio One's (O:ROIA) **Mary Catherine Sneed** from his new desk as GM of the group's Augusta, GA station cluster. He replaces the retired Bill Yeager.

To thine own Scelfo be true? Sure thing, if **John Scelfo** is your new Chief Financial Officer as is the case for Sirius Satellite Radio (O:SIRI).

Christensen leaves no Stone unturned during job hunt: An when he came across COO **Gary Stone**, he had a winner. Stone has named **Ken Christensen** VP/GM for HBC's (N:HSP) Los Angeles cluster. Christensen has held similar positions in the market at KFI-AM, KOST-FM and KYSR-FM.

Bentz makes his Mark; does he have what it takes for Tucson? Journal Broadcast Group thinks

so, and has named **Mark Bentz** VP/GM of its Tucson radio station cluster. He replaces **Steve Wexler**, who moved to the Omaha cluster in January.

ABC takes Barr exam: And apparently liked what it saw. ABC News Radio, a part of The Walt Disney Co. (N:DIS) has hired **Michael Barr**, as well as **Steve Futterman** and **Cheri Preston**, as correspondents.



Barr

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# Radio AdBiz®

## On the AFTRA issue...

by Kathy Crawford



On March 5<sup>th</sup>, the AAAA sent a letter to their members regarding the issue of streaming by radio stations and to a lesser degree, television stations. This advisory was issued as a result of an effort by the ANA and the AAAA to negotiate an agreement with SAG and AFTRA as it relates to radio stations and TV stations streaming commercials over the Internet. The result of the negotiation was essentially that the Internet is a separate medium and therefore, another talent fee had to be paid. Pure and simple.

But, this is a much bigger picture for those of us who have clients on the air right now who had no idea that this "rule" exists. So—what to do?

We had to advise the radio and television stations that without prior consent, no spots could be streamed. And that meant that if a station could/would not stop the stream, any fines or penalties levied by AFTRA or SAG would be the responsibility of the station. We, at Initiative Media (IM) spoke to many stations. And, as a result, many did, in fact, stop streaming until the available software could be put into place to blank out the spots that were not to be "aired" on the Internet.

But let us stop for a moment—there are other solutions. The Joint Policy Committee, made up of the ANA and AAAA, suggested that there is a difference between "active" and "passive" streaming—meaning that if a station were to sell the time without any notification to the client—or without any premium to the buyer or client—and "streamed" the spot, it should be considered a "passive" stream.

On the other hand, if the station sold the time to the buyer or the client with a surcharge for the stream and it was part of the deal to stream, that would be considered "active" and thus, a talent fee would be warranted. Neither SAG nor AFTRA would agree to this.

Another solution might be that if a station cannot stop the stream, then perhaps we would be forced to cancel the buy. And, of course, this is not a viable solution, long term, either.

A third solution would be that the client could pay the additional fee as a precaution. But that, too, has its issues. For example, if the spot is a retailer and changes copy three times a week with several voices they are paying thousands of dollars weekly for something they never really "purchased."

So—what to do? IM hopes that those of you who are reading this can help work this out with SAG and AFTRA. We are looking for any solution that is fair to all parties.

Kathy is Media Director for Initiative Media, NA.  
She can be reached at 323-370-8400 or [kathyc@wimc.com](mailto:kathyc@wimc.com)

## Clutter on the downswing

A new study by Empower MediaMarketing (EM2) shows that radio advertising clutter has dropped in all of 17 major radio markets for Q4 2000, and in thirteen of them for 2000 overall. The study is based on data from Nielsen Monitor-Plus.

Clutter dropped by 1% overall for the 17 markets. Los Angeles had the biggest annual increase, rising 6%. Washington and Atlanta at the other end of the spectrum, with a drop of 13% each.

Among format groups, Rock was the biggest clutter gainer with an increase of 3%, with Oldies on the other end at minus 4%.

"While we cannot provide a causal link between the revenue slowdown reported by the Radio Advertising Bureau and the notable shifting of clutter trends, it stands to reason that a decline in ad revenues means a decrease in the number of advertising units being sold," said **Julie Pahutski**, SVP at EM2. "In last year's analyses, we said that commercial clutter on radio is an issue that does not appear to be going away. Apparently market forces are addressing the matter whether station owners want to or not."

**RBR observation:** No fooling?

### Radio advertising clutter index by market 2000 vs 1999\*

Market	Q1	Q2	Q3	Q4	Avg.
Atlanta	98	94	76	83	87
Boston	94	89	113	88	95
Chicago	110	106	94	84	98
Cincinnati	109	95	93	99	99
Dallas	101	103	112	86	100
Detroit	96	93	89	87	91
Honolulu	114	112	95	95	103
Houston	123	107	102	88	104
Indianapolis	106	99	97	97	100
Los Angeles	114	108	104	98	106
Miami	102	96	92	87	94
Nashville	105	102	105	97	102
New York	112	99	96	97	101
Philadelphia	100	99	98	98	99
San Antonio	95	106	117	96	103
San Francisco	108	101	100	88	99
Washington	95	99	67	88	87
Total	106	101	97	91	99

### Radio advertising clutter index by format 2000 vs 1999\*

Format	Q1	Q2	Q3	Q4	Avg.
Adult Contemp	107	103	93	101	101
Alternative	108	102	86	98	98
AOR	107	105	101	103	103
Classic Rock	103	97	92	97	97
Classical	119	106	81	97	97
CHR/HAC	107	102	90	98	98
Country	108	100	92	99	99
New Adult	102	101	96	101	101
Smooth Jazz	103	100	92	98	98
News-Talk	104	97	92	96	96
Oldies	114	103	87	98	98
Urban AC	106	101	91	99	99

\* 100 = same period of 1999

Source: Empower MediaMarketing based on data from Nielsen Monitor-Plus



## In pursuit of non-traditional dollars

The Radio Advertising Bureau (RAB) has released its annual survey to determine how stations are pursuing non-traditional revenue (NTR). According to the survey, 28% of stations have been pursuing NTR for more than 5 years, 25% for 3 to 5 years, 23% for 1 to 2 years, and 24% for less than a year. 77% report that less than 10% of their total revenue is generated from NTR, while for 18%, it is between 11% and 20%.

65% of the responses came from stations in markets under 500,000, "Supporting the claim that it is not the size of the market that determines NTR success, but the station's approach to it," RAB says.

Event marketing continues to be the leading source of NTR for most stations, with 91% of respondents participating in some kind of event marketing. Moreover, 37% said that three to five annual events generate the majority of their event marketing revenue. When selling an event, 95% of the stations offer sponsorships while 87% offer booth space or signage, 77% provide sampling, followed by 63% who provide couponing. Cause-Related Marketing was explored by 67% of the stations. Of those stations that offered CRM, 43% supported one to two causes in the last two years, 36% supported three to five charities, and 21% supported more than five causes in the last 24 months.

When asked about the challenges of NTR selling, 75% said time management was their primary concern. Training issues were mentioned by 40%, followed by lack of resources by 34% and lack of leads by 27%.

The survey was sent to RAB's member stations 3/01.—CM

## Concentrating on the top 10 metros

An Interep analysis of Mediamark 2000 data has revealed just how different the top 10 markets, as defined by the US government, are from the rest of the country. Some of the findings:

- Home to 20% of US population
- 22% of nation's Effective Buying Income
- 61% are age 18-44 compared to US total of 55%
- 57% more likely to be Black
- 57% more likely to be Asian
- 69% more likely to be Hispanic
- 50% more likely to live in household with \$100K+ annual income
- 31% of all \$100K+ households are in the top 10 metros
- 28% with college degrees compared to 22% for US total
- Radio's reach is from 94-96%
- Driving: three metros with 60% adults driving over

100 miles weekly

- News-Talk, Spanish, Urban are leading formats

The top ten markets as defined by the US government are Los Angeles, New York, Chicago, Philadelphia, Washington, Detroit, Houston, Atlanta, Boston and Dallas. Missing from the top 10 Arbitron radio markets is San Francisco, which is replaced by Atlanta on the US list.—DS

## Options for online ad replacement

We spoke to MediaAmerica VP Business Development **Rob Drucker** about solutions to the current AFTRA fees controversy that has stations scrambling to find solutions in its wake. Drucker offers three excellent ways for stations to capitalize on this crisis:

1). It doesn't necessarily have to be commercials inserted over commercials. It can be short-form programming. Here's a wonderful opportunity for somebody like a Jones

MediaAmerica who might have a medical show or a law show. Suddenly, the users of the Internet are getting content instead of commercials.

2). Here's a great opportunity for record labels to get maybe more than a hook played as a commercial. "Look, we've got a five minute hole on 1,000 radio stations—perhaps we can put a song on there. I hate to call it pay for play, but at least you'll get the song heard."

3). You could also take the creative of an ad and change it a little for the Internet to say, "Look, I know you're working on your spreadsheet while you're listening, but do us a favor—maximize the audio player and if you click now, if you're one of the first 30 people to click on the banner you see, then you get \$20 off, or enter to win a free Palm," or whatever. Suddenly, there's the interactivity that you don't get on radio.

What I think will start happening is people will start to look at streaming audio as being a closer

relative to direct mail than to radio. Ben Franklin came up with "Necessity being the Mother of Invention." You might come up with something groundbreaking if you put your head to it. I don't think the solution is to pull the plug. These are radio guys, these are the toughest guys in the business, and to let AFTRA dictate like this is [a shame].—CM

## IAB gets a new name

The Internet Advertising Bureau (IAB) is taking on a new name: The Interactive Advertising Bureau. IAB says the name change is an attempt to attract a wider variety of members to the organization. The change also affects membership eligibility, to now include all companies actively engaged in the sale of interactive advertising and marketing. That means interactive TV and wireless advertising firms can now join the organization. IAB is also dropping membership those companies that were affiliated with the industry but didn't necessarily buy

or sell media—technology suppliers and measurement and research firms.—CM

## Enco unveils "Intelligent Insertion Engine"

A timely debut for NAB2001 and the recent AFTRA issue that has streaming radio stations shutting down nationwide (see RBR.com 4/8-4/12): Enco Systems is debuting "I2E," the Intelligent Insertion Engine, a hardware/software package that works with the company's own DADPro32 digital audio system (and others as well) to replace spots on an Internet stream. "Streaming ad insertion technology has suddenly become a much hotter topic with the new AFTRA agreement, causing many advertisers to restrict Internet streaming of certain commercials," says Enco President Gene Novacek. "While we've been shipping this technology for some time, it seems that now we should name it and announce it."

I2E is compatible with the Windows 2000 Operating System.—CM

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346	Marines	:30	1	Stop
218	Coca Cola	:60	2	Rdy
398	Pizza Hut	:60	3	Rdy
			4	Stop
			5	Stop
			6	Stop

00:02:03    ☐ Loop   ☒ Trip   ☒ Unload   **Pause**

12:16:35  
**ON THE AIR**

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- Files
- Spot Sets
- Rotation
- Instant
- Switcher
- Meter
- Searcher

**Music Log [ 06-06-2009 ]**

Time	Cart	Title	Artist	Length	Intro	End	Type
12:13:07	L002	Liner # 2		00:05			LC
12:13:12	M1012	Photograph	Def Leppard	04:54	:22	F	MUS
12:18:06	M2174	Friends	Elton John	02:20	:05	C	MUS
12:20:26	M1732	Dance The Night	Van Halen	02:47	:13	F	MUS
12:23:13	V026	Voice Track 26		00:12			VTK
12:23:25	DALIVE	SPOT SET		03:00		I	COM
12:26:25	J011	Jingle / Fast		00:06			Jin
12:26:31	M0713	Listen To Her Heart	Tom Petty	02:48	:11	C	MUS
12:29:19	V027	Voice Track 27		00:15			VTK
12:29:34	M2214	Black Friday	Steely Dan	03:40	:12	F	MUS
12:33:14	M0015	All Day Music	War	04:04	:19	F	MUS
12:37:18	L015	Liner # 15		00:15			LC

**AUTO**   **STOP**   **EDIT>**   00:03:23

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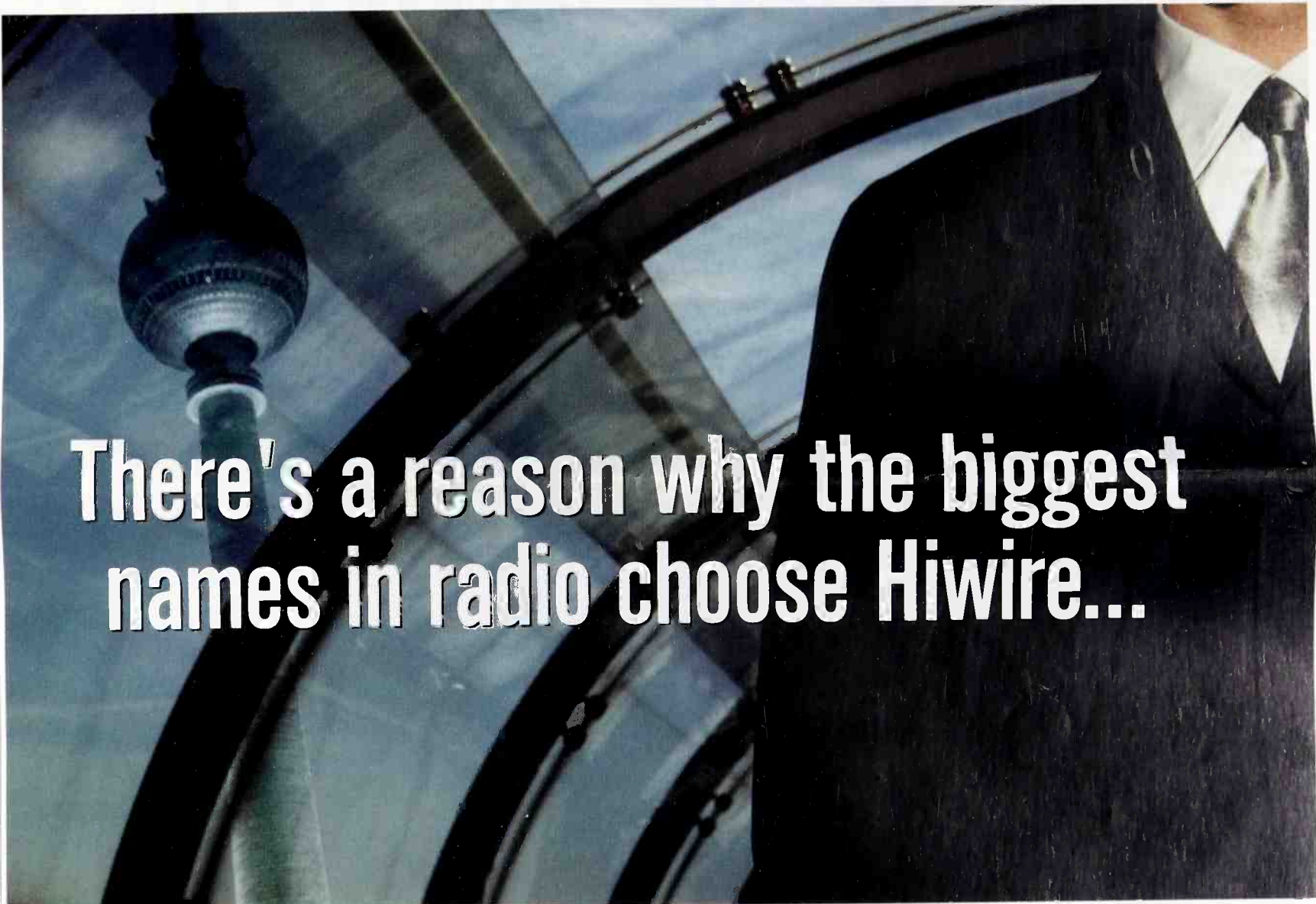
"There has been a big push for NTR for a number of years and those people who are good at that are the people who are doing really well right now," she said. "I think it becomes obvious when conditions change how valuable and important that skill is."

So, what makes a great salesperson?

"I think you are talking focus, ability to understand customer needs, the ability to come up with creative solutions, perseverance," Vaeth-DuBroff responded. "People are looking for answers right now. And if you can be one of the people that provides them with answers, you have the leg up."

Looking forward, the

Susquehanna GM has this advice for her own staff and for anyone else trying to sell radio advertising in this tough market: "Keep your eye on the ball and bombard people with all the good information. As long as people have jobs, they have money to spend and go out and buy products and services. We can't forget that—just because the stock market goes up and down and all over the place. Also, we need to keep our sales organizations very well informed. Every marketplace is different. Every marketplace has its success stories. Keep people focused on that. It is a time to remember to praise and recognize everybody for all the good work that they do. It is important to the organization and important to the individual. This business is easy when money is flowing in and there is so much business that you are trying to figure out how much of it you can actually run. It's a little bit different dynamic now, when you are working harder to recover what National may not be bringing to the table this year."



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is heading, Vaeth-DuBroff says she's seen fewer annual contracts and more quarter-to-quarter flightiness. She hasn't, however, seen a higher churn in the station's sales staff.

Non-traditional revenues are, of course, all the more important when traditional revenues are squeezed.

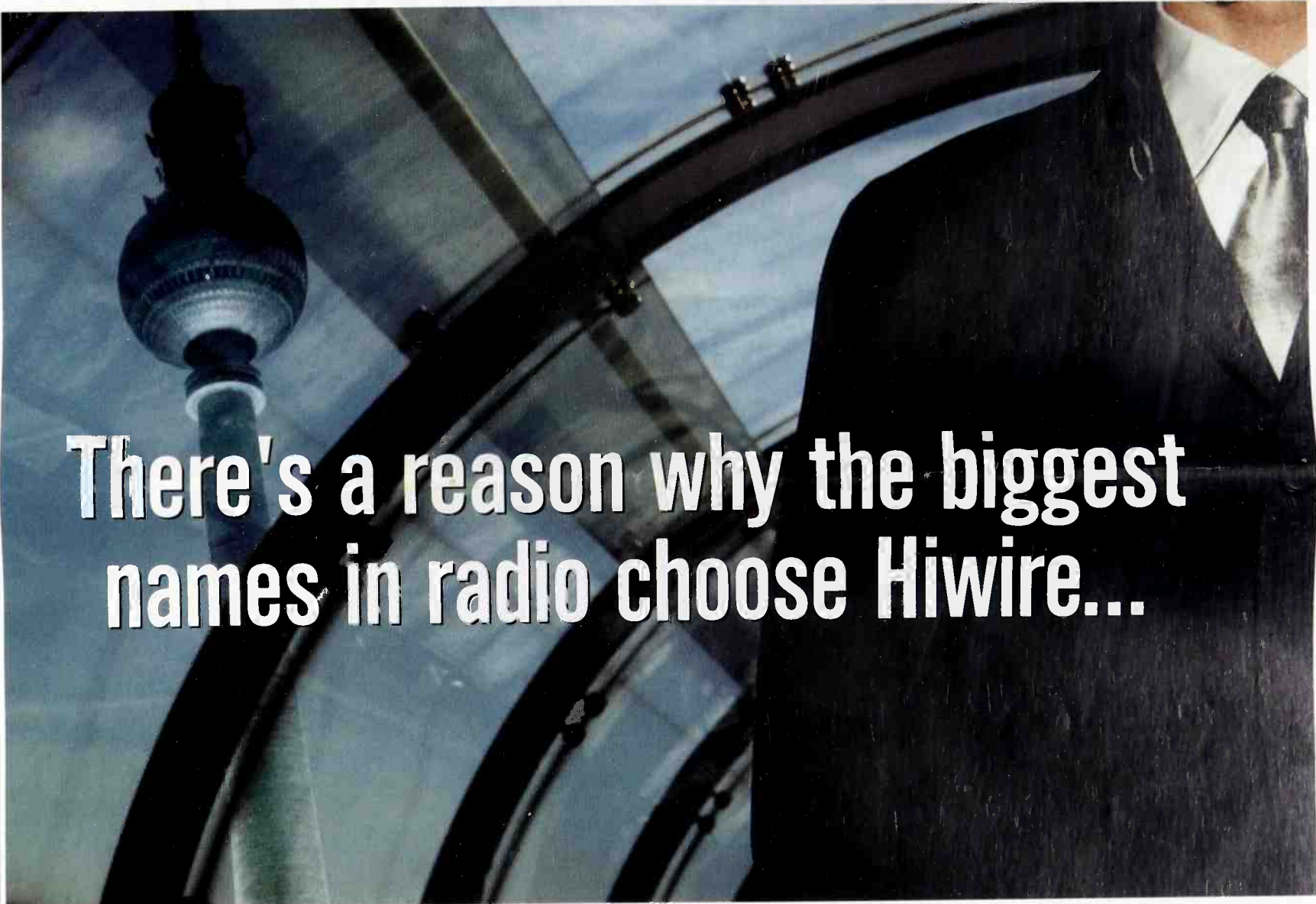
"There has been a big push for NTR for a number of years and those people who are good at that are the people who are doing really well right now," she said. "I think it becomes obvious when conditions change how valuable and important that skill is."

So, what makes a great salesperson?

"I think you are talking focus, ability to understand customer needs, the ability to come up with creative solutions, perseverance," Vaeth-DuBroff responded. "People are looking for answers right now. And if you can be one of the people that provides them with answers, you have the leg up."

Looking forward, the

Susquehanna GM has this advice for her own staff and for anyone else trying to sell radio advertising in this tough market: "Keep your eye on the ball and bombard people with all the good information. As long as people have jobs, they have money to spend and go out and buy products and services. We can't forget that—just because the stock market goes up and down and all over the place. Also, we need to keep our sales organizations very well informed. Every marketplace is different. Every marketplace has its success stories. Keep people focused on that. It is a time to remember to praise and recognize everybody for all the good work that they do. It is important to the organization and important to the individual. This business is easy when money is flowing in and there is so much business that you are trying to figure out how much of it you can actually run. It's a little bit different dynamic now, when you are working harder to recover what National may not be bringing to the table this year."



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## Smart marketers pick up hitchhikers

By Tripp Eldredge, President;  
Rob Klemm, Vice President/  
Marketing Strategy, DMR

When marketing comes to mind for most broadcasters it is quickly identified with cost. How much did we budget last year? How much should we budget this year? What do you think our competition spends?

True, marketing radio stations is an investment and depending on the marketplace it can be costly to compete. However, there are alternative ways to approach marketing your station(s) that help defray some of the costs and can actually become non-traditional revenue streams. While there are many examples of successful co-marketing, direct marketing has the advantage because of its unique ability to target

and interact with your listeners in a way that can be extremely valuable to your advertisers.

The first step is planning what you want to accomplish with your marketing effort. Is it come development? Are you protecting your core audience from new competitors? Are you seeking increased TSL with your current listeners? Different objectives require different marketing approaches. Multi-contact direct marketing programs (direct mail, telemarketing, email, fax, etc.) offer an excellent opportunity to include a client or prospect but each are designed to achieve different marketing objectives. In any case, be careful not to let your marketing plan be driven by your sales strategy. While your costs may initially be offset, your long-term marketing results will suffer.

The next step is to develop your

strategy and determine the results you want to achieve. That begins with goal setting. Too often, we spend money with no clear objective to meet. Your goals and objectives drive your marketing strategy and the costs, not the other way around.

Once you've established your strategy the next step is to think of the clients or prospects who would compliment best with your strategy. Notice that both clients AND prospects are evaluated. Why limit yourself? This may be just the opportunity to get a heretofore non-advertiser to start with the station. The most important consideration is to make sure the partnership is ideal for both parties.

In evaluating partners, think about what accounts would receive the best leads from this campaign. This also makes the sale of the program much easier—an important point to consider given the timetable available for most marketing plans. Here's the key to selling the idea to your partner(s): instead of positioning the partnership as a marketing plan for the partner (which it clearly is NOT. It's a marketing plan for your station), position the purpose and benefit to the partner as a lead generator source of qualified prospects or leads. Positioned this way, the client will focus on the results, as opposed to the size of their logo, the number of mailings, or the amount of calls being placed.

### Here are some ideas for including marketing partners:

1. In the telemarketing component, include a qualifying question near the end of the call to help your customer find better prospects. An example would be...."Thank you for your time today, as our appreciation for your listenership and we would like to send you a voucher good for \$500 off a new car purchase at any of your Metroland Ford dealers." A letter would follow this up from the Metroland Ford dealership including the \$500 voucher. Just think what 150 qualified new car buyers is worth to the right dealership or owner group!

2. Including a client or prospect in the direct mail component of your campaign enables you to include their logo or coupon on the mailer. However, this is always more difficult than it seems. Here are some points to keep in mind: Keep the number of advertisers to a minimum. Remember that it is your marketing piece and you don't want it to turn into a ValPack mailer. Second, include only those accounts that are the best fit for the campaign. Finally, make sure to manage the look of the mailer—it is most important that the key message of the station(s) stands out and is remembered.

3. The email portion of your campaign is a great way to touch your listeners personally and to involve a marketing partner. However, as with direct mail, many make the mistake of including too many sponsor messages making the message less clear and very cluttered. Using a trackable URL is a great way to include an advertiser while keeping your message concise. In addition, the link can provide the number of hits to the advertisers webform or website as well as the ability for the advertiser to follow-up directly with another personalized email through your station.

Today's result-driven marketing campaigns include multiple contacts in varied ways. These multi-contact campaigns also provide a much more comprehensive opportunity to include an important (and appropriate) client or prospect. They also give you an opportunity to include partners for every component. In the example campaign above, each component (telemarketing, direct mail, email, etc.) could have a different sponsor.

In any case, it is critical that your plan be station-centric, first and foremost. It is also important that the company you choose to work with has experience developing and implementing comprehensive marketing plans. Without these critical factors your marketing may be less expensive than before but actually cost you more by creating a poor perception of the station(s) or even the advertisers involved.

# Marketing

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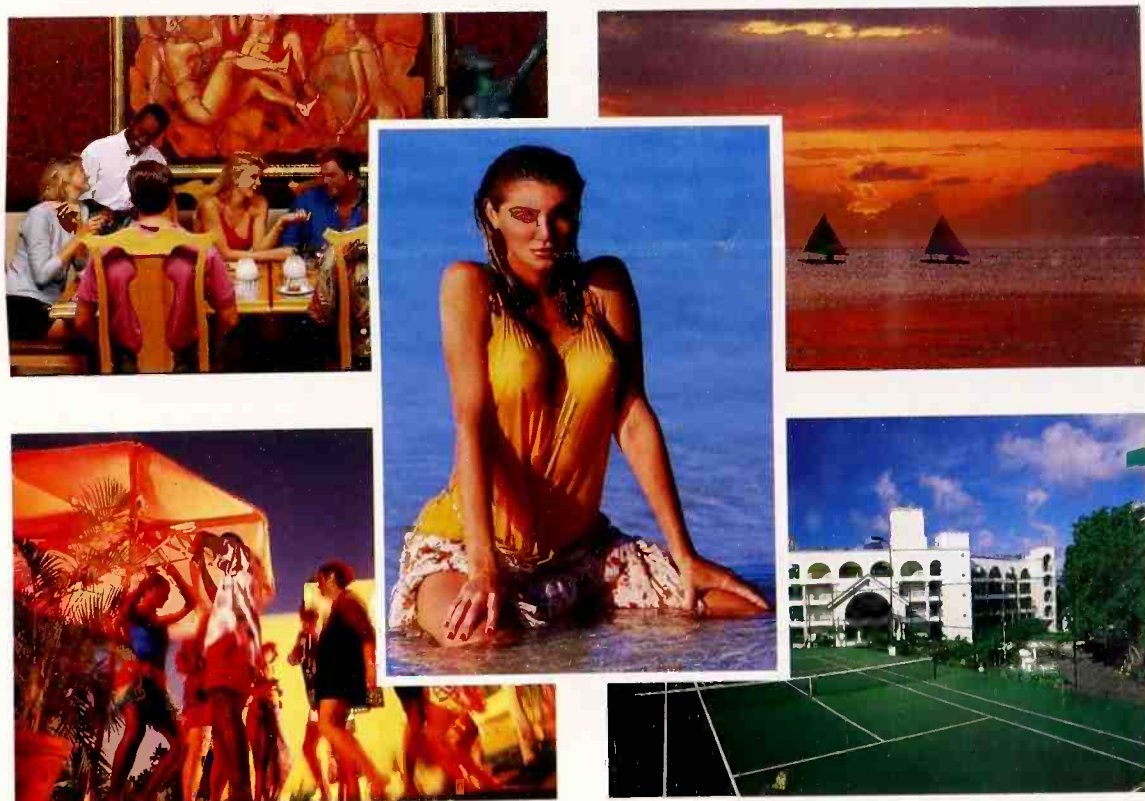
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## Satellite radio stocks come down to earth

After watching their company's stock price fall nearly 20% since their quarterly conference call on 4/2, executives of Sirius Satellite Radio (O:SIRI) set up a special conference call before the market opened 4/16 in an attempt to reassure analysts that the company's business plan was on track. Instead, investors appear to be even less confident. The stock dropped another buck and closed just above \$9. The next day (4/17) it closed below \$9, at \$8.95. In recent trading, it's been as low as \$6.125. Just last fall, the stock had traded as high as \$60 and had a record close of \$56.375 on 9/28/00.

"Our radios should be available in the fourth quarter of this year," CEO **David Margolese** said in the conference call. However, he noted, Sirius expects that the number of receivers actually in the hands of consumers by year end will be less than 20K. The company won't begin its main marketing push until Q1 of 2002.

Meanwhile, competitor XM Satellite Radio (O:XMSR) plans to launch to consumers this summer. Its stock, however, has taken a tumble as well. XM's highest closing price was \$45.4375 on 9/5/00. It had been almost to \$47 in trading last year, but plunged all the way to \$3.87 recently—penny stock territory. It recently recovered somewhat to close 4/17 at \$6.13.

The satellite radio wannabe's had been embraced by tech-enamoured investors as a high-tech challenger that would rapidly succeed in doing what no other new technology has ever done—displace terrestrial radio's dominate media position in-

side automobiles. Now, tech stocks in general are in disfavor and the satellite radio companies suffer from the double whammy of also being a new advertising medium launching in the midst of an advertising recession.

Wall Street has begun to question the basic business plan of the satellite radio business. How quickly can the two companies get enough receivers into the market to reach critical mass? How many people will actually pay \$10 per month for a new in-car audio service, when their dashboard already has free AM and FM—and likely a tape or CD player as well? How much will it cost XM and Sirius to renew subscribers and sign up new ones whenever a car changes owners? Will the subscription fee slow growth and dampen advertiser interest? Will the subscription fee have to be discarded to focus on advertising? (The latter option has always been regarded by *RBR's* editors as inevitable.)

While both companies have experienced delays, the clock is ticking on the limited life-span of their satellites, which will have to be replaced every decade or so. Sirius got bragging rights to being first into space, only to have its satellites orbiting the earth for months with not a single consumer able to listen to its broadcasts. Now, it appears XM will be first to market with functioning receivers, after trailing

in launching its birds. XM's second of two satellites is set to launch next month (5/7).

"XM is on schedule for its summer rollout. XM-ready radios are on retail shelves, final chipsets are with our radio manufacturers, and our broadcast studio is creating content," XM CEO **Hugh Panero** recently declared. General Motors (N:GE), an XM investor, is expected to begin offering receivers as options in some new cars yet this year.

Sirius CEO Margolese tried to allay concerns about any further technical problems which might further delay his satellite radio company's commercial launch. He declared that Sirius has a "fantastic broadcasting system which is performing beautifully."

Sirius expects to have some of its auto maker partners (which include Ford, DaimlerChrysler and BMW) offering Sirius receivers as optional equipment in new cars by Q2 of 2002. Margolese is still hopeful that the receivers will be standard equipment on some models for the 2003 model year.

According to Sirius' officials in the 4/16 conference call, the company has \$400M in cash on hand—enough to keep its bills paid through all of 2002, if necessary. XM reported \$203M in unrestricted cash on hand at the beginning of this year, plus an additional \$161M in "restricted investments."

## Winstar files Chapter 11, sues Lucent

Winstar Communications (O:WCID) has filed a Chapter 11 petition for protection from creditors under the US Bankruptcy Code, after defaulting on a \$75M interest payment on its senior debt that was due 4/16. The beleaguered company insists that it will continue operating and says it has an initial commitment of \$75M in debtor-in-possession financing from a consortium of banks, including CIBC, Citicorp, CS First Boston, Bank of New York and Chase Manhattan. That package is to be expanded to \$300M once certain conditions are met.

At the same time, Winstar filed a \$10B lawsuit against Lucent Technologies (N:LU), charging that Lucent breached its contractual obligations to Winstar. The lawsuit cites Lucent's own financial difficulties as evidence of violating its vendor-financing agreement with Winstar—claiming that Lucent has publicly stated that it has been managing its vendor-financing portfolio to protect its own cash requirements.

Winstar CEO **William Rouhana Jr.** declared that the company will survive. "We expect to emerge from the Chapter 11 process with a new balance sheet that has significantly less debt, thereby dramatically lowering our interest payments and providing us with more operating flexibility."

**RBR observation:** Winstar's radio programming and ad sales operations, collectively known as WinStar Radio Networks, were acquired when tech firms could easily raise cash on Wall Street and provided the parent company with cash flow (a rarity for tech startups) while it was ramping up its main business—a wireless-based competitor to local telephone companies for voice and data transmission. The radio operations are obviously a non-core business which could easily be sold off in the bankruptcy restructuring.

## Talk America going public

Talk America Radio Networks is preparing to begin public stock trading by merging with Open Door Online (O:NTER), a small record company whose stock currently trades on the over-the-counter bulletin board. Talk America President **Paul Lyle** says he and his shareholders will end up owning about 85% of the merged company, which will be renamed to incorporate the Talk America moniker and apply for a listing on Nasdaq's micro-cap market. Open Door's record business will be continued, giving the merged company an estimated \$4.5M in total annual revenues.

Coventry, RI-based Open Door, headed by **David DeBaene**, currently faces litigation from some former employees and recording artists. Lyle told *RBR* that the merger is contingent upon all of those lawsuits being settled. Even so, he's hoping to close the merger within the next 45-60 days. Talk America, based in Las Vegas, NV, syndicates Talk programming (and a single music show) to a total of 600 radio stations.

## Radio One lowers expectations, selling bonds

It's becoming a much-used headline, as media company after media company has returned to tell investors that the outlook for advertising has gotten worse, not better. This time it's Radio One (O:ROIA & ROIAK), telling *The Street* that the final tally of Q1 net revenues is going to be about \$2M short of the company's forecast (*RBR* 2/19, p. 13) at \$47.5M. Even so, by keeping a close eye on spending, Radio One still expects to hit its target for broadcast cash flow—\$21.5M.

For all of 2001, Radio One is now expecting that net revenues will total \$248M, down about \$10M from the original guidance of \$258.1M, and broadcast cash flow of \$132M, down \$5M from \$137M. Those figures don't include the company's pending acquisition of Blue Chip Broadcasting, which is expected to add \$11.5M in cash flow.

Interest rates are low and radio stock prices are depressed—so it's not hard to see that it's a better time to sell bonds than stock. That's exactly what Radio One is doing. The company says it'll sell \$300M in new 10-year senior subordinated notes. Part of the proceeds will be used to redeem Radio One's 12% senior subordinated notes that aren't due to mature until 2004—about \$85M outstanding. Even having to pay a premium of 106% of face value for the early redemption, it's a pretty sure thing that Radio One will come out ahead at current interest rates.

## Clear Channel fills out Tucson

Clear Channel (N:CCU) is expanding its Tucson, AZ cluster to seven stations with a \$17M deal to buy KXEW-AM, KTZR-AM & KOHT-FM. The seller is the Big Broadcast of Arizona, principally owned by **Art Laboe**.

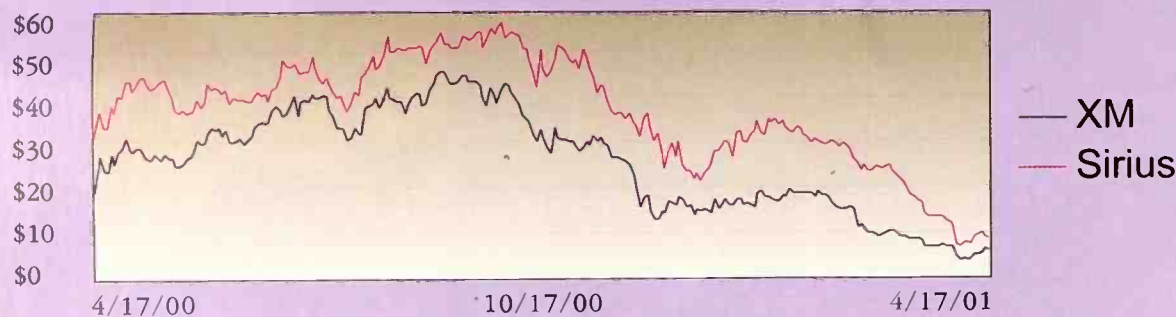
**RBR observation:** You might guess that Laboe had owned most of this trio for many years and was cashing out at a big profit. Well, you'd only be half right—about the profit part. Laboe bought all three stations in early 1996, as prices were just starting to head higher due to the raised ownership limits of the Telecommunications Act signed into law in February 1996. \$3.375M might have seemed like a lot to pay for a Class A FM and a pair of 1kw, high end of the dial AMs back then. Now that Laboe has sold the stations five years later for five times what he paid for them (and the ROI on his cash investment would be even higher), he looks like a genius. His remaining station, KKPW-FM Fresno, CA, was purchased in 1998 for \$1.14M.

## More analysts cut growth estimates

Add **Tim Wallace** and **Bill Meyers** to the list of broadcasting analysts who've cut their 2001 growth projection for radio.

Meyers, at Lehman Bros., has been steadily dropping his growth forecast: From 6-6.5% in December, to 4-5% in February and now to 3%. He cites

## Satellite radio stocks



John Borders, President, of  
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## The Ratings Report Card

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Laraine Mancini  
1.212.526.9413  
lmancini@lehman.com

Scott J. Cohen  
1.212.526.5709  
scjcohen@lehman.com



Companies Mentioned

Citadel Communications, Clear Channel Communications, Cox Radio, Cumulus Media, Emmis Communications, Entercom Communications, Hispanic Broadcasting, Infinity Broadcasting, Radio One, Regent Communications, Saga Communications, Salem Communications, Spanish Broadcasting

March 28, 2001

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Ratings Report Card	Grade
Citadel Communications	B
Clear Channel Communications	B-
Cox Radio	B+
Emmis Communications	A-
Entercom	B
Hispanic Broadcasting	C
Infinity Broadcasting	B+
Radio One	B+
Spanish Broadcasting	C

## Who makes the grade?

While radio group executives—at least, the top corporate bosses—have been focusing more and more in recent years on how Wall Street looks at their financial reports, a Wall Street guy is out with a new report focusing on the fundamentals of the radio business. In the first issue of “The Ratings Report Card,” which he plans to publish quarterly, analyst **Bill Meyers** of Lehman Bros. focuses on how well each of the radio companies that he follows is doing on one of the basic metrics of radio—building ratings.

Boiling the business down to its basic components, Meyers offers this simple equation: Revenue = Units X Rate.

Meyers had, in the past, been very critical of radio groups for increasing spot loads. With dot-com demand gone and generally less demand to pressure inventory, the Lehman Bros. analyst believes that spot loads peaked in the first half of 2000 and declined modestly in the second half, “before falling more noticeably in the beginning of 2001.” He now expects inventory loads to remain flat or decline a bit more in the near future.

If “Units” are holding steady, then the way for broadcasters to increase revenues is to boost the other variable, “Rate.”

“While rates are determined by a host of variables (macroeconomic, market-specific, demographic and sales effort), we believe that the principal ones are ratings and units,” Meyers wrote. “As commercial loads are expected to remain constant in the coming months, pricing (and, therefore, revenue growth) will largely be a function of ratings.”

Rather than crunching financial results (which he still does, of course), Meyers crunched Arbitron data from more than 6K stations in all 283 rated markets “in an effort to understand individual pro forma companies and the underlying trends impacting their performance.”

As judged by Professor Meyers (see methodology), Emmis Communications (O:EMMS) was the top performer in the class—“best consistent ratings performance in a challenging industry environment”—although an A- is hardly honor student territory. The analyst said he was surprised that Emmis’ large market stations were primarily responsible for the group’s 4.6% ratings improvement in the Fall 2000 book. That was despite the recent ratings erosion in top ten markets, where Emmis draws 67% of its revenues. “Emmis exhibited broad-based strength, with ratings improvement in all but two markets,” Meyers noted.

Cox Radio (N:CXR), Viacom’s (N:VIA & VIAb) Infinity and Radio One (O:ROIA & ROIAK) all received B+ grades for their rating growth over the past four books. Citadel (O:CITC) and Entercom (N:ETM) each earned a B.

Industry mega-giant Clear Channel (N:CCU) was given a B- by Meyers, noting that the company had suffered a 3.5% ratings decline for the Fall 2000 book, “due partially to its significant top 10 market exposure (37% of

revenues) and to deal-fatigue, as the company focused on integrating new assets.”

Meyers also crunched ratings data by market rank, region, format and even for the most Internet-active (“wired”) markets (now suffering from post-dot-com syndrome). The poor performance of Spanish stations, with ratings down 6.5% for the Fall book, explains why the two Spanish radio giants had the poorest grades on the report cards handed out by the Lehman Bros. analyst. Both Hispanic Broadcasting Corp. (N:HSP) and Spanish Broadcasting System (O:SBSA) received a grade of C.

“While ratings were relatively flat versus last year across both large and small markets, the Fall ratings book reversed the previous trend of larger markets outperforming smaller ones,” Meyers wrote. “Markets 76+ witnessed a 0.3% increase while the top 10 markets saw a 0.5% decline. Markets 11-25 were down 0.2% and markets 26-75 declines 0.1%.”

If that trend continues, Meyers noted, it could bode well for groups which focus on smaller markets—such as Cumulus Media (O:CMLS), Regent (O:RGCI), Saga (A:SGA) and Citadel—while presenting challenges for companies which are mostly in the big markets—Hispanic Broadcasting, Emmis, Infinity, Salem (O:SALM), SBS and Radio One.

## Meyers’ methodology

- Station-level data (supplied by BIA) are initially aggregated and summed by market. Those figures are then combined to create the desired portfolios. Ratings are weighted by market size to reflect their assumed relative impact on the broader portfolio.
- All portfolios are pro forma and exclude stations dark in the fall 1999 ratings book. However, when creating Hispanic Broadcasting and Spanish Broadcasting System portfolios, stations purchased within the last year are assumed to have changed formats (except for an SBS acquisition in Puerto Rico) and are, therefore, excluded from the analysis.
- Matrices indicating company exposure to market size, format category and region, as well as composition of the “Top 15 Wired Markets” are pro forma and reflect all currently owned stations.
- In an effort to both smooth results and reward operators for past performance, Meyers assigned grades based on weighted relative performance in the past four ratings books. Specifically, that weighted performance is computed as: Weighted Relative Performance = (Fall 2000 Relative Performance X 0.4) + (Summer 2000 Relative Performance X 0.3) + (Spring 2000 Relative Performance X 0.2) + (Winter 2000 Relative Performance X 0.1).
- Those figures were computed into letter “grades” using this table: 5% or more = A 3% to 5% = A- 1% to 3% = B+ -1% to 1% = B -3% to -1% = B- -3% or less = C

Source: Lehman Bros.



Meyers



Wallace

## Mel and Sumner match paychecks

The perception that **Sumner Redstone** and **Mel Karmazin** are identical twins in their thinking and management style (except for their appearance and 20-year age difference) extends even to their paychecks. Each had base pay of \$2,021,862 last year (that’s about \$40K per week, if you want to compare your paycheck stub), plus iden-

tical bonuses of \$15M. Each also got 2M new stock options—about 36% (combined) of all of the stock options granted to Viacom (N:VIA) executives in 2000. The similarity ends, though, when you compare the total amount of stock and options held by each: about 10M for Mel, the President & COO, compared to 200M for Sumner, the Chairman & CEO.

In perusing the proxy for Viacom’s 5/23 annual shareholders meeting, we

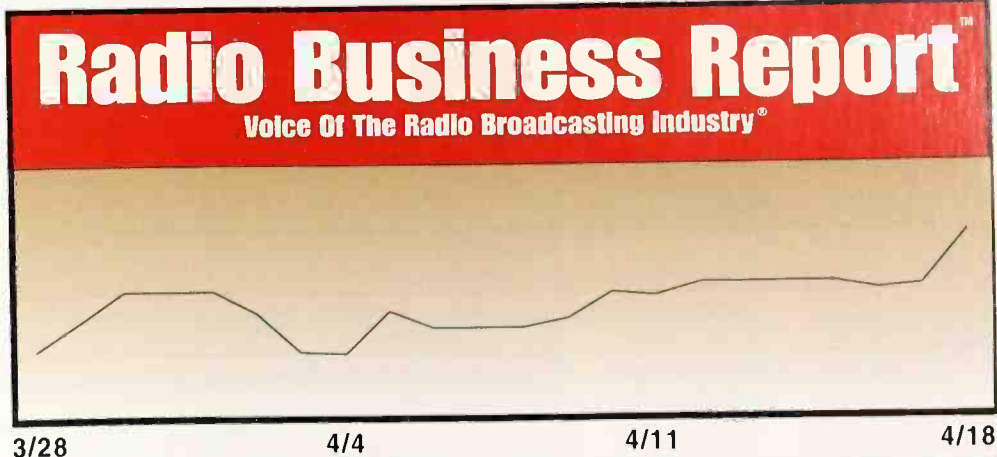
did find one area where Karmazin has a bigger financial stake in Viacom than Redstone. When he retires, Karmazin will get a monthly check of \$1,408 from the Infinity pension plan, plus benefits now accruing under the Viacom pension plan. Redstone does not participate in the Viacom pension plan, so we can only hope that he’s put something away for his old age. He’s currently a spry 77, so who knows when that will be.

“reduced GDP growth forecasts, smaller advertising budgets, lackluster recent results and negative near-term pascings.”

At Banc of America Securities, Wallace is now expecting radio revenues to grow only 4% this year, rather than his original forecast of 6-7%. Wallace warns that although radio groups are still projecting much stronger growth in the second half than in the first, “this guidance could prove to be overly optimistic, particularly if the economy does not bounce back as quickly as currently anticipated.”

## The Radio Index™

A surprise interest rate cut by the Federal Reserve gave all stocks a boost. The Radio Index™ gained 10.175 for the week to close 4/18 at 169.293.

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170  
160  
150  
140

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## Unclogging the deal pipeline

Three long-standing station transactions have been given a green light, over the objections of Commissioner **Gloria Tristani** (see related story, p.2) as well as those of local individuals whose complaints helped delay action on the deals in the first place.

The sale of KQTP-FM and KWOC-FM in the Topeka, KS market from Shawnee Broadcasting Corp. to Cumulus (O:CMLS) was filed 7/19/99. The \$3M deal (*RBR* 7/26/99, p.12) drew a petition to deny from Kansas Capital Broadcasting (KCB), licensee of market competitor KTPK-FM. KCB claimed the resulting 2AM-4FM cluster would control at least 46% and possibly as much as 50-60% of local radio revenue (using 1998 BIA projections). Further, Cumulus combined with Morris Communications, a third owner in the market, would control 87.56% of revenues and 88.4% of the audience.

The FCC, with more current and purportedly more accurate BIA data, found revenue levels of 41.9% and 44.1% for Cumulus in 1999/2000, and levels of 78.6%/79.3% for Cumulus/Morris combined over the same two years, levels which the FCC did not find to pose a disqualifying concentration under existing precedent.

In the Lexington, KY market, Clear Channel (N:CCU) has proposed to purchase WMKJ-FM (formerly WMST-FM) Mt. Sterling, KY from **Rodney A. Burbridge** (*RBR* 4/17/00, p.14). The deal was filed 3/14/00. Lexington radio competitor L.M. Communications filed an informal objection to the deal on grounds that CCU was already had a 38.6% share of local revenue, and that it, combined with market leader Cumulus, would control 83.7%. L.M. also objected to Clear Channel identifying 54 signals overlapping the market, making

it top-tier, with L.M. contending there were in fact only 27 signals.

The FCC held that since WMKJ-FM, a move-in to the market following a facility upgrade, had no revenue at all, the revenue levels cited by L.M. constituted an existing ownership situation, which this deal had no bearing on. The FCC said that WMKJ, "constitutes new capacity to the Lexington market that will provide new choices for listeners and advertisers, not the withdrawal of existing capacity by a current competitor in the market." Further, the CCU stations do not all overlap, forming two distinct markets each of which conforms to legal ownership limits.

In the Parkersburg WV-Marietta OH market, Clear Channel has proposed to build a 2AM/3FM cluster via a pair of deals (*RBR* 8/30/99, p.16). They were filed 8/18/99, and drew a petition to deny filed by an entity related to in-market competitor Burbach Broadcasting Group (BBG). BBG claimed CCU would control 58.9% of revenues, CCU said it would control 50.18%, and with the final word, the FCC said CCU would control 54%, a level it found, "while not insignificant, is generally consistent with levels previously approved in other Commission cases."

BBG's further complaints concerning CCU's control of rep firm Katz Radio Group and networks Premiere Radio, AMFM (since folded into Premiere) and Westwood One (this assertion will come as a surprise to the folks at CCU, and even more of one at Viacom/CBS/Infinity!) was dismissed since BBG could not demonstrate that there were no other program sources or sales brokers available.

Tristani was not happy with the use of a "generally consistent" standard for approving the deals. She wrote, "Today's rulings

do not reflect a principled public analysis, not is there any numerical limit to the percentage of advertising revenue share a single owner or a duopoly may possess. This is dangerously close to writing the public interest out of the statute."

**RBR observation:** Every market is a snowflake, and it just is not uncommon, for any number of reasons, for a smaller radio market to have only one, two or three dominant radio owners. Rugged terrain, a preponderance of below-the-line listening from nearby, usually much larger markets, a lack of signals—these and many other factors can produce odd-looking ownership configurations.

Further, let's look at who is doing the objecting. Not the public, which isn't necessarily concerned about ownership issues. Not the advertisers, who certainly do have a stake if increased ownership concentration will lead to much higher rates. No, the objections have come from direct competitors. While one may sympathize with their situation, does the government step in to protect a local store owner when Wal-Mart comes to town?

It is also important to remember that it's not all about how many radio owners there are in the market. All of these markets include television, newspapers, CATV, billboards, magazines, phone books, and many more venues for businesses to place their advertising. The existence of all these alternatives is an extremely important factor in determining where radio's rates are. If radio ads do not pay for themselves in the form of driving business to the advertiser, nobody will advertise on radio. If they do drive business, then the rates are justified. The Commission is right in these cases to get out of the way and let the free market take its course.—DS

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**The deals listed below  
were taken from recent  
FCC filings.**

# Transaction Digest®

by Dave Seyler & Jack Messmer

**RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.**

**\$22,500,000 KEYI-FM** Austin (San Marcos TX) from Secret 3 LLC (Frank E. Wood) to Sinclair Telecable Inc. (J. David Sinclair, Robert L. Sinclair, Ann S. Adams, Estate of Virginia L. Sinclair, P.Z. Sinclair, John L. Sinclair). \$1.125M escrow, balance in cash at closing. **Superduopoly** with KLBJ AM & FM, KLNC-FM, KGSF-FM & KROX-FM, which Sinclair runs in partnership with LBJ Co. known as LBJS Broadcasting Co. LP. LMA since 4/1.

**\$19,400,000 WTPG AM & FM, WPUR-FM** Atlantic City-Cape May (Atlantic City) from Citadel Broadcasting Co. (Larry Wilson et al) to Millennium Atlantic City License Holdco LLC, a subsidiary of Mercury Capital GP LP (Charles W. Banta et al); Capital Radio Holdings LLC; Astron Services Inc.; and Peter S. Handy. Cash. Existing **duopoly**; **superduopoly** with WKOE-FM Ocean City NJ, which the seller has been operating in an LMA which will continue under the new ownership.

**\$6,225,000 KFXM-FM** CP Temecula CA from Newco Temecula LLC (William B. Hull) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$1,546,250 escrow, balance in cash at closing. Nondupoly overlap with KFI-AM Los Angeles. Station was put up for auction and Clear Channel was the winning bidder.

**\$3,750,000 WABI-AM & WWBX-FM** Bangor ME from Gopher Hill Communications to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). \$187.5K escrow, balance in cash at closing. **Superduopoly** with WSKW-AM, WCTB-FM, WKSQ-FM, WBFB-FM, WFZX-FM, WGUY-FM & WVOM-FM, forming four distinct markets, none of which has more than four proposed CCU PMs. LMA since 3/23.

**\$3,500,000 WKVE-FM** Semora NC from Southern Entertainment Corp. (Jim Hill) to Educational Media Foundation (Richard Jenkins, pres). \$175K escrow, \$850K cash at closing, \$2.65M note. LMA since 10/1/00. Deal is contingent on final approval and construction of disputed permit to upgrade to Class C2. If station instead operates as a C3, price will be reduced accordingly.

**\$2,580,000 WOIR-AM** Miami (Homestead FL) from Corpomex Inc. (Armando Gallegos) to Amanecer Christian Network Inc. (Frank Lopez, Elvin Quinones). \$1M cash at closing, balance, less 50% of LMA payments and other adjustments, in a note. LMA since 7/22/98.

**\$2,500,000 WXVO-FM** CP Knoxville (Norris TN) from Newko General Partnership (John W. Pirkle et al) to South Central Communications Corp. (John D. Engelbrecht et al). \$250K escrow, balance in cash at closing. **Superduopoly** with WIMZ-FM, WJXB-FM, WTXM AM & FM and LMA of WNFZ-FM. CP is for Class A on 106.7 MHz.

**\$1,500,000 KCKN-AM** Kansas City (Kansas City KS) from KCBR-AM LP (William R. Johnson) to Carter Broadcast Group Inc. (Mildred M. Carter; Trucojo as trustee of the Carter Broadcast Group Inc.; Michael L. Carter et

al). Carter is replacing James Crystal Enterprises of Kansas City Inc. as buyer. It will pay \$1M cash to KCBR and \$500K cash to James Crystal. **Duopoly** with KPRT-AM & KPRS-FM. Carter continues James Crystal's LMA which began 5/1/00. Station was KFEZ-AM.

**\$1,250,000 WVVC-FM** Utica-Rome NY (Utica) from Bethany Broadcasting Corp. (Nelson B. Soggs) to Educational Media Foundation (Richard Jenkins, pres). \$62.5K escrow, \$237.5K cash at closing, two notes totalling \$950K.

**\$700,000 WFXQ-FM** Chase City VA from Patricia B. Wagstaff to Joyner Radio Inc. (A. Thomas Joyner). \$35K escrow, balance in cash at closing. Will have overlap with WJLC-FM Clarksville VA and WJWS-AM/WSHV-FM South Hill VA, forming two distinct markets of no more than three stations each.

**\$400,000 WAVL-AM** Pittsburgh (Apollo PA) from Tri-Borough Broadcasting Co. (Robert Dain) to Evangel Heights Assembly of God (John P. Kuert, nine others). \$75K escrow, \$175K cash, \$150K note.

**\$250,000 WWIC-AM** Scottsboro AL. 100% of Scottsboro Broadcasting Co. Inc. from Kenneth L. Thompson (51% to 0%), Deborah G. Thompson (30% to 0%) & Ronald H. Dykes (19% to 0%) to Gregory N. Bell (0% to 50%) & Martha Clarke (0% to 50%). \$30K earnest money, \$220K note. Buyers are employees of station.

**\$237,500 WMPL AM & FM** Hancock MI from Copper Country Enterprises Inc. (William Blake) to Victor Corp. Inc. (John R., Kathleen A. & Matthew J. Vertin). \$12.5K escrow, balance in cash at closing.

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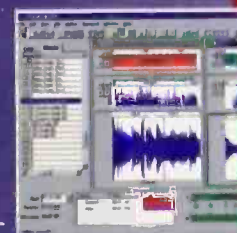
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