

# Radio Business Report™

## OBSERVATIONS

June 24, 2002

Voice Of The Radio Broadcasting Industry®

Volume 19, Issue 24

### In their view...



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#### Matthew D. Warnecke

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## May Day, May Day

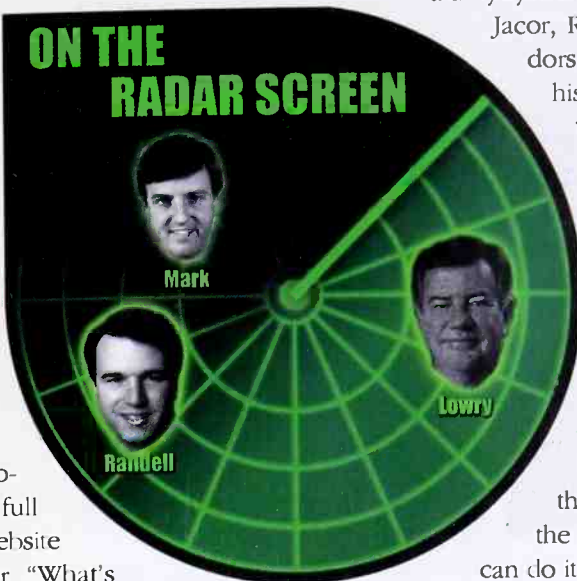
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Some of the most important questions are on hold until the Nielsen deal is done. But at least broadcasters are going to be getting some better data to work with to assess how PPM compares to diaries. Although the initial data dump compared an April PPM snapshot to the Winter book's diaries, May data will be released next week (6/20), along with a software application to allow users to make any comparisons they wish side-by-side with diary data.

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"I disagree," said Entercom Exec. VP and General Counsel Jack Donlevie. "He was ordered by the court to deliver that and he delivered it and we filed it." Rather than the burglary scenario described by Stolz, Donlevie told RBR that Entercom received the signed form from the Clerk of Court.

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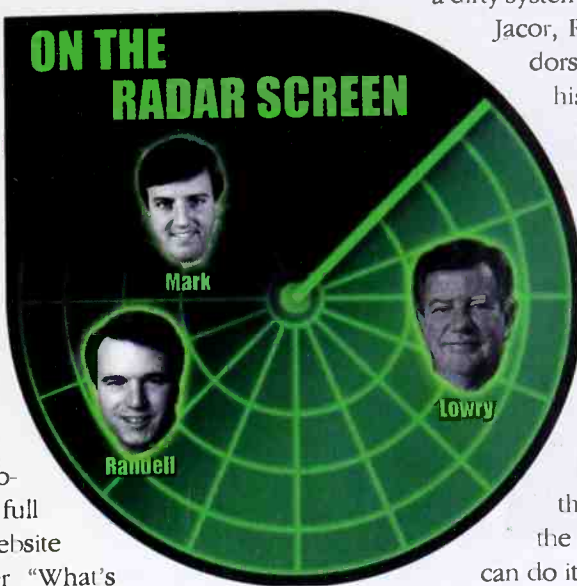
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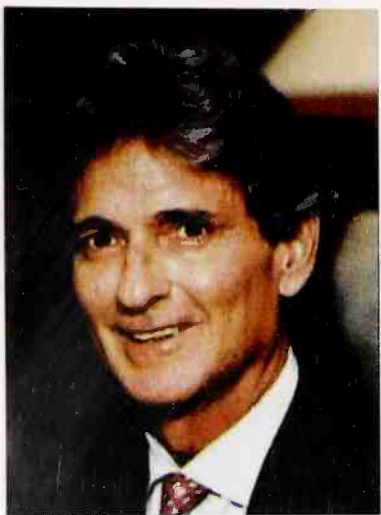
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# RADIO NEWS®

## PPM: Why radio is concerned

Broadcasters who gathered in New York last week to air their concerns about Arbitron's (N:ARB) Portable People Meter (see page 1) aren't necessarily opposed to replacing the traditional radio diaries with the new technology. But they have concerns about how PPM works, whether Arbitron is moving too fast and how much it's going to cost them to make the switch.



Clarke Brown

Here's what *RBR* heard from two of the group heads who attended that ad hoc meeting.

"The big concern is that it's a viable and better mousetrap than what we currently have and is it in radio's best interest—or is it in Arbitron's best interest," said **Clarke Brown**, President, Radio Division, Jefferson-Pilot Communications (N:JP). "Now, if it's good for Arbitron and good for radio, that's fine—but if it's just good for Arbitron and not for radio, that's not going to fly."

Brown said the Philadelphia test has so far raised more new questions than it has answered. "We need some more tests and we need some concurrent testing [with diaries] to validate the whole concept," he said.

Based on the initial test, Brown has concerns about how PPM is measuring morning listening—which came in lower than with diaries. "If you park that thing, like most people do habitually—you go home, you put your wallet up, you put your keys up, you put your beeper up, you put your cell phone up, and it all goes in one place," Brown said. But he wonders, is listening then being missed when people awake the next morning? The PPM might remain charging in its docking station while its carrier is getting showered and dressed—all the while listening to the radio.

"Also, it will pick up signals if I'm going home and go into a store and pick up some milk and there's a radio station playing. That station will get credit for my

listening, but I'm not listening—I'm just passing through," he said.

"There are a lot of questions along these lines, not to mention sample size and the real likelihood that you would get somebody to commit for \$11 a month to having this thing for a full year. With the system we have now, if you catch a bad month, you've got a whole other month with another group that could even it out."

The biggest issue of all, Brown says, is "what's it going to cost?" As noted on page 1, Arbitron says it can't yet answer that question. "I'm betting anything it ain't going to be cheaper!" Brown noted.

"I think that any good research needs parallel tests," **Peter Smyth**, President and CEO of Greater Media told *RBR*. As one of the participants in the Philadelphia PPM tests with Greater Media's four Philly stations, Smyth said he'd like to see a side-by-side comparison of PPM vs. diaries for the market—something Arbitron told *RBR* is coming with the next data release next week (see *RBR's* 6/20 Daily Email).

"I have some questions about how quickly we're moving along on this adventure," Smyth said. "I'd like to see tests in some other markets, so we can have some other frame of reference. If we're doing Philadelphia, why can't we look at Chicago, Detroit or Los Angeles?"

So, we wondered, did the PPM results for Greater Media's stations set off any alarm bells?

"My stations did very well in the test, but the questions are really in the long term. How is morning drive listenership going to be recorded? That is a big concern to me. That panel [of PPM carriers] is going to have the same people on it for quite some time. What's going to happen there?" Smyth wondered.

And just how much better is it to have a device which picks up encoded signals automatically from radio, TV and cable stations? "Is that really what people listen to, or just what they're exposed to because in elevators or supermarkets, wherever they may be," he noted.

"I am not an obstructionist when it comes to technology," the CEO said. He's not committed forever to the diary, but he'd like to have more answers before embracing the PPM.

"I don't know the cost. I wish I could tell you—the economics of this, I have no idea," Smyth replied when asked if Greater Media would be willing to pay for the PPM service in Philadelphia next year. "I can't answer that. I haven't seen any real numbers—I'd like to. Just a minor detail," he laughed.

"I think Arbitron should kind of hold off. They should talk to their biggest customer, which is us," Smyth said.

## Washington Beat

### FCC sets EEO hearing

As *RBR* went to press, the FCC's Media Bureau announced panelists for its en banc hearing today (6/24) on its effort to create new broadcast and cable equal employment opportunity rules. Broadcasters on the panel include Nassau's **Joan Gerberding**, President of American Women in Radio and Television, **Cathy Hughes**, Founder and Chairperson of Radio One (O:ROIA), **Ann Arnold**, Executive Director of the Texas State Broadcasters' Association, **Belva Davis**, Special Projects Reporter at KQED-TV San Francisco, **Michael Jack**, President and GM of NBC in Washington, DC, **Marilyn Kushak**, Vice President of Midwest Family Broadcasters, and **Charles Warfield**, President and CEO of ICBC (Inner City) Broadcast Holdings.

### NAB, files AM IBOC comments

The NAB filed comments 6/18 in the FCC's proceeding on AM digital radio supporting the NRSC report and recommendation that the Commission adopt iBiquity Digital's IBOC system for AM daytime operation and further investigate the IBOC system for nighttime use. The NAB encouraged the FCC to go forward with crafting rules and implementing daytime-only AM IBOC for now.

"Deployment of IBOC is particularly important for the AM band, which has suffered tremendously from a difficult RF environment, a high level of interference from various sources, limited receiver performance quality and lack of effective stereo operations," the NAB said. "Moving ahead to expeditiously introduce IBOC digital service in the AM band, albeit for the interim as a daytime service, will, as the NRSC notes, offer a chance to revitalize AM broadcasting."

And as to 1<sup>st</sup> adjacent interference concerns voiced by manufacturers such as C. Crane Co, which markets long-range AM radios, the NAB said: "Overall conclusions about 1st adjacent compatibility of the AM IBOC system, based on the specific situations and conditions tested, indicate that the interference caused by the introduction of the IBOC signal is expected to occur mainly outside the protected contour—an area subject to existing analog interference and far fewer listeners. The impact of this interference will be more apparent on wideband receivers than on typical narrowband automobile receivers."

## Fox News wagging the dog of its own radio net/tail?

While the news has been circulating that Fox News is looking at plans to get into the network radio business—possibly alone and without partner Westwood One—**Jack Abernathy**, Fox News EVP, tells *RBR* it's much ado about nothing.

Posted on *RBR.com* 6/17 that whole thing could have been a negotiating ploy. Said one source: "That's them (Fox) totally, totally throwing something out there negotiating in advance—they're not doing anything. Fox is looking to negotiate in advance, which is not unusual."

**RBRobservation:** Bottom line, they don't own stations. They have content, but where are they going to get stations? The tail wagging the dog theory:

1. Former Fox News Director of Radio and News Development **Dennis Murray** may or may not have been trying to come up with and advocate his own strategy in the press and maybe his job.
2. Fox claims it was totally at odds with where the net is at this point. Abernathy on the record says "going it alone just doesn't make sense right now."
3. Sure it doesn't. But to us, that may be the plan someday for Fox News. They may want to buy some major market stations, first.
4. We think ABC, Premiere and others are all talking with Fox News, in light of the Westwood contract ending in less than a year. It does all boil down to money and what kind of deal, clearances each net can offer. ABC Radio Networks' deal with Sean Hannity is only with him. Westwood's deal with O'Reilly is through Fox News.
5. Bare minimum, Fox News CEO **Roger Ailes** has been a great developer of talent. He developed both Hannity and Bill O'Reilly. He will likely want to develop more and create a bigger presence in network radio. Whichever radio net can offer him the means more effectively will likely get his business. **As they say We Report – You Decide.**

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## Rallying the CCU troops

Stung by Spanish Broadcasting System's (O:SBSA) antitrust lawsuit (detailed in last week's *RBR* and in *RBR*'s 6/12 Daily Email) on top of congressional criticism and repeated bad press about its radio/concert operations—Clear Channel's (N:CCU) top management is trying to reassure its employees and rally the troops to fend off the attacks. But an email sent out by Clear Channel President/COO **Mark Mays** also calls for circling the wagons—telling employees not to talk to the press and refer inquiries to headquarters. To see the entire email, surf over to [rbr.com](http://rbr.com), go to "What's New" and click on CCU memo.

## Survey gives thumbs-down to consolidation

The Future of Music Coalition has completed its previously announced survey of public opinion—and found that people don't like radio consolidation.

While several of the seven questions were slanted to elicit an anti-corporation response, the phone survey of 500 Americans 14 and older clearly showed dissatisfaction with the music they're hearing on radio stations. 52% said they'd like to hear more new music and less repetition, with 36% listing that as the number one way they'd change radio.

One question was particularly slanted: "Do you think local DJs should be given more air time to play songs they think their audience would like, or should they be required to play mostly the songs of artists and recording companies who have paid to get their songs played?" 78% said DJs should be given more latitude, while only 6% said they should play more songs boosted by record companies. 13% said both ways were OK and 6% were unsure.

**RBR editor's note:** *Who were those 6% who said they wanted to hear only the records being pushed by the labels? Did the surveyors manage to call 30 record company executives?*

But respondents came down strongly in favor of expanding anti-payola legislation. 63% said that if it's proven that radio stations are being paid to play the songs of certain companies and artists, Congress should pass laws to assure all artists access to the airwaves.

Asked specifically about consolidation, only 10% said they favored having more local radio stations owned by large corporations. 42% backed policies which would preserve existing locally-owned stations and 38% favored policies which would increase local ownership.

The survey also found support for more local LPFM stations, although it failed to address any of the financial or technical issues associated with LPFM.

The survey was conducted 5/13-20 by the Behavior Research Center. It was paid for by the Media Access Project with a grant from the Rockefeller Foundation.

**RBR Observation:** Dubious questions aside, radio clearly has a public relations problem. It's

easy to get people to come down against any big corporation interfering in their lives—although they still line up to spend their dollars and McDonald's and Wal-Mart—but there's plenty of evidence that average listeners do think radio is too repetitious and cluttered. It's a fine balancing act to keep listeners happy and still make a profit. Everyone would like to have a station play only their favorite songs and absolutely no commercials. But in the effort to cut costs and sell more spots to shine on Wall Street, some of the big consolidators have stretched thin their connections to Main Street.

**Tipp O'Neil** was right: all politics is local. All radio is local. If you've forgotten that, you're going to lose listeners and revenues in the long-haul.

## XM protest sees injuries

A minor accident caused minor injuries for four pedestrians 6/14 during the 200-person strong protest at DC's XM Satellite Radio by **Al Sharpton's** National Association of Black Organizations (NABO) and the National Action Network (NAN). A car hit a man, woman, and two girls when they were crossing the street in front of XM's HQ. All were treated at local hospitals and released. NAN and NABO are protesting XM's refusal to add what they call positive black-oriented programming from the religious Detroit-based Word Network.

## Chicagoan sues CCU over high ticket costs

Seems everybody is getting in the let's-sue-Clear Channel-boat: Chicago resident **Melinda Heerwagen** has filed suit against Clear Channel for gouging ticket buyers. She wants class action status on behalf of the concert ticket buying public. "As a result of Clear Channel's illegal conduct," her suit says, "plaintiff and the class paid and continue to pay artificially high prices for concert tickets."

## NAB Radio show to host independent record promoters session

The NAB Radio Show will include an independent record promoters session that will explore the relationship between stations and independent promoters, the advantages and pitfalls of these relationships, and what areas lead to scrutiny by government officials. "Independent Promotion: What's Going On?" will be a Super Session on 9/12 in the afternoon. Panelists are still being determined, NAB's **Dennis Wharton** tells *RBR*.

## Emmis names Ernst & Young new auditor

The move is by default, as Arthur Andersen's Indianapolis office was recently acquired by Ernst & Young. Emmis Chairman/CEO **Jeff Smulyan** says Emmis received excellent service during its eight-year relationship with Andersen. "They have been fair and trustworthy in all our dealings."

## Carping over – Streaming rates set

The Librarian of Congress **James Billington** has released the final royalty rates, terms and reporting requirements for for webcasting music performances over the Internet. The new rates: The Librarian has abandoned the CARP's two-tiered rate structure of 0.14 per performance for Internet-only transmissions and 0.07 for each retransmission of a performance in a commercial radio broadcast; and has decided that the rate of 0.07 will apply to both types of transmission. Some of the rates for noncommercial broadcasters have also been decreased—the live signal remains at 0.05 and the ephemeral or archived audio drops from 0.05 to 0.02. Any side channel fees drop from 0.14 to 0.07.

The fee webcasters and broadcasters must pay for the making of ephemeral recordings has been reduced from 9% of the performance fees to 8.8%.

The Librarian also established 9/1/02 as the effective date of the rates. From the release: "That does not mean that no royalties are due for webcasters' activities prior to September 1. Webcasters and others using the statutory licenses will have to pay royalties for all of their activities under the licenses since October 28, 1998. However, the September 1 effective date determines when the royalty payments will have to be made. Full payment of royalties for all pre-September 1 licensed activities must be made by October 20, 2002 (because the law provides that payments of arrears shall be made by the 20th day of the month following the month in which the royalty rate is set). Payment for the month of September shall be due on or before November 14, 2002, and payments for subsequent months will be due the 45th day after the end of each month for which royalties are owed."

The royalty rate all but obliterates any possibility of radio stations being able to stream their programming free to the public via the Internet. The decision drew harsh criticism from NAB President and CEO **Eddie Fritts**.

"The Librarian's decision places a prohibitive financial burden on radio station streaming, and will likely result in the termination of this fledgling service to listeners. It also perpetuates the hoax that the Copyright Arbitration Royalty Panel process reflects marketplace reality," Fritts said in a statement.

A little history: After the U.S. Copyright Office rejected the CARP webcast performance royalty recommendations for webcasters 5/21, the Librarian of Congress had 30 days to make a final ruling. On 2/20/02, the Copyright Arbitration Royalty Panel (CARP) delivered its report recommending rates and terms and to make ephemeral recordings of sound recordings for use of sound recordings.

On 5/21, however, Billington, based upon the recommendation of the Register of Copyrights, rejected the three-member panel's recommendation that the fee be set at 0.07 cents per each listen or a webcasted song from an over-the-air signal. The fee will double for Internet-only transmissions—0.14 cent per listen per song. Non-commercial broadcasters would have to pay .02 cents per listen per song on live feeds. The law provided that the Librarian issue his final determination within 30 days of his decision to reject the Panel's proposed rates and terms.

**RBR observation:** Well, it's better than CARP suggested for webcasters, but the same for broadcasters simulcasting their signals on the net. Bottom line, we're likely to see subscription models abound for web listening. Otherwise, the more people listen to a stream, the more the webcaster will have to pay. Advertising, as we have seen, isn't typically enough to support even a free webcast model. The labels will dominate the space, licensing each other's music and effectively canceling out each other's fees as well. We doubt this is going to help offset the record industry's losses as of late. It certainly won't get us running to the record stores any more quickly.

## Adbiz News

### Jim Beam launching Hispanic ad effort

Jim Beam announced it is launching a multimillion dollar Hispanic ad campaign, beginning 6/20. Part of the campaign, the "Jim Beam Flash Program," will use cameramen in bars taking people's pictures. The photos can then be retrieved on the bilingual [jimbeam.com](http://jimbeam.com) website.

The Print, radio and outdoor ads (no, there is no TV on the buy) show men and women at a bar watching a soccer game, with drinks made with Jim Beam on the counter. Another shows a similar scene with people in a club.

**Carl Larsen**, Director/Global Brand Development, Jim Beam, tells *RBR*, "The radio and the print, in each of the ads there will be four friends. What we tried to do is capture the different roles of the guys and how they interact with each other. Particularly, when you're talking about young adult guys of legal drinking age, they each establish their own roles within the group—the leader, the wise guy and the ladies man. The way we tried to put these together is that Jim Beam is the glue that bonds the group. 'Your real friends deserve a real bourbon,' the voice of authority talking about real bourbon and the seven generations of family history in Jim Beam."

How does the copy run over radio? Responsibly, of course. Adds Larsen: "It's the four guys in a situation where they might be watching a soccer game and they're reacting in different ways to the play-by-play; or the four guys sharing, 'How was your day' stories. Just kind of playing on how the four guys interact, interspersed with the heritage of the product and responsible usage of the product, which we thought was important. In our research, we found that Hispanic consumers appreciated us telling them how the product is consumed."

Why did Jim Beam decide on radio, vs. TV? "Our target consumer is young adult males 21-26/29. Those guys, we find are very, very into music, very into the lifestyle that their radio station represents. I think that having our brand in that venue, particularly among these more active consumers that might not be watching prime time as much, I think it's a really good fit."

Because the Hispanic market is fragmented into different ethnic subsets and linguistics across the US, the advertising will be tailored to each group.



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## Conservative Talk: more mainstream than ever?

Why is conservative Talk still so hot now that **Bill Clinton** is out of the White House? Now that the best fodder—eight years of a scandal-packed Democratic administration—is gone, the Bush White House has already seen two more added to the national radio scene: **Sean Hannity** and **Bill O'Reilly**. While we all thought the Clinton-**Rush Limbaugh** dynamic was the only reason the genre grew so much, the ceiling has yet to be reached and television has obviously gotten into the game as well (yes, Fox News Channel hosts call themselves "Fair and Balanced." We'll get into that later).

Syndicated conservative Talk radio used to be largely a small and medium market phenomenon. While it still is, everything used to be live and local in large market Talk radio. Now most of those large market stations are carrying conservative syndicated product as well. Rush changed everything.

"A lot of the top market guys made fun of Rush as this conservative guy.... 'After morning drive, how's he going to make it?' But Rush proved that great programming creates what I call viral programming, or the referral process," says Talk Radio Network CEO **Mark Masters**, who syndicates the popular and very right-leaning **Michael Savage** to 330 stations.

But why is conservative hotter than ever today? "There are a lot of liberals out there, but they don't listen or watch because they think they've won," said one network exec. "And so they're not interested in hearing about it. Whereas centrists and right wingers have much more of a 'fire in the belly' and are much more interested in making change."

"The powerful media culture as we know it, the news organizations, primarily resides in broadcast television and newspapers," Masters explains. "There are very little conservative views represented there. So in a sense, there's no outlet for the majority of Middle America, which have conservative values, to have an intercourse with or an interaction. There's nobody representing their views. Radio fills that niche of meeting the emotional needs of people that need to be validated."

"People seem to like, even if they don't agree with what's being said, they like hearing the conservatives, the conservative attitudes, as long as there's some sort of balance that comes with it," says ABC Radio Networks SVP Sales **Jennifer Purtan**, who sells "The **Sean Hannity** Show," among others.



Mark Masters

Conservative Talk is always going to be popular as long as there are issues Americans are interested in hearing about. "Today there's discussion about terrorism, government initiatives, senatorial races, the Middle East, etc.," explains from **Rhonda Munk**, EVP/Director of Sales, Premiere Radio Networks. "As long as Americans are interested in these issues, they are going to listen to conservative Talk radio. Bottom line, whatever Rush is talking about, it's going to be of interest to not only his fans, but also to other concerned Americans, despite their political preference."

The 24-hour news cycle and the need for information while being mobile also contributes. With terrorism and the major events we're seeing daily, the news cycle is shorter than ever. "Talk-formatted radio not only provides you with fast information, but analysis of what it means to you. So that pulls people more to Talk radio than it would before 9/11," states Masters. "But once they get there and start hearing the analysis that brings clarity to an area that might have been vague, it crystallizes thinking into something that makes you go, 'Yes. I always knew that to be true, but I never knew how I knew it, and now I know.' That creates a deep validation, and that creates a, 'Boy I love this show. I'm going to return tomorrow and I want my friends to experience the same level of having my thoughts crystallized and validation that I have experienced.' And referral-based listenership means ratings spikes."



Rhonda Munk

## Conservative?...Me?!

Certainly, the latest trend finds hosts pulling back from the conservative label. While 90% of their views and opinions tend to skew right, the newest crop insist they're centrists, populists or, "my views are my views, don't try to label them." Even though O'Reilly may side with **Rosie O'Donnell** on same-sex parenting, one could say the majority of his opinions lean right. Why don't they want to be labeled? Better access to advertisers, shying away from the Dr. **Laura** effect?

"I think there is something to that," agrees Purtan. "The guys over at Premiere for years have dealt with, of course, Rush's conservative label and he has been put on many a list of advertisers that say, 'too conservative. Not going to work for us. Our CEO doesn't believe in his politics, therefore....' And so they're probably taking a cue from that. Between Sean and Bill, there's no doubt in my mind who is more willing to dip their toe on the other side of the pool. Bill's going to go there first. Sean is fashioning his politics and the way he presents himself on both of his shows in I think, a more balanced way."

Adds Westwood One SVP Sales **Peter Kosann**: "Regarding conservative Talk shows, we would not pigeon-hole O'Reilly in that category. His whole modus operandi is No Spin, which really means he's a commentator on the news as opposed to having a particular bent on a particular issue. He decides as he goes along what his perspective will be. **G. Gordon Liddy** is conservative. **Imus** is more like compelling NPR than conservative. He's really apolitical, contemporary News-Talk. It's not conservative Talk radio, it's talk radio that's compelling. Some show hosts out there might take a conservative view in the news, but if you look at some of our leading talent—Imus, O'Reilly, **Charles Osgood**, **Laura Ingraham**—you're talking about compelling talk."

"Sean Hannity is kind of in that Compassionate Conservative area that really doesn't get labeled as much. He's not anywhere near being in the Savage category. Hannity sells himself, he has opposing viewpoints on his show all the time," says ABC Radio Networks President **Traug Keller**. "We don't have issues selling Sean because he's not in that divisive category. Sean is a radio guy through and through. He'll pick up the phone, he'll call a PD, he'll pick up the phone, he'll call an advertiser. He understands how the medium works and I think that's why he's been so successful coming out of the box."



Traug Keller



Peter Kosann

## Selling conservative talk

While ABCRN may not have issues selling Hannity, as Purtan details below, the more conservative, the harder it can get to sell a show nationally. Ultra right-wing, getting-into-the-conspiratorial conservative hosts like **Alex Jones** or **Rick Wiles** appeal to a very narrow audience and advertiser base. Radio America's **Ollie North** and Westwood's Liddy are considered pretty far to the right, but not that far. Nevertheless, they can still be harder to sell on a local, as well as national basis. Some advertisers just won't buy purely because of political differences.

How do you turn around a local advertiser who doesn't agree with a conservative Talker's opinions? "You have to learn as a listener, as an operator or advertiser is anything that comes out of their mouths is not relevant to you as an individual or your personal preferences on what you like or don't like," says Clear Channel Washington AM GM **Jim Weiskopf**, who airs conservative talkers Liddy, Savage and **Michael Graham** (local host, see p.6) on WTNT-AM. "Bottom line is that Liddy, for example, has a proven audience in this marketplace. If you're going to take a stance that you're not going to buy a program that is going to be beneficial to you to market your product on because you don't like it, then you're not making a good solid business decision. If people are listening to Liddy because they like Liddy or people are listening to Limbaugh because they like Limbaugh, then it's not really relevant what I think or what an advertising agency thinks. People listen differently in Talk radio. You're selling intrusive listening, foreground listening. People listen to the host because they like their opinions. There's much higher response rates and much more attentive listening."

And with all the trouble Premiere's Dr. **Laura Schlessinger** had with advertiser boycotts over her past disagreements with the gay community, she's back on her feet and advertisers are still on board. Are advertisers loyal, or what's the story? Says Munk: "The listeners are very loyal and trust that the products advertised in her show have value."

What's the pitch to national advertisers? Do you sell on ratings alone, past success on product testimonials (see p.6)? Or are they just marketed as compelling hosts on foreground radio with active, loyal audiences?

"All of that and more. First of all, when you're looking at a program like Hannity, the first thing you're looking at is the environment of the show," Purtan explains. "Because you're talking about listeners who are listening to the radio—they're actively involved in the process of listening to what's happening on that radio program every single day, which is just a phenomenal environment for advertisers. The interesting thing is I don't get push back on Sean from advertisers. I think he has done a very unique thing in branding himself as a guy who has a conservative bent, but keeps an open mind. And so we haven't had that experience where advertisers say he's too over the top."

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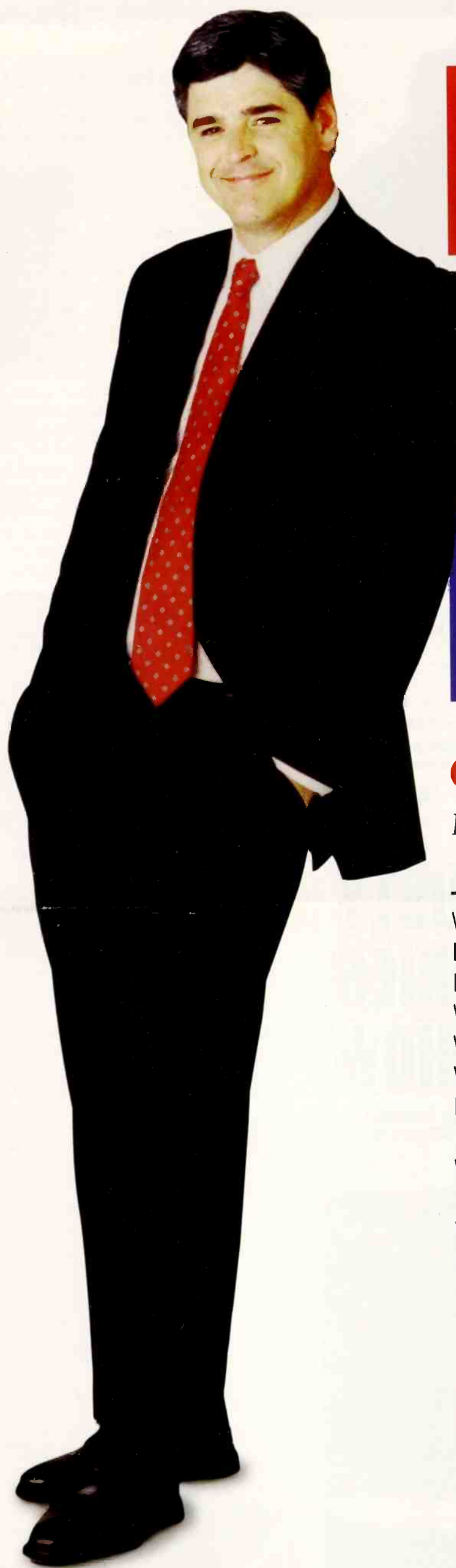
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WCBM-AM	Baltimore	↑36%
KPAM-AM	Portland OR	↑125%
KSL-AM	Salt Lake City	↑31%
WDBO-AM	Orlando	↑32%
KXLY-AM	Spokane	↑47%
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Source: Arbitron Winter 2002 v. Winter 2001, Metro, AQH Share, Adults 25-54, station exact times.

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## Endorsements and live reads

Conservative Talkers like Rush really honed their craft with advertisers on the power of endorsements and live reads. The referral-based element of Talk radio, which is a very warm medium, can provide astonishing results for advertisers. Look what Rush did for Snapple, taking it from a \$60M regional beverage company to a multi-billion dollar national beverage company. When listeners love a show, they also tend to love the advertiser that supports the show. Breathe Right and Clean Shower are other success stories with Rush.

In selling Savage, Masters says he has over 6M listeners on 330 stations from KVI Seattle to WABC New York that trust the integrity of this host and whose trust can be loaned to that advertiser. "These 6M weekly listeners like this man, and if he reads an ad for you or if he endorses a product, it's not an ad anymore, it's a referral-based lead," says Masters. "And a referral-based lead is such a more powerful and productive and profitable customer, vs. when that customer hears an ad from a cold medium like TV or print, the impact is much, much more incredible. It's the difference between you seeing a Ford ad for an Excursion or a friend you trust saying, 'you've got to go and drive one of these. I love them.'"

Masters says Savage is having very good success with Jacobs Electronics and Swiss America (coin trading and marketing): "Craig Smith, the CEO of Swiss America, the advertiser, called in on the air and told Michael he would always stay with him, the response was so good."

"An on-air endorsement by a personality with a loyal following like that of Rush and Dr. Laura always delivers results for advertisers," stresses Munk. "A lot of the voiced sponsors in those programs actually don't advertise anywhere else since they benefit greatly from the measured success of direct response sales that our talk personalities



Michael Savage

deliver. Also, it's appointment radio. The time people spend listening to AM radio in general and talk programming is much higher than any other format. Even those advertisers who don't partake in the voiced sponsorship benefit from the implied endorsement. Because of the impressive results, more than half of those advertisers continue to return year after year and increase their investment."

With endorsements, generally a long-term relationship between the client and the talent is built where they become one and the same, hopefully, over a period of time. A live read can also be very compelling, despite it not being an explicit endorsement. Kosann provides some current examples: "Bose and Horwire are two universal advertisers throughout network radio

that are using talent endorsement and/or implied endorsements to move product. **Opic & Anthony to Imus to O'Reilly to Rush to Jim Rome.** The beauty of a live read is that it is a higher level of integration of commercial copy into the flow of the show."

"The ability for Sean to do live read copy, and the fact that we have limited availability for that for advertisers is also an exceptional selling point because Sean brings his unique brand of sell to the airwaves, which then lends itself to those testimonials. There's a direct correlation between live read radio and great results. We have advertisers who are waiting for openings to happen with live read on Sean's show. Live read advertisers include Pro Flowers, Brite Smile and Lobster Gram."

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## One host's opinion

**Michael Graham**, author, comedian, political consultant and guest and/or host on ABC's Politically Incorrect, CNBC, NBC Nightly News, C-SPAN, Talkback on MSNBC and Hardball with Chris Matthews, is WTNT-AM Washington's live and local conservative Talker in afternoon drive.

Says Graham: I don't buy the "Conservative Talk is hot" theory. I buy the "stop telling me what I want to hear and start telling me what I NEED to hear" idea. Ten years ago, Rush was hot for, among many reasons, being the alternative voice to the left-of-center media chorus. Conservatives like me flocked to him as an oasis, a place where our attitudes and values were the norm. He didn't give "equal time" because, as he often said, he WAS equal time.

Today, I get a sense that after a decade of our team vs. your team Talk (GOP good, Dems bad), listeners want to be told what I call on my show "the natural truth" (it's a line from an **Elvis Costello** song called "The Eisenhower Blues.") More conservatives are putting a premium on being right over being right-wing. If our team is wrong, we're ready to hear it and do something about it. 10 years ago, we didn't want to hear it at all.

So why then isn't a left-of-center host telling "the natural truth" and racking up ratings? Because the premise of liberalism is "what the world could be," if only we raised taxes, hugged children (but not in an inappropriate way), sang kum-baya, etc.

Conservatism is premised on how things are—pretty rotten—and on a belief that there's not much mankind can do to make it better, certainly not through government.

I get a real sense that in DC there is a hunger to get past the faint-hearted liberalism in the local media, that people are ready for someone to stand up and say: "This is the world we live in. It may not be the world you want, but it's what we got. Let's deal with it and have fun at the same time."



By Jack Messmer

## Entravision gets top grade from Meyers



Entravision (N:EVC) is top of the class for the second straight time in "The Original Ratings Report Card" from Lehman Brothers analyst **Bill Meyers**. The number three Spanish radio group scored highest in Meyers' analysis of Arbitron results from the Winter book in large part because of ratings growth by its reformatting station, but showed growth as well on its core properties. Meyers gave Entravision his only "A."

Spanish Broadcasting System (O:SBSA) scored an A-minus, though, with KLAX-FM Los Angeles powering its ratings growth.

But while ratings growth sets the stage for revenue growth, Meyers notes that even the best ratings are of limited value in the midst of an ad recession.

"Just as a rising tide lifts all ships, the opposite also holds, making it difficult to convert ratings outperformance into revenue growth," he said. Even so, Meyers attributed Radio One's (O:ROIA) 5% same-station growth in 2001 to having exceptionally strong ratings growth. "However, those companies with only modestly strong ratings were unable to overcome broader industry softness."

Here's how the class has been doing.

### Bill Meyers' Ratings Report Card

Company	FA 00	WI 01	SP 01	SU 01	FA 01	WI 02
Beasley	—	C	C	B-	B	B-
Citadel	B	B-	B-	B-	B-	B-
Clear Channel	B-	B-	B-	B-	B-	B-
Cox Radio	B+	B+	B+	B+	B+	B+
Emmis	A-	A-	A-	A-	B	B
Entercom	B	B-	B-	B	B	B-
Entravision	—	—	—	—	A	A
Hispanic	C	C	C	C	C	C
Infinity	B+	B+	B	B	B	B-
Radio One	B+	A-	A-	A-	B+	B
Saga	—	B	B-	B-	B	B
SBS	C	C	B-	B+	A-	A-

Source: Lehman Brothers

## Amigo adds in Austin

Univision (N:UVN) got the big headlines (*RBR* 6/17, p. 1) with its \$3.5B deal to acquire Hispanic Broadcasting (N:HSP), but it's not only the giant Spanish groups who are growing. Hispanic media is hot and that's good news for all Spanish radio groups.

Amigo Radio Ltd.—the group which used to be known as Rodriguez

Communications—has filed with the FCC to take possession of a station it has been LMAing since 3/1. It will pay \$3M for KOKE-FM (formerly KHHL), which is licensed to Pflugerville, TX. The seller is **William Jamar**.

**RBR Observation:** This station already puts a good signal over Austin with its Class C1 signal on 98.9 MHz. But it's not a city-grade signal. But with a CP to change its city of license to Leander, TX and downgrade to Class C2, KOKE is going to city-grade every inch of the Texas capital—and its suburbs in all directions.

## Simmons divests an Albuquerque AM

Simmons Media Group is divesting one of its seven Albuquerque, NM stations—selling KIVA-AM to a new local owner for \$500K. Argon Broadcasting Company LLC, owned by John and Dorothy Argon, will also reimburse Simmons up to \$5K for the transmitter being obtained to complete the station's upgrade from 5kw to 10kw.

After the sale, Simmons Media Group will still have one AM and five FMs in its Albuquerque superduopoly.

## Radio One moving jazz downtown

Radio One (O:ROIA) has filed a request with the FCC to move its Indianapolis market Smooth Jazz station, WYJZ-FM, into town from the far suburbs. The Class A on 100.9 MHz is currently licensed to Lebanon, IN, on the northwest side of the Arbitron metro. Radio One wants to change that city of license to Speedway, IN, just west of downtown Indianapolis. Although Speedway is in Marion County, which has a unified city-county government with Indianapolis, the home of the Indianapolis Motor Speedway still has its own local government as well. Radio One's proposal says the move will eliminate short-spacings with WWKI-FM Kokomo, IN and WMGI-FM Terre Haute, IN.

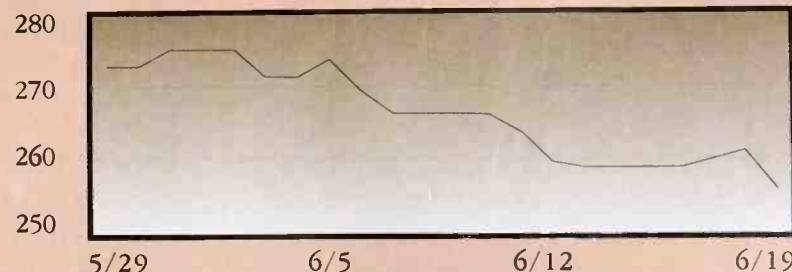
The FCC has set a deadline of 8/5 for comments on several issues: Whether Speedway does qualify as an independent community; Whether non-commercial WIRE-FM provides adequate service to Lebanon as the only remaining local station if WYJZ leaves; And whether the public interest would be served by the relocation, which would mean a loss of service to 35K people.

**RBR observation:** Sure looks like this is what former WYJZ owner **Bill Shirk** had up his sleeve when he fronted the money to launch WIRE. It's virtually impossible to get the FCC to approve a city of license change that leaves a community with no local station. But if you build a second station...

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