

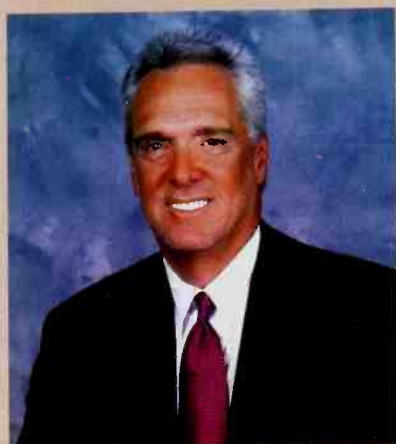
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Radio Business Report

Voice of the Radio Broadcasting Industry®

Volume 20, Issue 5

May 2003



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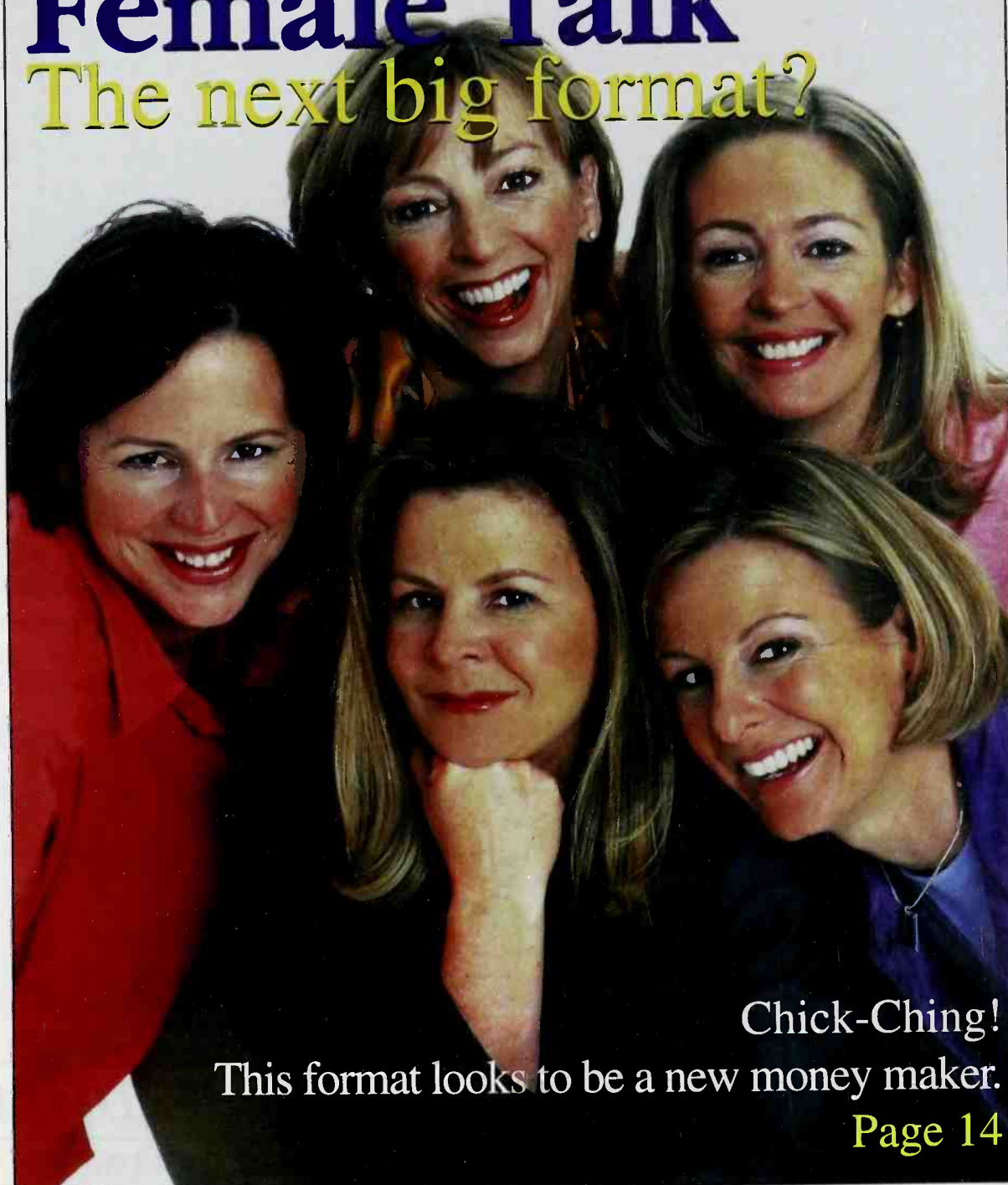
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RADIO NEWS®

Women are where it's at

Most advertisers are trying to induce individuals to buy their product. In most cases, this clearly means that they need to induce women to buy their product, according to a recent study by national radio rep firm Interep (O:IREP).

Not only are women out in the market more often, they frequent more types of markets, including the newest and fastest growing of them all: the Internet.

Radio is a great way to find this crowd, particularly via certain formats, including any Adult Contemporary, Contemporary Hit Radio and Urban Contemporary. New attempts at corralling the female audience are currently playing out as well (see related story, Page 14-16)

Here are some stats from Interep showing the influence of women on spending in the USA. Note that in all categories, the women are undefeated.

Shopping	Women	Men
Department store, 4X last 30 days	45%	33%
Catalog by mail, last 12 mo.	23%	17%
Catalog by phone, last 12 mo.	25%	19%
Catalog by Internet, last 12 mo.	26%	24%
Drug store, 4X last 30 days	18%	14%
Spends \$150 on food weekly	15%	9%
Sex of \$150 food shopper	64%	36%

Source: Interep study of MRI Research data

Women are also key players in making decisions on household purchases, even when the decision involves a traditionally male acquisition - - and we're not talking cars here. That's a big ticket item, for which you'd expect male and female input. However, women even have a big say on tools. Here's a list for your consideration.

Women participated in decision to buy:

Vehicle	92%
Television sets	80%
Kitchen appliances	80%
Tools	74%
Audio equipment	74%
Personal computers	69%

Source: Interep study of MRI Research data

Bush signs national Amber Alert bill



With the parents and recently recovered Salt Lake City abducted youth Elizabeth Smart present, President Bush signed 4/30 the National Amber Alert Bill that would create a nationwide system to help find kidnapped children and impose tougher penalties on child abusers, kidnappers and pornographers. Congress earlier this month passed the package of child safety laws, including a provision to go national with the Amber Alert kidnapping notification network (4/14 RBR Daily Epaper #73).

Also in attendance at the Rose Garden ceremony afternoon are NAB CEO Eddie Fritts, the families of Amber Hageman, whom the Amber Alerts were named for; and the families of Jacqueline Marris, and Tamara Brooks, two teens abducted in California last year and later rescued in California's first use of the Amber child-abduction alert system. Also in attendance were senators and congressmen.



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NRRC meeting with Act1 addressed buyers' concerns

At the 4/28 NRRC meeting at ABC in NYC that largely focused on Act1 Systems, a few important industry issues and questions were raised by Universal McCann VP/Director of Network Radio **Irene Katsnelson**. Act1 is the LA-based ratings service for syndicated programming not measured by RADAR. Act 1 buys the audience data from Arbitron and processes it into a product the syndicators and networks can use. The promise of the meeting was Act1 and what Act1 can do to make its software better—enhancements and what users are looking for to make their lives easier.

Katsnelson queried whether Act1 can work on providing details so buyers can do reach and frequency numbers. She wants to do pre-buys so when they're planning, they can say, "if I buy this, this and this, what is going to be the reach and frequency?" An Optimi\$er system for syndication and network radio, if you will.

Also present at the 40-person meeting were **Kim Vasey**, Senior Partner/Director of Radio, mediaedge:cia, MediaVest VP/Director of Network Radio **Chris Fontana**, Interop's/Concert Music Network's **Dave Logan**, someone from the MRC, ABC Radio Networks VP/



Irene Katsnelson

Research Dr. **Tom Evans** and Premiere VP/Research/NRRC Chairman **Len Klatt**.

Says Klatt: "The NRRC started as the grouping of the RADAR-rated companies. And we kind of expanded it so that we would talk to Arbitron about some issues in the event that we would make recommendations for possible enhancements. And then, Act1, because it is now virtually the Microsoft of network radio with regard to a third-party software system. It just made sense for us, because any software can be enhanced and we have found

that by having these meetings with the various different suppliers, they're very productive in enhancing the product we have and ultimately the product that the advertisers take away. This was the third meeting that [Act 1 President] Gary Davidson and Jerry Olsen [programmer] attended. This time around we also [invited] some of the network radio clients on the advertiser/agency side, and we wanted to have a very productive forum."

Katsnelson tells *RBR* what she's looking for is currently not available—a pre-buy system for network radio. "The reason I spoke out there is because Act1 is kind of a logical source because they house all of the competitive information for the networks and syndicators. They have all the lineups, they have all the audience figures—so I figured when else would I have everyone else in the same room?"

She asked Act1 if it's possible to get this data somewhere in the future. And the answer was it's conceivable, but it's a matter of cost and who is going to fund it and who is going to spearhead it?

People have been looking for an Optimi\$er/optimizing program in the network radio and syndication arenas for a while now, Klatt says. "It takes a while, but ultimately generally these things get developed over time. We're going to promote having more discussions with Gary about it. As well, we're talking about other enhancements for our clients as well, including different ways of laying out affiliate lists and analysis. The NRRC is out there working with the suppliers to give them ideas to help them enhance their products for the ease of use of not only the radio networks, but the agencies and clients as well."

Is Katsnelson willing to pay more to get the information? Currently the suppliers pay more for the service than the advertisers and agencies.

"Absolutely. There really isn't anything for network radio that enables buyers—this is more of a buying issue—to logically and intelligently buy the medium. We have Act1 where we do all the research and then we have RADAR where we pull that information. But it's two different sources. And as far as a buying tool, it doesn't exist. Most of the big agencies do their spreadsheets in Excel and it shouldn't be that way—it should be automated. So there are a lot of components that we will need and want and the question is who is going to spearhead this product?"

Look for more on this important issue here and in *RBR's* Daily Morning epaper - sign up at <http://www.rbr.com/signup.html>

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We ask General Managers from around the country to share with us, and you, their views of the industry. This time we quizzed:

Kent Dunn, Beasley Broadcasting, Augusta, GA

Ron Collar, Signal Media, Little Rock, AR

Julie Gade, Clear Channel, Lincoln, NE

"How did your advertisers react to the Iraq war and how did you respond?"



Kent Dunn

Dunn: Here in Augusta we've really been fortunate. There's been very little effect due to the war. We've had some shuffling and moving of schedules, but nothing to any large degree as far as cancellations. We've been pretty well protected on the local side.

On the national side, there have been a few accounts affected, but most of those were shifts and schedule changes, not cancellations. So we're pretty fortunate there.

Collar: I think we saw the typical good news / bad news scenario in Little Rock with regards to the Iraqi War. The good

news was that we saw a double-digit percentage increase over last year for first quarter. We saw a record billing month set for the month of March in our eight year history with our Classic Rock format on KKPT. For the month of March we ended up approximately 95% sold out without any first quarter deals or rate reductions on the station.

Sure, we had a first quarter package like everyone else in January and February, but we saw some competitors cutting their rates even for the month of March. This made it challenging but we decided to hold our normal rates in March because we didn't want to have to fight the rate battle again to raise them back up to normal levels in the second quarter once the war was over.

The bad news was...we did see some of the smaller local businesses tighten their purse strings during the first quarter due to the economic situation coupled with the impending war. Once the war actually started we had five or six revisions, but nothing too dramatic.



Ron Collar

Nationally, I think we had only one or two revisions. Some of that business has come back recently. The worse part about the war affecting normal business was the first day and everyone wanted to send us their war policy. I think we must have received over 70 or 80 that day and they all wanted it to be effective immediately. It, of course, took a few hours to read through all the war policies and determine which ones were changing any-

thing. Again, only a handful actually wanted to cancel their schedules. Most policies simply stated they were going to take a wait-and-see approach. Once our forces started slicing their way through Iraq fairly quickly without many casualties it seems many of the clients adopted a business-as-usual attitude. Second quarter is looking pretty strong right now, so I'm pleased with where we

are considering everything going on. I'm not going to attempt to over-analyze the conditions for fear I may jinx the situation.

Gade: Actually, in Lincoln, NE the response was probably not quite as apparent here in this area as it might have been on the East or West Coast. We seem, in a market this size, in the middle of America, to be a little bit more cushioned from the roller coaster trends that happen due to political or economic news. At least that's been kind of our attitude. When we've ever gone through any kind of economic upturns or downturns we haven't been affected too much either way in most cases.

But when it comes to war and being close to Offutt Air Force Base, we feel more vulnerable to attacks than at any other time. Advertisers tend to be reacting very much like somebody said, "Hey, business is going to go to hell in a hand basket in a matter of a month, so do something." So people are still advertising, but they're sort of wanting a lot more for every dollar they spend with us. They're demanding rate cuts more aggressively than ever—especially advertising agencies. It seems like they're taking advantage of this feeling of insecurity on the broadcasters' point of view. And that upsets me because a lot of broadcasters are caving, when in essence the war is basically controlled now. I think we need to get back to where we were before and not overreact.

How we responded was, number one, we had a major meeting with the staff and the sales department and went through "If you owned your own business, how would you be feeling right now, not knowing really what's happening?" We have to get back down to the basics and make our clients understand that this problem is no different than any kind of economic downturn. It's more important to hold onto the consumers that you, the client, have worked so hard to get, rather than to just quit advertising and let your competitors take over. We've all heard of the studies that have been done about economic downturns and that it's better to maintain advertising continuity than to cut ad spending and let your competitors take it over. In fact, it's been proven that the companies that maintain their advertising in tough economic times not only maintain their customer base better than their competitors, but they gain at much higher speeds once the economy returns. We've reiterated that to the sales department. The sales department felt it was beneficial because they had some open conversations with their clients.

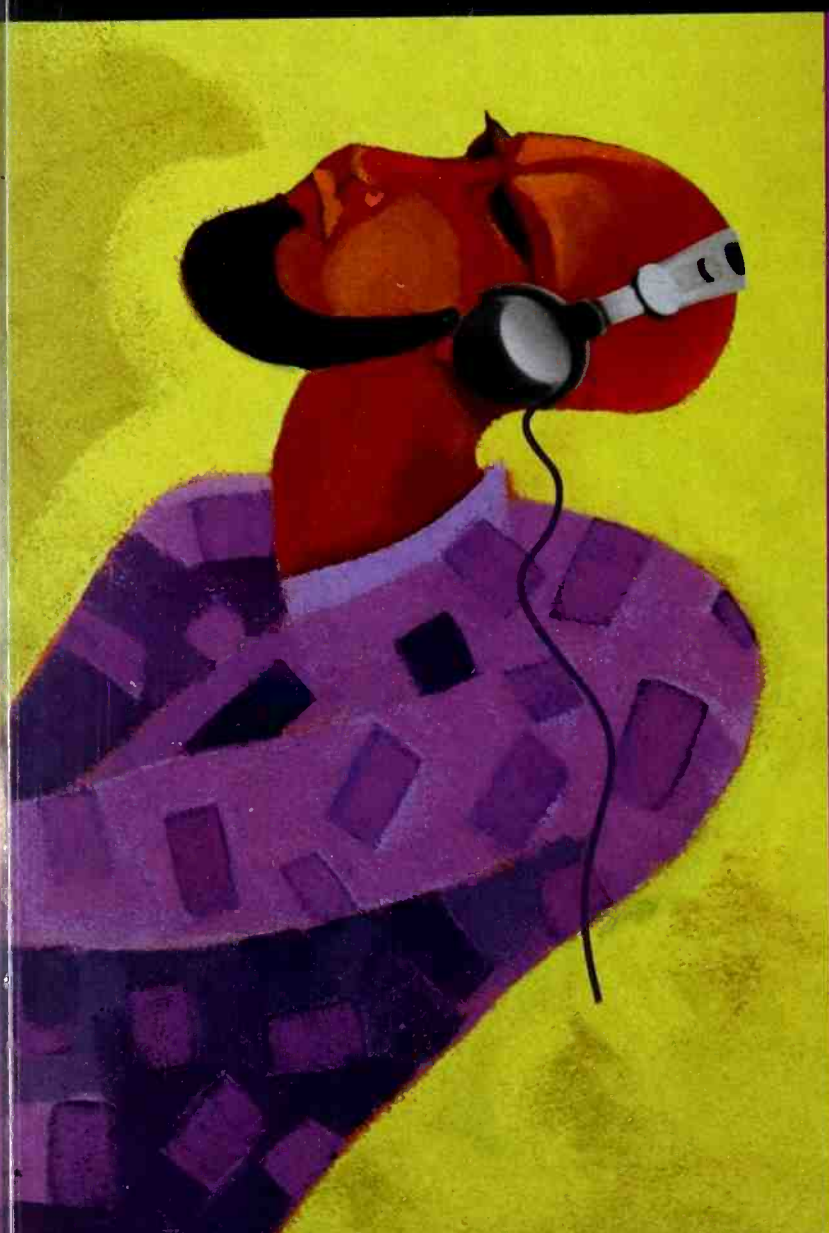
The sad truth of the matter is that because so much of our revenue comes from agencies, we were not able to have these "open conversations" with some of their clients or the decision makers at the agency level. Because of this, we put together a letter, "So what do we do with this war and advertising?" to remind ad agencies, media buyers, clients, anybody that would get our invoices and any of our correspondence, the importance of not stopping your advertising efforts. The good news of the day, however, is that, because the war was handled quickly, business should be back to normal as quickly. In fact, one car dealer told us just yesterday that, on the day they toppled the statue of Saddam, they sold 11 more cars than the day before.



Julie Gade

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African-American audience measurement issues

In Part III of our Measuring Minorities series, we look at African-American audience issues. Decreasing diary response rates in both Arbitron's local market and RADAR service may be impacting the company's efforts to accurately measure African American audiences. And it's not just a measurement issue alone. It's about labeling and reporting as well—both on the local market and network market side. For one, local market subscribers have not yet realized, or at least reacted to the fact that when Arbitron started in Winter 2002 to collect information on Hispanic households and Black households for all potential respondents, its methodology is to first ask a question to determine if the household is Hispanic or not.



Tom Evans

That changes the numbers, says Dr. **Tom Evans**, ABC/ABC Radio Networks' Director of Research: "We discovered that on the RADAR side [read in Part IV-June issue], but it's still a mislabeling on the local side because they're still Black. When people plan and buy local radio, they think they're getting total black listening. And in reality, they're getting the Black non-Hispanic listening. Now I'm surprised that no one has ever raised this issue in the past—until the networks

discovered. Arbitron is saying they can't make any changes until we make this grand new processing system change in 2006. But they're not talking or educating the marketplace when people are looking at this that they're not getting total Black listening."

For the reporting issue, Evans says Arbitron is only using Black listening data it's collecting from every household in those markets with DST (differential survey treatment). "They're only using it for that and they're only using it for RADAR and nationwide. They're not really using it on the local market side. So in reality, they're not really reporting all of Black listening in the DSTs. And in non-DSTs, they're not reporting Black listening at all. These are sort of major issues—because while there's a measurement issue, there's also a labeling and reporting issue that needs to be discussed and resolved [we discuss later]."

He reiterates, "Somehow, people need to be educated to those facts so that when they're planning and buying radio, they know exactly what they're getting, in terms of audience estimates."

Arbitron VP/Communications **Thom Mocarsky** says that in the 174 markets that are classified as Black and/or Hispanic, it always asked for race/ethnicity: "What we did in Winter 2002 is expand the

question to every call to every household—even markets like Charleston WV, which in the 2000 census boasted an Hispanic population 0.61%. We ask "Hispanic" first, except in markets like Detroit that are Black DST only (and not Hispanic DST). Then we ask Black first."

Surprisingly, the issue largely reverberates on the research side rather than the buying side, says PHD SVP/Local Broadcast Director **Pete Stassi**. "I really don't think these are buying issues, because we really don't challenge the numbers on how they're developed. That, to me, is a research issue. We just had a meeting at the AAAAs with Arbitron, talking about numbers in general and being able to justify post-buying based on survey you're actually airing in. And we had come to an agreement that Arbitron and the AAAAs research committee were going to come to grips on answering this question. We thought we answered this in Nielsen, based on market size, sampling size, ratings size, number of stations in a schedule, number of announcements purchased. All weighted separately and then aggregated to come out with what we feel is a reliable number."

Response rates

On the measurement side, general market has its issues—especially with younger males. If you look at African Americans or Hispanics, or even Men 18-34 non-ethnic, Arbitron has seen there's a problem. As well, the industry has brought to its attention that there's a problem with returns and representations of certain groups. Now they're instituting special procedures to try and get more returns back from these demos.

How bad was Arbitron's response rate for Fall 2002? A study by Katz says response rates dropped 4.4% from the previous year's fall book to 34.4%. As well, Arbitron recently announced response rates dropped from 36.2% in Winter '02 to 33.9% in Winter '03. For an ongoing fix, in some Urban markets, African American diary-holders are getting paid \$10 to return the diaries. That's going to expand, as you'll read. But returning diaries isn't the only issue—it's getting consent to fill out the diaries in the first place. Says Katz SVP/Director of Strategic Planning/member of the Arbitron Advisory Council **Gerry Boehme**: "That's what's killing the response rates in general—is the failure to get agreements in the first place."



Gerry Boehme

He adds, "In the top 10 markets, Arbitron's program instituted last fall, "Promised Incentive," is trying to boost the return rates even more by paying a

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follow-up premium to Black and Hispanic households, because they felt that would actually have a significantly favorable effect in terms of return rate. And it did."

He's right. Arbitron reported its average return rate (people who received and returned a diary with useful data) declined only 0.8 points from Winter '02-Winter '03. However, Arbitron says the average metro consent rate declined 3.3 points from 63.1% in Winter 2002 to 59.8% in Winter 2003.



Glenn Bryant

Local market does have its concerns, according to **Glenn Bryant**, American Urban Radio Networks' (AURN) SVP Operations: "My direct contact is with the local stations. I know that the local stations in general feel that they're not getting adequate measurement of the African-American consumer by Arbitron. They've done better than they have in the past for diary. But a number of stations are just not happy with the measurement policy, taking

into consideration the decreases that have taken place in the African-American market."

"Our effort to address response rates is a serious and ongoing concern at Arbitron," explains Mocarsky. "As an organization, we are spending more than we ever have working to interdict the decline in response rates and dealing with the consequences of the industry-wide slide in response rates."

He adds, "We have started a policy for every household that identifies itself as Black or Hispanic—even if it's not in an ethnically controlled market—will get enhanced premiums [more money]. There was a concern with RADAR. We made the transition that only those markets with ethnic controls get the extra premiums. That is no longer the case. Now, any household that identifies itself as Black or Hispanic, no matter what market it's in, will get enhancement. We want the return rates of Blacks and Hispanics to be equal to the return rate for the population at large—if we have to spend extra money to do it, if we have to make extra phone calls to do it, we'll do it. That's our goal."

More work toward fixing the problem may be in store. "Yes, response rates are down. They are lower than we would like them to be," says Dr. **Ed Cohen**, Arbitron VP/Domestic Radio Research. "We are going to unveil some new initiatives very shortly. It's something that does concern us, but not something that we think should make everybody head for the hills. We go to extraordinary lengths to get African Americans into our service—in terms of calling, in terms of the tests we do and the proportionality of the sample. By ethnicity, we do an excellent job representing African

Americans. If you look at our index of proportionality or the ethnicity bounce, we've been dead-bang on for the past 10 years (see chart)."

Arbitron Advisory Council Chairman/KZST-FM Santa Rosa, CA **GM Tom Skinner** says there is something that's "fairly controversial that's going to be presented at the 5/1 meeting [past our deadline here] in front of COLRAM, myself, MRC and others. We've all decided that it's so controversial we're not going to talk about it until they give us some more details."

Mocarsky explains further: "We will be reviewing proposals for a number of research initiatives. Some parts of the program are not controversial. But whole program is aimed at bolstering response rates, improving sample proportionality and improving some other measures of sample quality that has not been discussed. We're still making decisions and financial analyses around various incentive programs as we go, so I can't tell you much more for now."

Sample proportionality

If you look at the performance over the last few years for African-Americans, and also for Hispanics, one of the measures used is sample proportionality—which means does a sample percentage for that group match the population percentage? If the proportionality is below 100, if it's low, then each diary there counts for more than each diary in other groups—just because they're not getting as many back in relation to what the population is. And the performance for both African Americans and Hispanics is actually pretty good (see chart).

But the bottom line is when a sample is too small, all the weighting in the world isn't going to make it accurate. Boehme says every time there's an industry meeting, Urban broadcasters (as with general market) are concerned with decreasing numbers of diaries being placed: "Because of the

Average Metro Sample Representativeness Index of Proportionality

	Black	Hispanic
Fall 1992	92	102
Fall 1993	94	92
Fall 1994	91	92
Fall 1995	99	98
Fall 1996	103	98
Fall 1997	99	96
Fall 1998	97	98
Fall 1999	98	100
Fall 2000	98	103
Fall 2001	93	97
Fall 2002	96	100

An index of proportionality of 100 means that the percent of blacks in the sample matches the percent of blacks in the population exactly. 6.6% black in-tab divided by 6.8% black population equals a 97 index of proportionality. How to judge index of proportionality: 85-90 and 110-115 is good; 90-95 and 105-110 is very good; 95-100 and 100-105 is excellent.

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Beverlee Brannigan, Operations Manager
KFDI-FM/KFTI-AM/KYQQ-FM
Journal Broadcast Group, Wichita

what

"Our audience is very happy with the music. The technical aspect is extremely well done. We're pleased with the presentation, professionalism and service. It's a good quality product."

Henry Gonzalez, Program Director
WNCT-AM, Beasley Broadcast Group, Greenville

they're

"In its second month on air, the La Maquina Musical format on WNWZ exceeded its budget by 83%. Viva La Maquina!"

Bobby Duncan, Program Director
WGRD-FM/WWWZ-AM,
Regent Communications, Grand Rapids

saying

"The format is perfect for our area and our listeners. The service is virtually flawless. And now La Maquina Musical's 25-54 ratings have caused regional advertising agencies to buy us consistently."

Martie Miller, Market Manager
KBKL-FM/KEKB-FM/KKNN-FM/KMXY-FM/KEXO-AM,
Cumulus Broadcasting, Grand Junction



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targeting that takes place in radio stations now, while Arbitron might do a good job of getting representative sample from all the different groups based on the total sample size, it's the individual number of diaries in every case that people quarrel with. If Urban appeals to 10% of the population, so it's only 10% of the diaries, in a small market, how many diaries really is that?"

"I think it's always been less reliable for African-Americans, for the Latino audience and for the Male 18-24 audience," concurs Radio One COO **Mary Catherine Sneed**. "From the beginning of time they've had these issues and it just seems to me that at this point they would have figured out something. I think the problem is that they are not visionaries. They did not look into the future. They were living for the next five minutes, which is exactly the problem they have right now with the Hispanic population. I mean you could have looked back 20 years ago when I first went to LA to work with KOST-FM. When I saw how fast that population was growing, I knew that station had to mirror the market with Latinos in order to ever be a really big station—the PD and I both knew that. And we programmed the station accordingly. Did they not have the same information that I had?"



Ray Hockstein

The problem spreads to syndicated qualitative research suppliers as well. "In the vast majority of the top 25 metro areas, both Scarborough and Media Audit undersample this population segment," explains **Ray Hockstein**, VP/Research, Interep. "Consequently, the sample receives considerable weighting, which compromises the reliability of the estimates and leads to reduce utility of the data for both the buyer and seller."

That weighting is also part of DST, which involves additional

premiums as mentioned above, extra techniques and special sampling areas to make sure the African-American community is properly represented.

"We do right now 130 markets with Black, African-American DST," explains Dr. Cohen. "That essentially means we weight for it and do different survey treatments to try to make sure the proportionality is good. Our proportionality is really very good. There are a handful of small markets that don't do as well—they tend to be small, low-percentage, low-penetration markets. The worst one is Decatur, IL. Muskegon, MI doesn't look great either. But when you look at the large markets or large-penetration markets, they tend to stay right around the 100 index (see chart), which is right where we like them to be. Some of the markets will have problems now and again and we work on those."

"For the most part, our markets are good as far as proportionality, but that's because we're all in major markets," says Radio One Director, Corporate Sales and Marketing **Mario Christino**, who spent 15 years working for Arbitron. "In your top 20 major metropolitan DMAs and metros, they've done a decent job as far as proportionality goes. It does become a problem if your break it down into African-Americans by age, by sex."

Increased sample size—a solution?

As we've stated, there's a direct relationship between the size of your sample and the quality of research, all other things being equal. The argument Arbitron has been making with the advisory council and others concerned with response rates is a high quality sample size is important as well. "It brings increased stability to the ratings," says Mocarsky. "Remember the RADAR sample argument where we vastly increased the sample size transitioning to diaries to 50,000? That led directly to increased stability of the ratings and estimates. It leads to the ability for smaller, more niche stations to be reported, it allows you to establish more rigorous weighting designs that we also introduced in RADAR."

An option Arbitron offers to broadcasters is to increase the sample size. However, stations have to pay extra. And when it adds up across markets, some broadcasters aren't happy with it. Says Sneed: "It's ridiculous, and even in larger markets, to get the extra sample to do the job correctly, they actually charge us, the radio stations. You do your whole deal, but then there's another fee for extra sample. That started a couple of years ago."

Why are those programs needed and why does Arbitron have to charge? "There are two sample increase programs," says Mocarsky. "Back in 1994, working with the Advisory Council, we put out the major phase of our sample increase program for continuously-measured markets. You can get a 70% increase in sample for a 4% increase in your base Arbitron subscription price. For the smaller, two-times-a-year measured markets, you can get a 40% increase for a 2% increase in your base Arbitron price. Two or three years ago, we came up with a supplementary sample increase program for the small markets, which was more tiered. There were more options to choose from."

A shot in the arm for consent rate problems?

Consent rates have taken a beating, largely because of the number of telemarketers out there and the huge amount of cell phone usage. Says Dr. Cohen: "I can't wait for that FTC do not call registry to get started because that won't include us. Anything that cuts down the number of telemarketers helps us."

Well, good news in Arbitron's battle to get higher diary placements and thus higher response rates. The telemarketing industry suffered an early setback in its attempt to derail a national "do not call" list that could allow consumers to block many unwanted telemarketing calls. Arbitron's attempts to secure diary placements would not be considered telemarketing as the rule now stands. U.S. District Judge **Lee West** in Oklahoma ruled 3/26 that telemarketers must comply with new regulations drafted by the FTC, even as they sue to stop the rules, because they were not likely to win their case.

Prompted by a wave of consumer complaints, the FTC announced last year that it would set up a list of households that do not want to receive telephone calls. Telemarketers who call numbers on the list after October could face fines of up to \$11K per call.

In Part IV of our series, we discuss network radio measurement issues as it relates to African-American audiences, as well as the resulting marketing issues for those catering to the demo.



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Radio's search for women

Infinity's (N:VIA) WNEW-FM New York spent years and years in the Rock quarry, for the benefit of its mostly male, usually shrinking audience. Even in the somewhat resurgent days of **Opie & Anthony** in recent years, it was never a threat to climb to the top of the general Arbitron ratings heap in the Big Apple radio wars.

To say that O&A, via their infamous misadventure involving St. Patrick's Cathedral last summer (8/20/02 *RBR* Daily Epaper #32), drove the station over the edge of the quarry and turned it into a twisted wreck at the bottom is perhaps an understatement.

O&A *were* the station's ratings—all other dayparts lagged far behind their afternoon drive time slot—and when they were chased off the air almost their entire audience went with them. The drop-off in male listeners was particularly precipitous, especially among the younger segment of the audience. The destruction was calamitous and nearly total. And Infinity decided to start over.

Hello, women of New York

Big Apple, say hello to Blink 102.7. Described as "contemporary music mixed with Hollywood news, celebrity gossip and features on trends, fashion and pop culture," it put young women squarely in the crosshairs at its coming out party 4/10 in Manhattan (4/11 *RBR* Daily Epaper #72).

Soft and light are two words that come to mind when looking at the station's new personality. An Entertainment Tonight veteran (**Chris Booker**) and J-Lo's sister (**Lynda Lopez**) have been installed in the all-important morning drive slot. Musical talents celebrating the new format included **Sheryl Crow**, **Mariah Carey** and **Shania Twain**. Talents mentioned as being core to the new format included **Michelle Branch**, the **Dixie Chicks** and **Etta James**. It's announced co-sponsorship of a concert performance from Grammy-winner **Norah Jones**.

The station calls itself free-form Top 40. Infinity's **Andy Schuon** said, "We are not a Pop station, Country station, Rock station or Dance station. We're going to play songs that we think our audience will like. It's a very broad concept, but it's inclusionary."

Nothing new about going after women

If the WNEW situation seemed to be more than a simple format flip, it's because it has put a spotlight on the female radio audience.

Women have always made up a huge share of the audience. And they've never been that hard to find, either. Just look for stations playing Adult Contemporary. Whether it be Mainstream, Hot, Soft or Modern, AC is where it's at for many women, particularly in the formats starting at age 25 and older.

CHR is a big winner among the younger set. Oldies also enjoys a certain amount of popularity.

There's an interesting divide among the two main formats bridging the years between Oldies and Currents, however. Women gravitate to what has come to be known as Classic Hits, while Classic Rock leans heavily male.

Women generally stay away from Rock, and they stay away from the News-Talk group of formats.

Women are also known to be a prime catch by advertisers. In many, many households throughout the United States, women do most of the shopping, and often, most of the decision-making when it comes to how the family income is spent (see related story, Page 2).



Delilah

Working the crowd that's already there

If it takes one to attract one, then Jones Radio Network talent **Delilah** has been capturing women for quite awhile now. Using a version of AC with warm, rounded borders (no sharp edges here), she has been playing music for and talking to women from coast to coast with great success.

She fills the evening slot, 7P-12M. 40 minutes are devoted to music, and 10 minutes go to commercials. That leaves 10 minutes for Delilah to talk. This is done around song requests—out of an average of 11 titles per hour, five are requests. The result is an extremely loyal audience that tends to buy what she tells it to.

The show is heard in 217 markets, including most of the top 25. In 72 of those, she was ranked #1 in her time slot.

What's interesting is that, although women make up the majority in her audience, a significant portion is male—she typically gets a 60% female/40% male mix.

Jones' **Jim Lamarca** says that there is a certain amount of voyeurism in the male portion of the audience—some guys just want to hear what women are saying to one another when they think the guys aren't listening.

In 100 markets or so, Delilah hands over her audience to Jones' overnight AC talent, **Dave Winger**. Whereas Delilah's show is intended to be listened to while putting the kids to bed or while enjoying an end-of-a-tough-day glass of wine, Winger plays to the night owl crowd. His audience is even more female than Delilah's, breaking down closer to 70% women/30% men.

Other Jones talent also go after female demos. **Lia** pulls in a fairly youthful 60% female crowd of Country fans in 185 markets, and **Alan Kabel** is picking up steam with a new Hot AC show which has now surpassed the 25 affiliate threshold.

How do you Talk to women?



Dr. Laura

The Talk format, with all of its rapid and pervasive growth since **Rush Limbaugh** blazed the trail, has pretty much left women behind. Men are twice as likely to be tuned into a radio Talker as women are.

In fact, there are basically two kinds of Talkers. On one hand, there is Limbaugh and a vast roster of voices espousing one hue of Conservatism or another. On the other hand you'll find **Howard Stern**, **Mancow Muller** and their ilk—shows which are directed primarily to a male audience.

There are notable exceptions. Clear Channel's (N:CCU) Premiere Radio Networks has had enormous success broadcasting the advice and opinions of **Dr. Laura C. Schlessinger** from coast to coast. In fact, here 12M listeners (who keep in touch through some 300 affiliates) are second only to Limbaugh on the radio network leader board. Her focus on family counseling and other such issues is certainly more in keeping the attracting a female audience.

Over at Westwood One (N:WON), **Laura Ingraham** is bringing

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a female perspective directly to Limbaugh's conservative political stomping grounds. In two short years since a 4/30/01 debut, she has managed to build 175-market affiliate base, including many of the largest ones.



Satellite Sisters

Female Talk: The next big format?

RBR asked consultant **Guy Zapoleon** about the prospects for a female Talk format. "I definitely think there is a market for a fulltime female Talk-oriented outlet. Will the share be huge? Not 12+, but with the share compression going on in radio these days, I think this format has the opportunity to become a very successful 25-54 female brand."

Zapoleon noted that women have their own TV shows, like **Oprah**, and entire basic cable networks, most notably Lifetime. "I have to believe female Talk radio will eventually be successful. Obviously the key is to establish a need for it with the potential female audience and make it a habit. This will take lots and lots of patience. It's not going to be an immediate success, but with consistent and effective marketing and given something like two years to build an audience, female Talk will find its audience."

One such show blazing a new trail is the Satellite Sisters, brought to America by ABC Radio Networks (N:DIS). The live offering originates from Los Angeles Saturday mornings and runs from 9A-12N eastern (6A-9A in LA). It kicked off 2/8/03.

It already boasts a number of top markets, including Washington, Atlanta and Phoenix, to name a few. It's pulled in over 40 affiliates so far.

The sisters really are sisters—**Julie Dolan Smith, Liz Dolan, Sheila Dolan, Monica Dolan** and **Lian Dolan** range in age from 37 to 47. Second sister and News junkie Liz got the ball rolling—she wanted a Talk program that featured talking as opposed to shouting, among other things—and covering a wide range of topics. Her efforts, and recruitment of her sisters, has led to a book, "UnCommon Senses," a regular column in Oprah's magazine, and the radio show.

According to publicist **Edie Emery**, they'd be more than happy to expand the format. And initial results may lead to such a decision.

"The feedback from our affiliates has been terrific," said ABC SVP **John Rosso**. "The Satellite Sisters are opening the door to advertisers that don't traditionally by Talk radio. One of our

affiliates recently got a 52 week order from an advertiser that's never used radio before."

Another early entrant onto the airwave is ChickChat, featuring a female threesome who got their start hanging out together in Washington for drinks after work—they were all at the same telecom company. They thought their typical discussions—on "things like how to meet men, the cellulite battle, second wedding etiquette, Internet dating and much more," says one of the ChickChatters, **Jacy Cowgill** (pictured right top). By 2002, they'd put together a demo, and as of now, they are on the air on a small network of stations in Colorado and in Boston.

In addition to Cowgill, the trio includes **Heidi Hanzel** (middle) and **Lara Dyan** (bottom). The show is currently self-distributed.

The show airs weekdays from 2P-3P. Like the Sisters, it is also entertaining thoughts of expansion. Says Business Manager **Chandler Van Voorhis**, "Our plan is to go national, and we're in active discussions with a major syndication company that would expand the format with longer hours and provide a significant affiliate base."

The audience is out there. "Among the many accolades ChickChat receives from its listeners is 'It's about time,'" said Cowgill. "Everyone is excited to hear a new point of view from the other 51% of the population."


Corporate interest is there as well. Noting research which shows that women make 85% of all household spending decisions, Cowgill said, "We are in talks with major nationwide sponsors—there are obviously many good fits for us, and we are looking to partner with companies that will mutually enhance both brands."

While ChickChat originated in the Washington area, it isn't yet heard there. However, WASH-FM has its own trio of female gabmeisters—the Clear Channel AC institution turns over its mic for three hours every Sunday to **Erica Hilary** and **Debra Leigh**, where they hold forth in a show called "Girl Talk." Leigh, on staff as a swingshifter, came up with the idea for the show.

RBR observation: Watch out, here it comes. The hole is there, wide and gaping. Talent is in development. Syndicators large and small have their hand in. Research is coming into focus. An audience sitting on a massive pile of money, and in many families, with primary authority to spend it, is out there waiting. Female Talk radio isn't a matter of if. It's a matter of when.

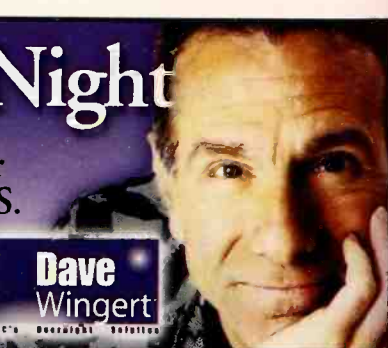


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Norm Pattiz: Bringing US-style broadcasting to Iraq

Having won a military victory in Iraq, President **George W. Bush** has now turned to trying to win the hearts and minds of the Iraqi people. The man he has charged with a large portion of that task is **Norm Pattiz**, Chairman of Westwood One (N:WON), a member of the government's Broadcasting Board of Governors and chairman of its Middle East committee.

"About two weeks ago we got a call from the White House, asking us how quickly we could get some television programming up in Iraq," Pattiz told *RBR* in an interview 4/18.

"We went to work and I got back to them with the following suggestion—that we produce two hours a day of internally produced nightly news, using our Arabic staff from Radio Sawa, and that we then contact the news networks to get permission to rebroadcast [their newscasts]," he said.

Thus it was that on 4/21, Iraqis were able to turn on their TVs and see a few new faces delivering the evening news: CBS's **Dan Rather**, NBC's **Tom Brokaw**, ABC's **Peter Jennings**, PBS's **Jim Lehrer** and Fox News Channel's **Brit Hume**. CNN was also invited to participate, but declined.

"We will take their existing English language broadcasts, unedited. We will then overdub them into Arabic and transmit them," Pattiz explained. So all five US network newscasts, minus the commercials, are being broadcast throughout Iraq. Because of the time difference, the newscasts air a day after they are seen in America, beginning about 12 hours after the live broadcasts in the US.

The news package, including both the regional newscast and the US network rebroadcasts, is being called "Iraq and the World." It is part of an ambitious effort that White House officials say will show Iraq what a free press looks like in a democracy.

Initially, the broadcasts are being distributed by a Pentagon C-130 aircraft "Commando Solo" which will be a flying broadcast tower. As this issue went to press, US forces were working to restore electricity to many parts of Iraq and to put terrestrial transmitters back on the air.

Pattiz says that although only 13% of Iraq's 24M people have a TV set in their homes, he expects many more Iraqis to view the US-provided news programming.

"It reminds me of the 50s—I'm old enough to remember that—when someone on the block had a nine-inch TV and we all went over there every night and watched television," he said. "It will still have tremendous impact."

"Iraq and the World" is operating with emergency funds

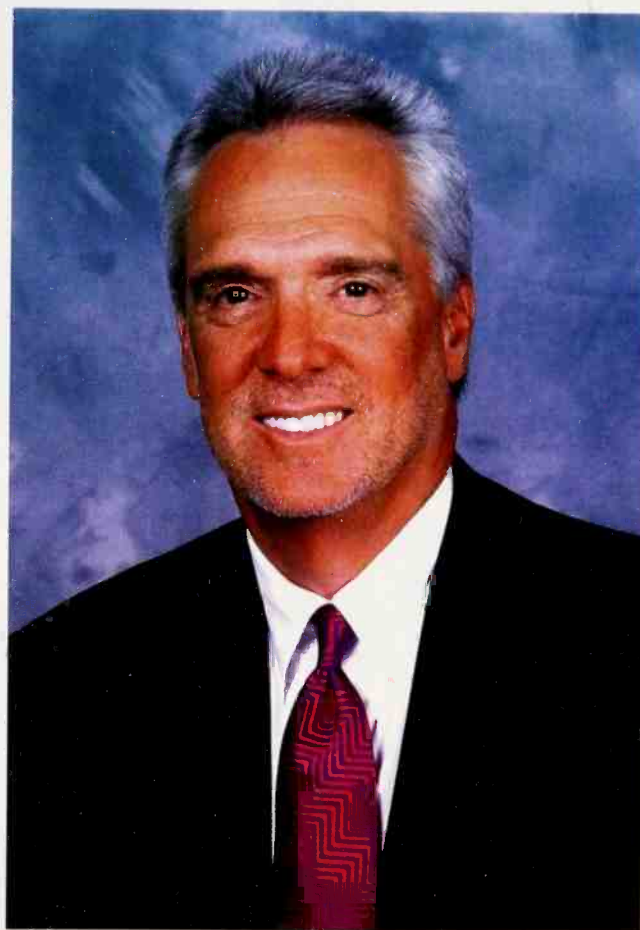
authorized by the White House, so Pattiz doesn't know how long the project will go on. "We agreed that it was really important to get some balanced images on the air, considering what they've been seeing for the last three decades," he said.

"It's a really tough environment," Pattiz said of the former Iraqi state media. "You've got hate radio and television, incitement to violence, disinformation, government censorship and journalistic self-censorship. It's from within that environment that the Arab street develops its opinions of the United States—of its policies, of its people, of its culture. So our mission is to promote and sustain freedom and democracy through the free flow of accurate, reliable and credible news and information. It's a journalistic mission. In so many words, it's to be an example of the American free press and its tradition. What better way to do that than doing it by example with our own Arabic service and showing examples of actual American news operations and how they cover the news."

Ultimately, Pattiz plans to have a 24/7 Arabic TV network on the air by the end of this year—a network driven by news and information, but with entertainment programming as well. The government's International Broadcasting Bureau (IBB), which is overseen by the Broadcasting Board of Governors, has received funding to move ahead with that project to deliver satellite TV programming to Iraq and many other Arab countries.

How will he measure the effectiveness of broadcasting US TV news to Iraq, we asked?

"We won't be able to measure the impact initially, because we don't have the resources to do research," Pattiz said. "But eventually we'll be able to do that. We do research throughout the region on Radio Sawa. We do music research and also news and informational research in the Gulf, in Oman, in Kuwait and in Egypt every single week on Radio Sawa. Eventually we'll start to do research in Iraq as well."



Norm Pattiz, Chairman of Westwood One

Playing the hits—in Arabic

It was launching Radio Sawa last year that first had Pattiz being interviewed in the *New York Times*, *Wall Street Journal* and just about every other major publication you can name.

Based on his experience in US commercial radio, he had an idea what would appeal to young listeners in the Arab world as well—less talk and more music. And while Radio Sawa—which means "Radio Together" in Arabic—carries more news than you might expect to find on an American CHR station, it



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embedded reporter in Iraq

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is making inroads with the under-30 crowd. That target audience is important because people under 30 make up 60% of the Arab world's population of 280M.

"Sawa is doing spectacularly well," Pattiz told *RBR*. "We've got a music-driven radio station that brings you anywhere from 15 minutes to a half an hour of news hourly, depending upon the time of the day, but is primarily music driven. Over the course of a week it reaches 90% of its target audience. Our target audience is the 15 to 30 year old audience for music."

Like American radio stations, Radio Sawa uses research to make sure it is reaching its target audience.

"When you ask the question, along with the music research, 'What is your favorite radio station,' over 50% of our target audience say Radio Sawa. When you ask the question, 'What radio station do you listen to most for news?'—when we started asking that question in July—1% said Sawa. Now, over 40% say Sawa," said Pattiz, sounding very much like the California program director he was decades ago. "And when you ask, 'What radio station has the most reliable and truthful news?,' over 30% say Sawa. That's just amazing for a radio station that is clearly an American radio station."

During the war, the Iraq service of Jordan-based Radio Sawa carried a much heavier news load—sometimes hours of wall-to-wall news to inform its Iraqi audience what was happening with the US and British invasion to topple the regime of Saddam Hussein. "Now that the war has concluded, we've gone back to the traditional format, which in the most music-intensive hours has 10 minutes of news at 15 past the hour, five minutes of news at 45 past the hour and three minutes of news at the top of the hour," Pattiz explained.

In addition to Iraq, Radio Sawa is aiming programming at all 22 countries of the Middle East. "Right now we have five different program streams—it's all in Arabic, but there are

different dialects. We have one program stream that is directed entirely at Iraq, one that's directed at the Persian Gulf—which would include countries like the United Arab Emirates, Qatar and Bahrain. Another stream that is focused on Jordan, the West Bank and Jerusalem. We have another stream that's focused on the Levant, which would include

Egypt, Lebanon and Syria. And then we have another that's more toward the Sudan and Yemen. The only area that we're not covering at this moment, but our transmitters are under construction, we're not really covering that much of Saudi Arabia yet. But we expect to be able to do that before the year is out," Pattiz said. "We're also doing a new service that we started in December to Iran in the Farsi language, with a music-driven format similar to Radio Sawa and it's doing swimmingly well."

While membership on the Broadcasting Board of Governors is supposed to be a part-time job, it's become almost a second full-time job for Pattiz. He's made four trips to the Middle East in the past two and a half years. "I haven't learned Arabic, but I have learned a lot about Arabs," he laughed, "and I've learned a lot about the Arabic media."

Living in LA, Pattiz says he is able to begin making phone calls regarding the Middle East projects from about 6:00 am, put in a full work day at the Westwood One offices, then deal with the Middle East again in the evening. To him, launching these new projects overseas is like a repeat of the excitement he felt in building Westwood One.

"You know, starting a company like Westwood One in a one-room office with one radio show and seeing it develop into what it is today is pretty exciting stuff, but this is off the charts. It's a real gift to be chosen by two presidents to be involved in some-

thing that is as important as it is today that takes advantage of what you've done all your life for a living," Pattiz said. "It's a real gift."



On the air at Radio Sawa's studios in Jordan.



A Radio Sawa newsman prepares his copy.

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Hip Hop host
Chuck D

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Reflections host
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Second RAB Women's Management Course hailed a great success

The RAB's second Women's Management Course at RAB's Radio Training Academy was held in Dallas 3/31-4/3. Several of Radio's most successful women were featured as guest speakers, including **Joan Gerberding**, President, Nassau Media Partners; **Nancy Vaeth** Dubroff, SVP/Regional Manager, Susquehanna; and **Mary Bennett**, EVP/National Marketing, RAB. Public speaker and author **Linda Wheeler** made a special appearance to outline distinct career-hampering characteristics that can impede women in their professional growth and advancement, particularly their relationships with other women. She also discussed how women can compete with one another successfully with both integrity and excellence.

As with all of the RAB Academy's management classes, the Womens' Course offered general sales management skills and techniques, with an emphasis on topics like "Time Management: Creating A Balance," "The 'Genderation' Gap," "Communicating Upward," "Public Speaking and Presentation Skills," and more.

RBR asked a few of the attendees what they took with them from the course:



Anita Dixon

What was the most important thing you learned at the event or the most important issue discussed there?

Anita Dixon, SM, WMEV, Marion, VA: the most important and exciting thing I learned is just what a valuable resource the RAB is to our station. We have called on their services in the past, but I was really unaware of the depth of service they are willing to offer. We need help with NTR, and I now know we can call and get our

questions answered with a smile!

Rene Strong, Director of Sales, KWEY, KQMX, Weatherford, OK: While just about every subject or issue was very relevant and beneficial, I think what impressed me most was learning how much I had in common with all the other women in management, and discovering just how sincerely dedicated the RAB staff is when it comes to helping us find answers, information, and more efficient methods to accomplish our goals.

Patti Mills, GSM, Beasley Broadcast/Las Vegas: The most important issue discussed was the industry's evolution to combined staff cluster-selling vs. separate staffs for separate stations. It was evident that there are still many quite complicated systems that groups are using to balance the client's need for one-stop shopping with the station management concern for budget accountability. Our full-on cluster-selling system meets both challenges successfully.

Do you think the Women's Management Course is a valuable tool for your career? Why?

Dixon: I definitely believe this Women's training course has greatly impacted my motivation, and well as the networking I was able to do with ladies in the same position I'm in across the country who are willing to share promotional and manage-



Rene Strong



Patti Mills

ment ideas. I was able to bring back very valuable training aids and materials and it has already made a difference in the way our sales team is working. Every topic we covered was greatly valuable.

Strong: Absolutely! The first thing I stated to our GM when I returned from RAB, was how I wished that I could have participated in the women's management course years ago. It has been a very empowering as well as enlightening experience that I

would highly recommend not only for beginners, but for women like me who have actually been in management for many years. I feel that the course has given my role as a manager more clarity than any other course or seminar I've been to in the past.

Mills: I found the course a valuable forum for me to network with other women in radio who face the same daily challenges I do and to share ideas for improvement.

The agenda:

MONDAY

9:00 AM 10:00 AM—Better Management through Employee Style Id.
10:15 AM 11:30 AM—Lead, Follow, Mentor—Or Get Out of the Way
1:00 PM 2:15 PM—How to Get the Most from RAB Tools and Services
2:30 PM 3:45 PM—Finding, Hiring, & Keeping Good Salespeople
3:45 PM 4:30 PM—Selling Your Team on the Awesome Power of Radio
4:30 PM 5:30 PM—Open Discussion

TUESDAY

8:00 AM 9:00 AM—Teaching Your Team How to Handle Objections and Close
9:00 AM 10:00 AM—50 Real-World Ideas for Developing NTR and Non-Spot Revenue
10:15 AM 11:30 AM—Making Presentations and Public Speaking
1:00 PM 2:00 PM—Guidelines for Effective Problem Solving
2:15 PM 3:30 PM—Effective Techniques for Working with Agencies
3:45 PM 5:00 PM—"The Executive Alley"
6:00 PM 10:00 PM—Reception and Dinner

WEDNESDAY

8:00 AM 9:00 AM—How to Successfully Communicate Up, Down, and Across the Ladder
9:00 AM 10:15 AM—Budgeting, Goal Setting & Inventory Management
10:30 AM 11:45 AM—How Your Staff Can Create Great Proposals - Fast & Easy
1:30 PM 2:30 PM—Selling in Uncertain Times
2:45 PM 3:30 PM—How To Read a P & L
3:45 PM 5:00 PM—Open Discussion

THURSDAY

8:00 AM 9:00 AM—Successful Steps to Selling Against Newspaper
9:00 AM 9:45 AM—Training your Team to Uncover New Business
9:45 AM 10:15 AM—Feedback
10:30 AM 11:15 PM—What We've Learned Training Radio Sellers
11:15 AM 12:00 PM—Open Forum

Traffic and billing—Part I: Building a better mousetrap

In Part I of our traffic and billing series, we look at the issues of accountability and standardization, along with what groups and traffic directors are looking for from traffic and billing systems providers.

RBR problem #1: Accountability and standardization. Industry accountability is an issue that's been hammered home numerous times by *RBR* and agency buyers alike (see mediaedge:cia Senior Partner/Director of Radio, **Kim Vasey's** column, *RBR* 11/02, p.8).

In fact, the RAB Board unanimously issued a statement 4/29 in support of accountability in the radio industry: "The RAB Board of Directors recognizes the importance of full accountability and delivery of information. The radio industry is committed to providing technical resources and ongoing discussions to meet the information needs of our client relationships."

The Traffic Directors Guild of America (TDGA) and the AAAA/RAB Task Force are working together to standardize definitions used in the buying/selling relationships. This is considered key in the overall quest for accountability. When the bulk of a station's revenue flows through the traffic funnel, group owners and GMs simply have to include traffic directors as key players if they want true accountability from top to bottom.

Buyers speak a far different language than sellers and the definitions applied by the thousands of traffic directors and traffic managers vary considerable as well. "BTA" is a prime example. Definitions range from the "very best" times available to "whatever is left after everything else has been placed on the log." ROS is also a stumbling block because the FCC literally defines it as the entire broadcast day from sign-on to sign-off. Stations have individual definitions and TDGA is urging time-specific terminology, i.e. ROS-6a-7p or ROS-6a-12m.



Larry Keene

Says TDGA CEO **Larry Keene**: "**Mary Bennett** of the RAB summed the problem up very well. I'm paraphrasing her, but it goes something like this: The buyer states the word-term and interprets it to match his or her own definition, the rep or salesperson hears the word-term, but interprets it to their own slightly different definition, and by the time the traffic director applies the order to the schedule, it's based on what the station says the word-term means."

RBR solution #1: Says **Matt Feinberg**, SVP/National Radio, Zenith Media Services. "To check accuracy, local radio buyers see the invoice/affidavit which verify that spots ran as ordered—or not. If a buyer questions the accuracy of the invoice, they have the right to request station logs to see what happen on air on a particular station during a given week."

Feinberg says it's a similar scenario in network radio: "If buyers have questions about the network's invoice, which is supposed to reflect each of their affiliates, they can ask the network to supply them with affidavits from affiliates. This is time consuming and is a lot of paper. However, many networks will do it to show the accuracy of their service. Others refuse to. Also, buyers can call stations and request weekly logs to check for the network spots. This is a good way to spot-check a network schedule and get a feel

for way the network's accuracy."

Traffic software vendors need to be in the loop as well. Says Keene: "You can't very well change the definition of BTA or ROS without having the software reflect the new meaning. This nearly caused havoc a few years back when one facet of the 'order-chain' decided to change the broadcast calendar, but didn't consider that traffic software had been pre-programmed to recognize a different broadcast month criteria. The result was the order was placed one way, but billed another."

RBR problem #2: Groups, clusters and stations often give a problem that deals with sales to an engineer—who isn't typically concerned with the smooth management of revenues. Traffic is involved in all departments and has to know how the industry works. There are so many things in radio that can happen on a moment's notice and the whole business of it can be different at every station. A traffic system has to be able to accommodate anything that comes along. It's crucial for the manager to first consider what they want to accomplish with any software they purchase. They must consider how they want to run their business, what is important to them and then buy the tools that will fit best for what they're trying to do now and in the future.

RBR solution #2: Ask what do we want to accomplish? and then buy software that will support that. That may be software from three different vendors to satisfy the needs of a group. Then the question is what kind of service do they have, what sort of track record do they have with bugs and fixing bugs and being responsive?

Emmis VP/Finance **Dave Newcomer** and Emmis Financial Analyst **Melissa Ebbert** tell *RBR* about an in-house project committee formed to address just such issues. "On the radio side, we have a variety—several different vendors in place right now. But we are evaluating going to a centralized system," says Newcomer.

RBR concern #1: Ebbert says her concerns include that the numbers of vendors out there today are shrinking rapidly. In 1985, according to TDGA, there were 38 vendors in the field. Today there are about 10, owned by five or six parent companies: "There's kind of a short list to choose from and it's somewhat limited to a few parent vendors."

RBR concern #2: Consolidated reporting. Consolidation has prompted the need for software once designed to handle a standalone or basic combo to transition into something capable of handling a cluster or group of stations in one traffic/billing unit. Interface with yield management, corporate analysis systems, etc. is needed as well.

"It's one of our needs," Ebbert says. "And I think that the traffic vendors are just kind of in the beginning stages of offering those type of reports, where corporate can get consolidated information. I think that's an area they're developing in, but it seems to be a relatively new area. That's definitely a need of ours."

RBR problem #3: Provide support and LISTEN to the client—before, during and after designing, pitching and installing a system. We got a lot of comment on this concern, as you'll read. Newcomer says, "We're concerned about support and making sure that we do get the right kind of support for any kind of software system. That's something we constantly think about, and some of the systems out right now are fairly old. And I think that you'll find that a lot of groups are going to have to start updating their traffic systems."

More than a few others in the trenches held similar concerns:

ENGINEERED FOR PROFIT



Maria Antonucci

Maria Antonucci, Corporate Traffic Operations Director, Radio One/Cleveland: "The main thing they can do is make a point of having personnel that have either worked in radio or have a pretty good knowledge of it. The profession of a radio traffic director is a unique one and although we need the correct computer system for our needs, that system and the people who program and train it have to know radio."

Ginger Johnson, Traffic Manager, WRD Entertainment, Inc.'s KWOZ, KZLE, KBTA A/F and KAAB, Batesville, AR: "Software providers should know in advance what each station's needs and requirements are before setting up their individual software programs. Every business will have a different idea of what is important to them. I think that the software providers should listen and make sure they understand what's needed. We had to set up our software three different times because of what our requirements demanded. If the time was taken in the beginning to listen, we could have been spared many hours of redoing things. As we move more into an electronic era, we also need to have the ability to make last minute changes, additions and deletions with the simplest of ease."

Laura Adamson, Traffic Manager, Pacific Lutheran University's KPLU-FM Tacoma, WA: "Ask for feedback and make product enhancements on a regular basis. Find out what works, what does not work, what is missing, and what needs improvement."

Jerry Palmer, Corporate Traffic Operations Director, Radio One/Richmond: "I really think they should maintain a finger on the pulse of broadcasting and allow that to permeate throughout their whole business. Instead of the industry conforming to the software,



Jerry Palmer

the software needs to conform to the broadcast industry. Put a GSM, GM, business manager and traffic director on the board or use them as consultants."

Mary Collins, Entravision Communications' Radio Division Traffic Director: "I would like to see software providers actually work with traffic directors on what is being developed. From what I see, they often take a suggestion list from those calling into their customer service lines, or from the custom requests they may receive. Neither of these practices represents the average/power users, who don't call customer service that often. Improvements to the systems tend to be made along the lines of what is convenient to program, not what is really needed by the normal traffic director."

Karynann Blasi, Senior Traffic Manager, Susquehanna's KNBR San Francisco: "I see two main areas for improvement: 1) Current systems are not designed by traffic managers. Therefore, they are not geared toward our needs. 2) Customer service needs to be improved. My suggestion is to hire people who have actually worked in traffic. Most of the service reps have no idea of how stations are run, the type of information we require, or the many areas of a station which traffic effect. Most have no sense of urgency or concept of the situations we're are trying to relay to them."

RBR concern #3: Consolidated reporting. On the criteria Emmis is using to evaluate a future group-wide traffic and billing system, Newcomer says there are numerous corporate advantages of ending up with a consolidated system. "To have consolidated reporting—inventory-type management, to be able to look at spot

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Getting to that state is a little more difficult, because to consolidate a whole radio group onto one system is a pretty big deal. Because Emmis has a task force involved, more color is given on the local market level by Emmis NY's Market Controller **Robert Finley** and Traffic Director **Denise Martin**.

RBR concern #4: Old technology can bog everyone down. Most software vendors have been using a Band-Aid approach by adding more and more features to some rather old technology. The good news for broadcasters is they don't need to scrap their investments in the older software, but the bad news is they can never take full advantage of today's technology if they're operating on an older foundation. Says Finley: "We've been on some older DOS-based traffic systems for quite a while now. To be honest, it's been really cumbersome trying to keep up with cash. And when people call us for credit checks, it's like going through books and books of history, as opposed to now, with all the new technologies, being able to click a couple of buttons and throw that information up at will. That's what I'm really looking for from a business standpoint."

RBR solution #3: What solutions has Emmis/NY come up with so far and what's left? "We really had to update, going through a Windows-based system—that was the first thing," explains Martin. "You'd be surprised how many systems still are partial DOS, partial-Windows, or still just DOS-based. And we really have to move away from that."

Needs the task force has addressed include interfacing with digital on-air systems and the like. "Technologically, we've talked about the need for an instantaneous system, where I can instantly access what's going on the air, and being able to change it instantaneously," she adds.

Says Finley, "I think there are one or two traffic systems out there now you can adjust for salespeople where they have laptops and they're out in the field where they can just send their information

directly into the stations without having to come back into the radio stations and write sales orders and get their management approval. That's probably the future of traffic systems in radio stations—they want salespeople out in the field as much as possible."

Adds Johnson: "The major improvement in the past few years for our station was upgrading to a windows-based program that was compatible with new hardware. The ability to work on logs several weeks in advance with better avails reporting. The reports that are available now give so much information to help make better business decisions. Accounts receivable programs improved and helped make collections easier to handle. Spotting troubled accounts are now easier and faster to distinguish. Electronic invoicing is now available and is a great way to speed up collections."

RBR concern #5: Few choices. The main issue from the Emmis NY traffic department, says Martin, is getting a system that offers strong reporting functionalities. There are not many out there. "I think one of the most difficult things, being on the committee, was that there was not the variety of traffic systems that would be up to our standards. There are systems out there, but they're small companies. It's hard for a radio station in New York, that does so much billing, to take a system that has 30 employees. They really can't service our needs. Your SM wants a lot of reporting. They like their reports five different ways and you really need to be able to report your revenue. And there are so many variables on reports that there were very few systems that could really meet our needs. When you get down to one or two systems, it's hard to really say no to the one big system that's out there."

In Part II of our Traffic and Billing series, and in upcoming *RBR* Daily Epapers, we speak with more folks in the industry and the TDGA to bring the industry's other issues to the fore—including certification of traffic directors, invoice notarization, EDI and future technologies such as interoperability between different media. If you have any concerns or problems you'd like to air for our June issue and Epapers, please mail the author at cmarcucci@rbr.com.



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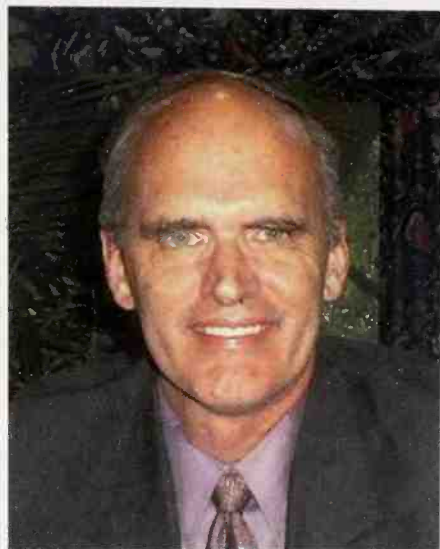
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Are Radio Traffic Reports Facing a Bumpy Road?



Jim Forsyth

Traffic and weather together. Traffic on the eights. Over the past 20 years, traffic reports have evolved from a niche on All News radio stations in the country's largest markets to one of the most valuable products of radio stations in all formats and in all markets. Surveys consistently indicate that 80% of listeners rely on radio for traffic information, more than tune to radio for news, weather, sports, or music.

But are new technologies threatening to roll over

the \$500M a year radio traffic industry like an oncoming 18-wheeler? Across the country, "intelligent highway systems," web sites, e-mail services, global positioning satellite systems in vehicles, and two-way communication platforms like "OnStar" are muscling into the business of providing traffic content to motorists.

"Our goal is to provide up-to-date traffic information to motorists, including congestion, major and minor accidents, and travel times," says **Laura Lopez** of the Texas Department of Transportation, which operates the "TransGuide" smart highway system in several major cities.

TransGuide uses message signs placed every four miles along major interstate highways to flash real time information to motorists on traffic conditions. It also makes this information available in real time through its web site, and over a low powered UHF television station.

"I think it's going to be a huge challenge," says **Robin Bertolucci**, Director of AM Programming for Clear Channel Communications (N:CCU) in Los Angeles, the traffic capital of the world. She programs KFI-AM, which bills itself as "the talk station with the most frequent traffic reports."

"If anything, traffic coverage is becoming more expansive," she says. "FMs all do traffic in this market. All the TV stations do it as well. I think that while people don't necessarily tune into KFI for traffic, they will definitely tune away when we don't provide it." Metro Networks Inc., a division of Westwood One (N:WON), is the largest provider of traffic information to radio stations in the world,

with 2,000 employees, 65 airplanes, and 35 helicopters. Regional Vice President **Mike Haake** says Metro feels the new technologies are an opportunity, not a threat.

"Traffic is extremely important," he says. "That's why there are more sources available. We saw this new technology coming years ago and we are in the business of providing a lot of the real time traffic information to OnStar, Yahoo!, and a lot of the other traffic providers, just like we are a content provider to radio and TV stations."

But new sources of information don't necessarily make the old ones obsolete.

"We feel that airborne traffic reporters providing information live on radio will continue to be the most popular way for consumers to receive traffic information," Haake says. "One of the best innovations for our business is 'seek and scan.' If people don't get traffic reports on the radio, they'll seek it out."

Technology being tested in Europe allows drivers to have radio traffic reports interrupt other programming in their cars, like music on compact discs, or FM music stations which don't run traffic reports.

Many programmers are already thinking about merging technology into the radio traffic reports of tomorrow.

"If you have a Palm Pilot, I can foresee listeners going to the KFI web site, e-mailing us their route to and from work, and getting customized, real time traffic information," Bertolucci says. "Every day when you leave work, we will e-mail you the traffic situation on route home, including accidents, and construction." Metro Networks' Haake says technology will also change the face of radio traffic reports.

"Possibly different traffic reports for different drivers, depending on the routes they take," he says. "Some of these efforts are emerging as our company gets involved with this new technology."

Lopez sees alternative systems as working with radio traffic reports, not replacing them. But she says it's important to give motorists more alternatives to get up-to-the-second traffic information.

"I often wonder about traffic reports," Bertolucci says, "considering that traffic always stinks. I can tell you that every day during rush hour, the 101 is going to be backed up. I think that maybe the future is to get out of the business of simply providing 'laundry lists' and giving information about the circumstances that are special and unique."

But she adds that radio has demonstrated amazing flexibility to withstand challenges over its 80-year history, and is prepared to do so again.

"If the need for traffic reports goes away, that's okay," Bertolucci says. "We will simply do other things."

Jim Forsyth is News Director of WOAI-AM San Antonio, TX

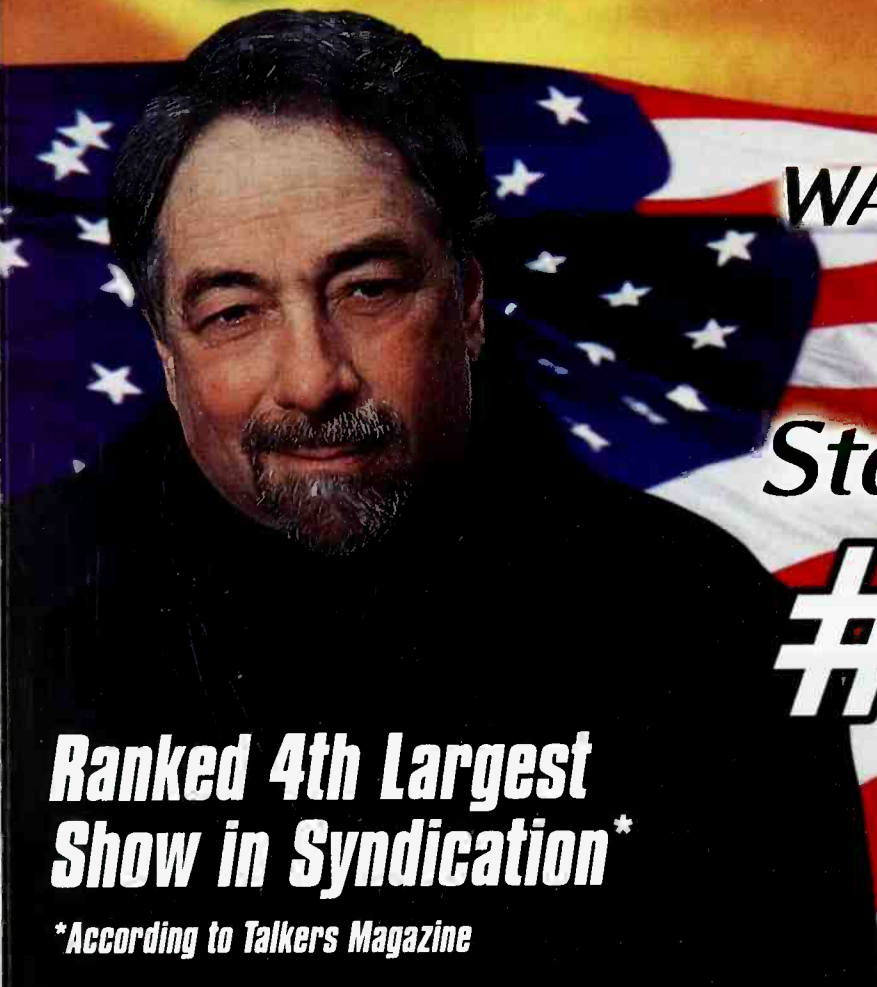
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Radio waits for a post-war rebound

The Iraq war is over, but it's taking some time for advertisers to crank back up to pre-war levels of spending. Advertisers, particularly national accounts, were quick to put on the brakes when war was looming, but they're apparently less rushed in moving back to the accelerator.

As this issue went to press, *RBR* obtained Miller, Kaplan, Arase & Co. pacing data from the Philadelphia market, and it showed negative pacing numbers all the way through Q2. As of 4/20, total revenues were pacing down 3% in April, 19.5% in May and 12% in June. That's only one market, but it may be indicative of life in the Top 10 markets.

We're hearing from many groups that advertisers are continuing to place orders late, so the double-digit negative numbers for May and June could look a lot better as the weeks pass. But shrinking negative numbers isn't going to be good enough. The objective, after all, is growth, which requires a positive number.

Top 10 markets such as Philly were more heavily impacted by the war than their medium market brethren, but that's a problem for the biggest radio groups because it takes a lot of markets like Tampa or Baltimore to counteract a shortfall in New York or any other top market.

The outlook for the current quarter was split as the latest round of quarterly earnings reports got underway.

Emmis Communications (O:EMMS), whose fiscal quarters end a month ahead of calendar quarters, reported gains for radio, but CEO **Jeff Smulyan**



Jeff Smulyan

also noted that the company's stations were outperforming its markets, particularly in New York, where it was rebuilding after fending off a format challenge. After growing US radio revenues 2% in its December-February quarter, even after selling its former Denver stations, Emmis is projecting that domestic radio revenues will be up 2% again in the March-May quarter (a 4% gain after you back out the Denver impact).

But the story was quite different at

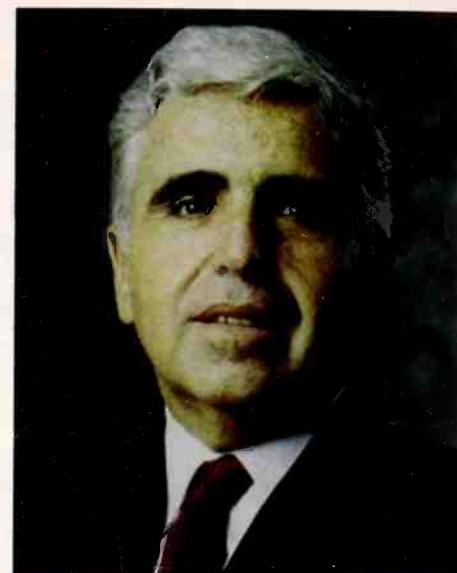
Viacom's (N:VIA) Infinity Radio, where Q1 revenues were flat for Q1 for its Top 10 market stations and up 6% in its other 30 markets. Overall, excluding the impact of cashing out some Westwood One (N:WON) stock warrants a year earlier, Infinity's radio revenues were up 2% for the quarter.

Viacom President **Mel Karmazin** was livid at having to deliver those disappointing results to Wall Street and just a few days later Infinity President/COO **John Fullam** was clearing out his desk.

"I think some people are using the war as an excuse for radio, but I don't see it," Karmazin said in a conference call with analysts. "I don't think that there was much impact. I just think that the radio industry has done a horrible job in providing leadership in selling advertising."

Karmazin said he will change whatever has to be changed to make Infinity Radio perform again as radio performed prior to the dot-com era. In short, he says revenue growth in the low single digits is not acceptable and the radio division has to produce revenue growth in the high single digits, which will translate into double-digit EBITDA growth.

Fortunately for Viacom, if not for Fullam, growth in other divisions saved the quarter—and strengthened Karmazin's resolve to personally intervene to get radio back on track.



Mel Karmazin

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"Perhaps more important that current radio trends may be Viacom COO Mel Karmazin's renewed focus on radio and its pricing; that could serve as a catalyst to boost the industry," Goldman Sachs analyst **Richard Rosenstein** told clients.

"Watch for radio advertising trends into May, as this is the largest month of the year in radio," he added. "Right now business appears to have stabilized in April (not getting any worse), and any improvement on the margin in terms of year-over-year growth should provide a positive catalyst for Viacom."

"Management appears refocused on radio given its lackluster performance in Q1 compared to other divisions," said analyst **Gordon Hodge** at Thomas Weisel Partners after digesting the Q1 results. At this point, he's expecting only a repeat of Q1's 2% growth in Infinity's radio revenues for Q2.

Infinity Radio by the numbers

Now that Viacom (N:VIA & VIAB) has begun reporting its Infinity Radio and Viacom Outdoor units separately, the company has issued figures from last year for comparison. Here's the 2002 scorecard for the radio division and the Q1 2003 results reported last month.

Infinity Radio financial results (\$ in millions)

Category	Q1 '02	Q2 '02	Q3 '02	Q4 '02	2002	Q1 '03	Change
Revenues	\$451.3	\$565.8	\$539.2	\$565.3	\$2,121.6	\$443.8	-1.6%
Oper. income	\$189.7	\$278.9	\$259.0	\$280.0	\$1,007.6	\$190.6	+0.5%
EBITDA	\$197.5	\$287.1	\$266.4	\$287.4	\$1,038.4	\$197.5	flat

Source: Viacom SEC filing 4/23 and press release 4/22

As this issue went to press, two more public broadcasters—one small and the other the largest of all—weighed in with their Q1 numbers. And like Viacom, both Saga Communications (A:SGA) and industry giant Clear Channel (N:CCU) declined to give specific guidance about Q2.



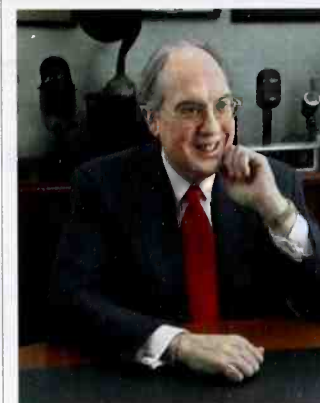
Mark Mays

At Clear Channel, President **Mark Mays** offered Wall Street the broad brush that radio revenues were likely to finish Q2 somewhere from down in the low single digits to up in the low single digits.

Although national business was stronger than local in Q1, with pro forma radio revenues up a mere 0.4%, Mays said national and local were pacing closer together in Q2.

"As we look out for Q2, we are optimistic, as we said. It is our focus, as we have done in Q1, we're focused in Q2 on maintaining pricing levels. We think that is very important for the long term duration of the radio market and we're very focused on that rate integrity," Mays told analysts.

After growing same-station radio revenues 2.7% in Q1, Saga told analysts to expect revenues to be up 3-5% for the year, but the company was more vague about exactly what's coming in Q2. As of the 4/29 conference call, April was pacing up 3%, with May flat.



Ed Christian

Asked by one analyst whether advertisers may be "smelling blood" and trying to push down rates, CEO **Ed Christian** offered this analysis: "I haven't seen that. I haven't seen anyone coming in and hammering us on rates. That has not occurred at that's

been pretty good. I'm very happy about that. But buying patterns continue to be late. I keep thinking that they can't get any shorter in terms of when the revenue will break, it does get shorter. And yet, there's been no real concentrated effort to hammer us in terms of rate."

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CEO woes: Confidence levels sagging

Chief Executive Magazine (CEM) began surveying the confidence levels of its readers on a monthly basis since last October, so setting new records on either end of the scale cannot yet be seen as that big of a deal. Nonetheless, the 300-500 CEM readers who have participated in the survey put new lows across the board, setting records in all five major categories.

The CEM ongoing survey uses 10/02 as a baseline with an index of 100.

Here are the current indexes for CEM's five major categories: Current confidence index 78.6; future confidence index 96.6; business condition index 89.0; investment confidence index 94.1; employment confidence index 83.6.

All of the categories had scores above 100 in the December survey, and all four repeated in three digits for January—at that point, the employment index slipped into double digits. April is the first month in which all five categories have slipped below 100.

The war in Iraq has had a measurable effect—45.3% of respondents feel it has negatively impacted their businesses, while only 5.3% reported a positive effect.

The chart below shows results of the CEM survey going back to its inception in October 2002.

Confidence	10-02	11-02	12-02	1-03	2-03	3-03	4-03
Current	100.0	107.3	109.8	102.1	86.4	84.7	78.6
Future	100.0	110.1	114.4	111.0	102.8	101.1	96.6
Bus condition	100.0	113.5	119.0	117.0	102.3	96.9	89.0
Investment	100.0	107.5	113.0	105.9	96.6	95.2	94.1
Employment	100.0	105.7	98.5	88.7	88.7	91.0	83.6

Source: Chief Executive Magazine

CEOs not happy now, see brighter future

The magazine also asked its respondents to rate the current situation, and to assess the near future. Almost nobody thinks that the current situation is good, and two thirds think it's bad. And while the majority of respondents think things will stay as they are for the foreseeable future, at least more expect improvement than further decline.

Here are the results of the CEM's look at the present and the near future. Note that although 30.8% of respondents are expecting economic growth, nobody expects it to be rapid. The entire optimistic segment of the CEO population expects that growth will be gradual.

RBR observation: It's interesting, and perhaps a tribute to the human spirit, that optimism is continuing to prevail over pessimism. But given that, if most think things will stay the same, and the same isn't all that good, that may mean that the near future remains on the stormy/cloudy side.

Current conditions

Business conditions

Good	2.5%
Normal	30.9%
Bad	66.6%

Employment conditions

Good	4.7%
Normal	32.1%
Bad	63.2%

Investment opportunities

Good	27.7%
Normal	28.6%
Bad	43.7%

Future conditions

Employment conditions

Increase	30.9%
Stay the same	55.6%
Decrease	13.4%

Capital spending

Increase	20.3%
Stay the same	57.2%
Decrease	22.5%

Economic developments

Rapid growth	0.0%
Gradual growth	30.8%
Stay the same	53.0%
Gradual decline	14.6%
Rapid decline	1.6%

Source: Chief Executive Magazine ©TS0™©TS5™

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