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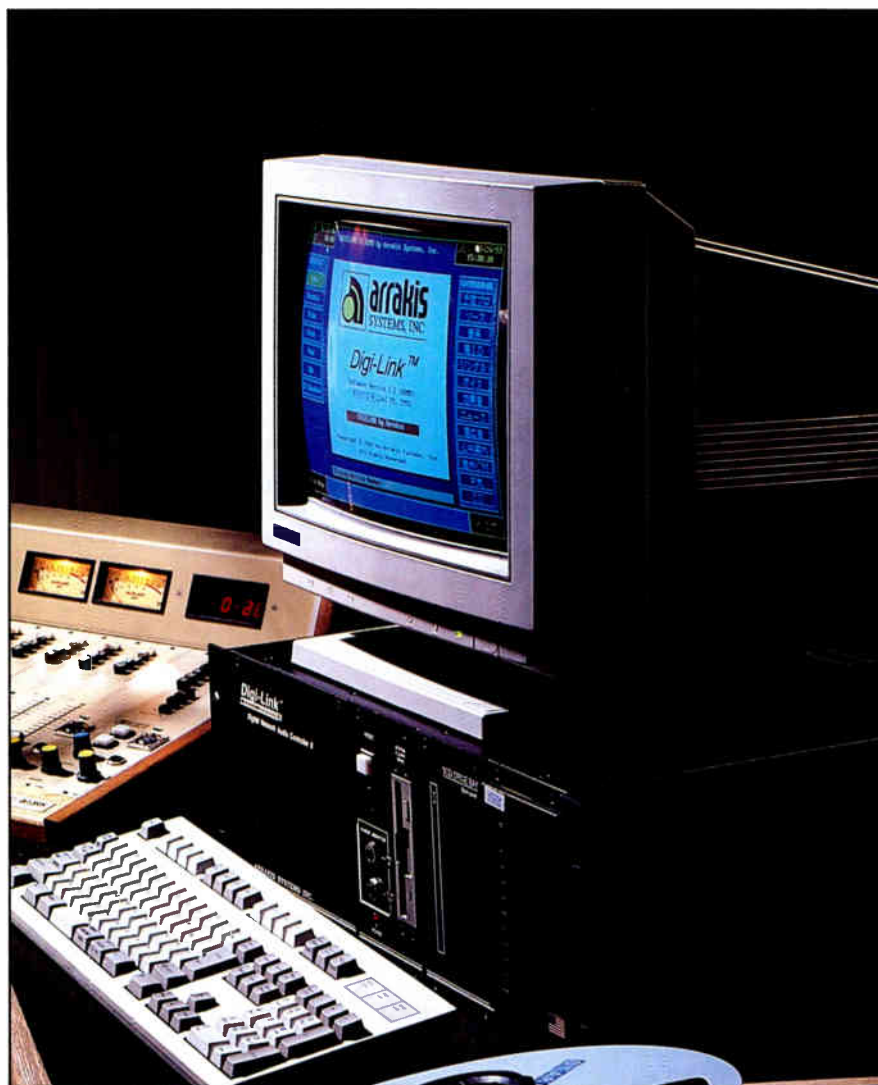
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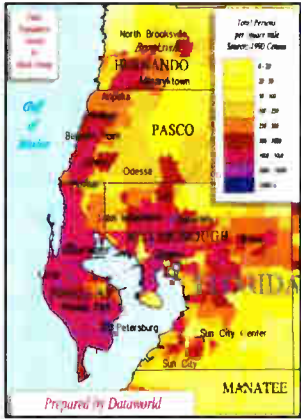
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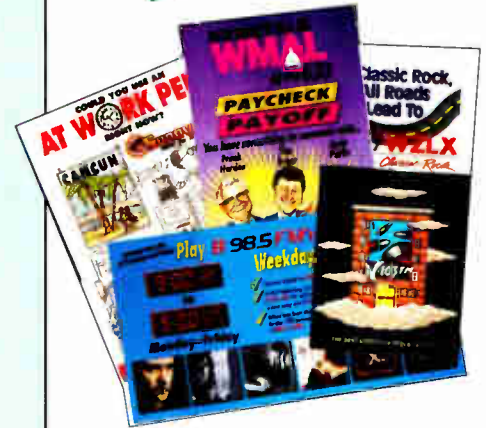
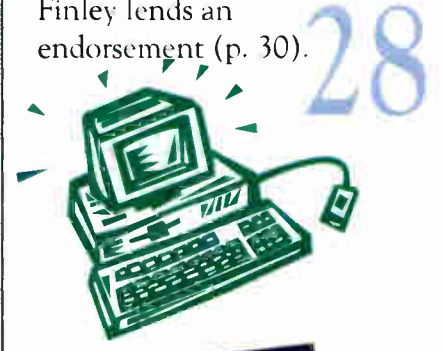
Market Watch: Tampa Bay's booming economy has prompted a wave of activity along the dial of this burgeoning radio market. And find out how country lassoed the legendary Power Pig (p. 15).

Profile: WDRE's not just for New York anymore. With seven satellite affiliates so far, the sky's the limit for the legendary modern rocker.



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Technology at Work: Someday soon, you'll be vying for listeners at home, in the car, at work... and at the PC. Take a first, in-depth look at this remarkable new development. Also, Skip Finley lends an endorsement (p. 30).



Promotion: The \$25 billion direct marketing industry helps radio get the word out. Just how far can a mailbox flier take station promotion in the 1990s?



DOUBLE TAKE

“There really is no stopping new technology. The threat (to terrestrial radio) is minimal.”

—Jeanne Browne of American Mobile Radio Corp. on satellite broadcasting

See page 24.



Radio: Kicking High at 75

by Charles Taylor

I just took a mental walk through my home and came up with 10 radios scattered about. I even counted the one shaped out of a Washington Redskins helmet.

Judging new statistics from RADAR, I'm probably not too far out of line with the folks next door, down the street or in your neighborhood. The organization says that in all, Americans have nearly 585 million radio receivers in use.

Not too shabby for a medium marking its 75th anniversary in 1995. It was in 1920 when the first regular public broadcasts were heard from just a few pioneer stations over low-tech crystal receivers. The sets even required headphones.

Today, RADAR acknowledges that in any given week, radio reaches a whopping 96 percent of us over the more than 11,000 radio stations nationwide.



The NAB has whipped up a new campaign to acknowledge the accomplishments of this medium that treats us all so well. By now, you should have received a packet of info with all the details on "Radio: The Sound of Your Life," and the accompanying proclamation of January as Radio Month.

Contained within is a CD with an endless stream of format-sensitive jingles, along with information that makes it clear just how entrenched radio is in our lives.

While certainly flattering, these figures also suggest just how easy it is for your neighbors and mine to take for granted the easy access we all have to morning news, the day's weather, banter on important issues and a continual stream of music. For the industry to pat itself on the back every once in a while is not out of line.

Please take advantage of your kit and acknowledge radio's longevity in some momentous way. If you haven't seen it, give NAB a call in Washington, D.C., at 202-429-5444.

The beginning of the year also serves as a good time to let you know some of the ways The Radio World Magazine has poised itself for the future.

First, with this issue, we begin the monthly "Management Journal," a two-page examination of how business strategy and information systems trends can be applied to broadcast leaders. The project is being commanded by Vincent M. Ditingo, whom many of you may know from his years covering the field at Broadcasting and Billboard.

Vince has also authored a textbook on radio management and the just-published "The Remaking of Radio," a look at changes in radio during the '80s up through today. As well, he teaches at St. John's U. in New York, and operates Ditingo Media Enterprises.

Also writing regularly is Bob Harris, the Dallas-based head of Harris Marketing Group, a sales and marketing consultancy. Many of you have witnessed his expertise as a participant in NAB and RAB show panels. He'll be participating in a session next month called "The Power Concepts of Grocery Marketing" at the RAB Marketing Leadership Conference and Executive Symposium in Dallas. Make sure you say hello.

And covering finance for RWM is Frank Montero, a communications attorney for the well-known D.C. law firm Fisher Wayland Cooper Leader and Zaragoza. Frank takes an in-depth look each month at station buying and selling, translating some of that secret language that lawyers use into applicable tips and trends. Frank is also a regular speaker at many of the industry events attended by broadcast managers.

As always, we are striving to give you the information you're telling us you need to most efficiently run your stations. I invite your continued guidance, and look forward to serving you well in the year ahead and beyond.

Chuck

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RadioWorld
MAGAZINE

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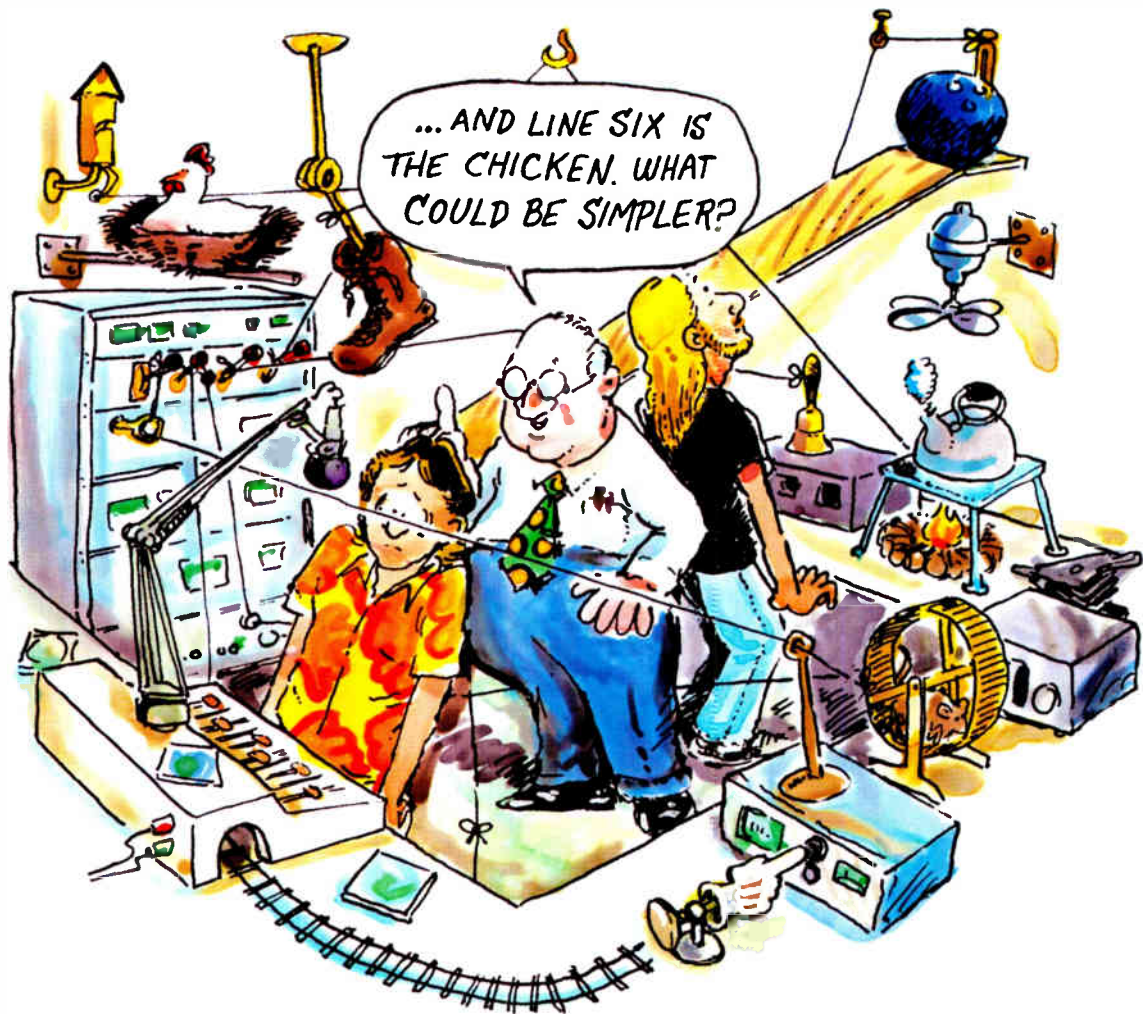
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A Responsibility

Regarding Harry Cole's article about the FCC's indecency (November 1994, p. 44), gee, it's really a shame that mediums such as TV and radio continually try to outdo their competition by employing questionable—in fact, rank—material in their quest for the almighty ratings points.

It seems that people don't need imaginations anymore. That's something early radio preyed upon, and it had people glued to the speaker.

Can any broadcaster actually say just who is listening or watching at any given time? I think there's a responsibility here.

*Kris Kelly
Media Consultant
Carlisle, Penn.*

Tread Very Lightly

In response to "Lenders, Broadcasters Grapple to Place a Value on FCC Licenses" by Frank Montero (November 1994, p. 20), there are extremely important constitutional issues that should concern all broadcasters, the FCC and the general public.

The Constitution has provided for Congress to obtain exclusive jurisdiction of transmission and communication. Congress entrusts the authority regarding communications and broadcasting to the FCC. The FCC falls under the Executive Branch of government, which governs through the Communications Act of 1934, as amended, and is responsive to the Federal Administrative Procedure Act, all of which have been enacted by Congress. This, in capsule form, is our jurisdictional history.

Our egos have gotten the best of us when we call ourselves "owners," fusing together the broadcast license and the tangible and intangible properties. They cannot be intertwined, because it is clearly stated in 47 U.S.C. §301 that there is no license ownership.

The licensee is a custodian, entrusted with a license to maintain the airwaves

that belong to the U.S.—that is, the American public, not the individual licensee. The license, consisting of rules and regulations promulgated by the FCC, is ultimately controlled by Congress.

Heed the statutes, broadcasters, because what you do not "own" is not subject to seizure if your sales slump or the economy takes a temporary downturn. The FCC will not rescind your license because you missed a mortgage payment, but the lender may if he has a lien against it. If the lender has the right to seize the operation through the local District court, why should he bother to work with you?

By allowing lenders to lien the license, the broadcaster has invited the District court to expand its authority right into his station. District courts are federal courts without the expertise of the FCC or the Court of Appeals and they have neither the time nor inclination to learn communications law.

In one case, a bankruptcy judge (adjunct of the District court) has likened the radio broadcast license to a state liquor license, and until the ruling is overturned on appeal, it sets a precedent. Thus, allowing a lender to lien the broadcast license leaves the license completely vulnerable. Even reorganization (Chapter 11) could be jeopardized by a lender who pushes for total liquidation. When a judgment is obtained, the lender walks it into the FCC and out with your license, which he resells.

Think about another important issue. Until your loan is paid, a lender holds the title to your car. Who would hold the actual FCC license? And what if the lender is owned by primarily foreign investment? The purpose of maintaining the ownership of the broadcast license is to secure the channels of the public interest.

Statute 47 U.S.C. §310 explicitly states that no station license shall be "granted or held by any foreign government or representative thereof." Not only does the licensee not want the lender to be able to seize his property on a whim

(which is the only reason to obtain a lien), the citizens of the U.S. should be leery of deregulated lending institutions being capable of controlling broadcast properties.

Congress has provided significant communications legislation and that delegated authority has been entrusted to the FCC for a purpose and to the benefit of the licensee and the American public. Why eradicate the FCC and replace it with the District courts? As licensee, you maintain the airwaves that belong to the people of the U.S. You, as licensee, do not "own" the license. Tread very lightly on making generous changes to those already established rules and regulations, because it could very well negatively impact the entire broadcast industry and the United States in the long run.

*Virginia Parsons
"Broadcaster, Quasi-paralegal"
Maui, Hawaii*

A Pithy Publication

Kudos on an excellent magazine inauguration. Issues thus far have been a wonderful surprise: informative, cogent, pithy, relevant. And the price is right!

To say nothing of the focus—radio. I've already dropped subscriptions to two trade publications that seemed to forget about radio. I trust that won't occur at The Radio World Magazine.

Keep up the good work. You have my support.

*Judy W-S Karst, Ph.D
President/GM KRRV-AM/FM
Alexandria, La.*

All letters received become the property of The Radio World Magazine, to be used at our discretion and as space permits. Correspondence may be edited for length or clarity.

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 World Radio History

areas, adding up to an estimated \$70 million in revenue for the radio industry in 1994, according to BIA Publications.

Even better, this figure is expected to escalate \$5 million a year for at least the next five years, reflecting a surge in this fast-growing region's population and economic development. The Bay area currently has a population of 1.8 million—it's predicted this figure will rise to well over two million in the next few years.

Stay on top

"People enjoy living there," notes Ed Shane of Shane Media Services in Houston, pointing to the recent population swell. "So many of the people in the market are brand new, within the last four to five years."

For radio, "that makes a station have to really stay on top of who's out there. I've always joked that Tampa is the second largest city in the north," he says.

The primary growth is occurring in the eastern part of Hillsborough County and in Northern Pasco County. Also included in the Tampa Bay ADI is Hernando County, the second fastest-growing county in the state of Florida. Residents here are primarily in the upper demos, prompting some rather calculated logistical modifications by the stations seeking this audience.

For example, in August 1993, when Cox Enterprises bought CBS-owned AOR WYNF-FM at 94.9, it moved its already successful easy AC WWRM-FM at 107.3 to the 94.9 frequency because it had a much better signal to the north. The station is now consistently gaining strength as Hernando grows.

Other signal boosts are on the way from Gannett-owned AC WUSA-FM, which has a construction permit to raise its tower from 600 to 1,358 feet; and Citicasters' AOR WXTB-FM, which plans to increase its tower from 599 to 1,325 feet.

Neighboring cities

The Tampa Bay market also cashes in on its proximity to neighboring cities to the south and east. Although they have separate metros of their own, most of the top 10-rated stations in the Sarasota/Bradenton and Lakeland/Winter Haven markets—Arbitron's number 80 and 108, respectively—are Tampa Bay stations, which adds an extra 800,000 potential listeners.

"The national advertiser gets a bonus, because you can cover all three of those Arbitron markets rather substantially," says Dave Reinhart, general manager of WFLA-AM/WFLZ-FM (the "Power Pig"). "We do make some money out of there."

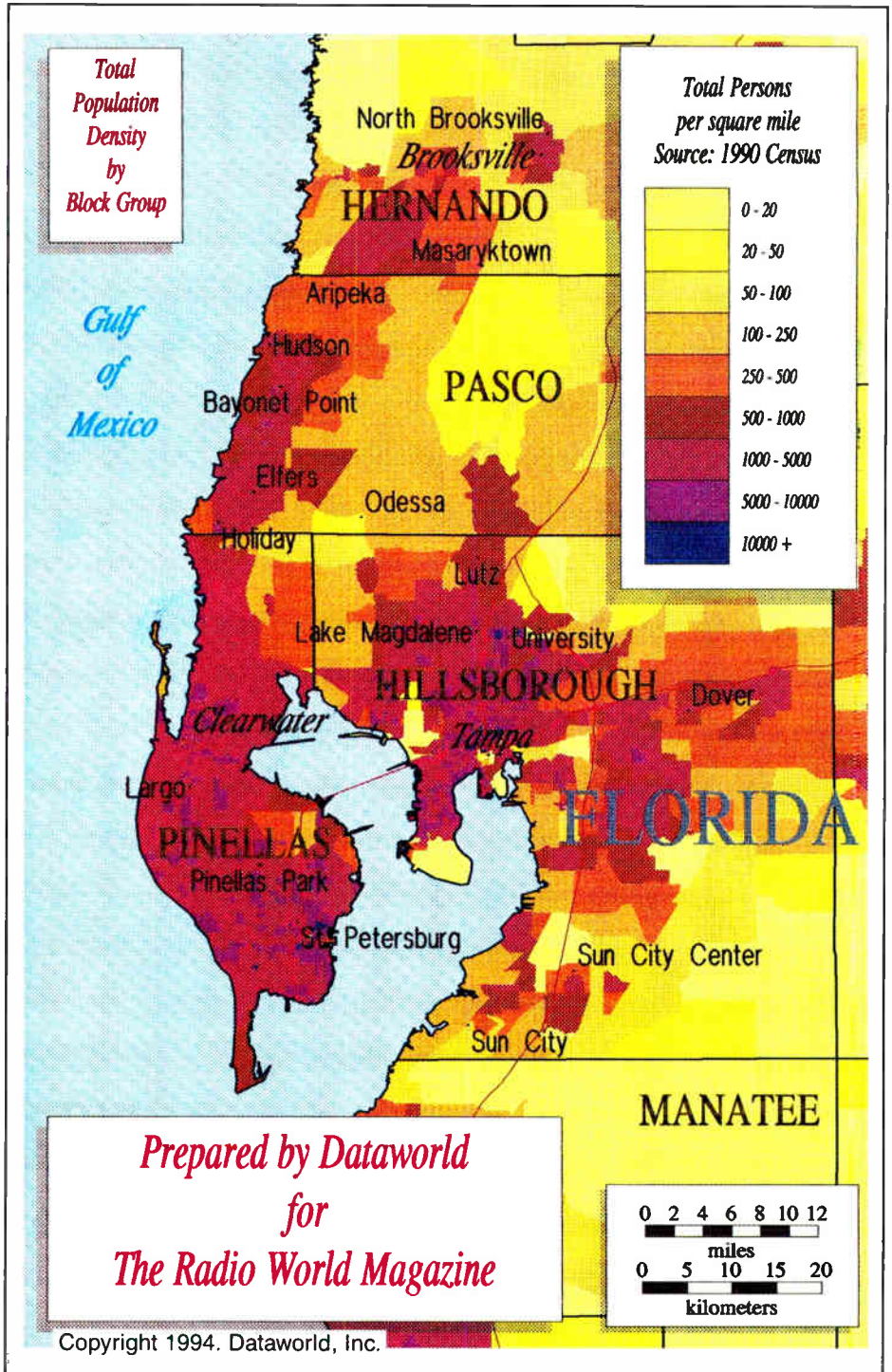
Reinhart's irreverent CHR Power Pig remains the station that Tampa Bay is proba-

bly best known for. The station made national headlines in the late 1980s for its brutal attack on then-CHR Q105.

Now, it's matured into a kinder, gentler Power Pig, excluding the still-brash night jock Bubba The Love Sponge. Says Reinhart, "In 1989, some of the things we did to gain that attention gave us a rough reputation. We are now evolving the station in a more mainstream CHR, community-oriented direction. We still have our tongue firmly planted in our cheek."

The Jacor station still holds a rank in the market's top 10, but these days is overshadowed by country. Infinity's WQYK-FM has been the ratings and revenue leader for several years, ending 1993 billing with more than \$13 million. The station currently has a 9.0 share of the market 12+.

Infinity is facing heavy competition as new country competitor WRBQ-FM (formerly CHR Q105) continues to steal away audience; the Clear Channel outlet posted a 6.4 share in Summer Arbitrons, ranking





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number four in the market (see separate story on page 15).

Other potent forces on the dial are WXTB-FM, Citicasters' AOR station at number three; and Jacor's other powerhouse, the perpetually popular news/talk WFLA-AM at number two.

AM bright spot

Newsradio WFLA-AM offers a mix of (mostly) conservative and liberal talk show hosts with the traditional "news at the top and bottom of every hour." WFLA's mornings are handled by market veterans Jack Harris and Tedd Webb, followed by Mark

Larson and Rush Limbaugh middays. Brian James and the Bruce Williams show handle afternoon and evenings, respectively.

The AM dial's other ratings bright spot is Cox's WSUN-AM, whose talk line-up includes the controversial Ron & Ron show in mornings and Bob Lassiter in afternoons.

What sets the station apart is that it isn't afraid to stray from the norm. Middays, it features two former restaurant waitresses on the air, calling it "Hooters on the Radio" (as in the restaurant of the same name); as well as psychic Gary Spivey from 6 to 8 p.m., who discusses details of callers' love lives, ➔

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A Competitive View of Tampa

Stations are ranked in order of Arbitron Summer 1994 12+ ratings.
Information provided by BIA Publications.

1993 Revenue

Station	MHz/kHz	Format	\$ in millions	Owner	Arb. Share
WQYK-FM	99.5	Country	13.0	Infinity	9.0
WFLA-AM	970	News/Talk	3.0	Jacor	7.2
WXTB-FM	97.9	AOR	3.8	Citicasters	6.9
WRBQ-FM	104.7	Country	2.5	Clear Channel	6.4
WWRM-FM	94.9	Soft AC	6.0	Cox	6.2
WFLZ-FM	93.3	CHR	3.5	Jacor	5.5
WMTX-FM	95.7	Hot AC	10.0	Clear Channel	5.4
WDUV-FM	103.3	Easy	3.4	Sunshine State Bcstg.	4.8
WUSA-FM	100.7	AC/Oldies	10.0	Gannett	4.8
WCOF-FM	107.3	70s Oldies	n/a	Cox	4.4
WHPT-FM	102.5	AAA	3.0	Paxson	4.3
WGUL-FM	105.5	Nostalgia	n/a	Alta Sub Debt Ptrs.	4.0
WYUU-FM	92.5	Oldies	3.2	Entercom	3.2
WSUN-AM	620	Talk	1.5	Cox	3.2
WRBQ-AM	1380	Urban AC	n/a	Clear Channel	2.1
WGUL-AM	860	Nostalgia	n/a	Alta Sub Debt Ptrs.	2.0
WTMP-AM	1150	Urban	n/a	Broadcast Capital	1.7
WLUV-FM	106.3	Adlt Stndrd	n/a	Time Publishing	1.4
WRXB-AM	1590	Urban	n/a	Rolyn Communications	0.8
WQYK-AM	1010	Talk	n/a	Infinity	0.8
WFNS-AM	910	Sports	n/a	Harmon Comm.	0.8
WNZE-AM	820	Sports/Talk	n/a	Paxson	0.5
WHNZ-AM	570	News	n/a	Paxson	0.5
WDAE-AM	1250	AC/Oldies	n/a	Gannett	0.4
WRMD-AM	680	Spanish	n/a	ZGS Bcstg. of Tampa	0.0

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money, jobs and such personal details.

These shows have reached into the 4 and 5 share ranges in their target 18-34 demo, attracting an age group that doesn't normally listen to AM. The station does nearly as well with 25-54 year olds. And adding to the mix, it was recently announced that Erin Sommers' controversial "Passion Phones" will soon air nights via satellite.

Ratings aside, the Tampa Bay AM band features quite a bit of live and local programming, including an all-news outlet, three Spanish stations, two mainstream urbans and one sports talk. The problem, unfortunately, is signal strength, with all either being 1,000 W or less, or 5,000 W with towers that fail to cover an ample portion of the market.

Classic rock or urban, anyone?

Meanwhile, there are a number major formats without prominent representation in Tampa Bay. With the loss of WYNF in 1993, the market lost classic rock. And even though WHPT-FM is considered an alternative rock station by most here, it is better defined as triple-A, leaving an opening for modern rock to move in.

There is also no urban FM, with little hope for one in the future, according to Chris Turner, GM of WTMP, an AM urban station. "The demographics of the Tampa Bay metro are only 6 percent African American. If an urban FM had all of that and some white listeners, the numbers still would not be there to generate enough revenue to pay for an FM station," he says. WTMP has been urban since its inception in 1954, and is currently battling satellite-delivered urban AC WRBQ-AM, "The Touch," for the upper hand in that format.

In the 1980s, Tampa Bay supported both a classical and a jazz FM. Classical is now handled by public station WUSF-FM. This market is also home of WMNF-FM, which programs most every musical format that the other FMs don't, including jazz, modern rock, reggae and blues. More than \$150,000 has been donated to the station each of the past three years from supportive listeners.

Within the industry

The market has also received support from within the industry. In 1994, Billboard magazine awarded four Airplay Monitor Radio Awards to Tampa Bay radio personnel. WXTB-FM won for Medium Market Rock PD/OD (Greg Mull); WFLZ-FM picked up an award for Top 40 Air Personality (Bubba the Love Sponge); and WMTX-FM won for both Medium Market Adult PD/OD and Local Radio Air Personality of the Year (Mason Dixon).

WMTX's morning man Dixon is representative of the market's tenacity with air

PROGRAMMING PROFILE

Tampa: Sun, Sand and Spurs?

by Brian Holmes

Country Outlets WQYK and Q105 Kick Up Some Sand to Be the Best in Tampa

Ask anyone in the radio business to describe the Tampa-St. Petersburg-Clearwater market, and it's possible he or she might bypass typical descriptions of palm trees, sandy beaches and year-round sun for the well-tread battle between top 40 foes Q105 and the Power Pig in 1989.

In 1995, it might be wise to add a cowboy hat and spurs to that market characterization, since Tampa Bay country outlets WQYK-FM, 99.5 and WRBQ-FM, 104.7 (Q105) are now commanding a walloping 15.4

the top spot with double digit ratings since the Power Pig (WFLZ-FM) brought Q105 (then owned by Edens Broadcasting) down from a decade-long reign at the top in 1989.

For three-and-a-half years, Q105 tried to fight off the Power Pig, going from dance CHR to modern rock-leaning CHR to hot AC. In 1993, Q105's new owner, Clear Channel Communications, grew weary of the battle and changed the format to country to directly compete against WQYK.

Questioned the crusade

Many industry insiders questioned Q105's



WQYK PD Beecher Martin (l),
OM Tom Rivers and a.m. DJ Dan Stevens

Photos: Laura Price

crusade to take on the seemingly insurmountable WQYK, but the station has proven detractors wrong. In Summer 1994



Q105 PD Dale Mitchell (l)
and MD Rennie Lane

share of the market between them. Infinity Broadcasting's WQYK has held

Arbitrons, WQYK maintained the top spot 25-54, but dropped 10.1 to 8.7. Q105, meanwhile, jumped 6.5 to 7.7 (to second place).

Could Q105 be headed back to the top? "I believe so," assures Q105 Program Director Dale Mitchell, who arrived in September 1994 after nearly 10 years at Winston-

personalities, particularly morning drive staff. It seems once you're successful here, you're destined to grow old amid these shores. Dixon, who manned the mic in the market's top-rated afternoon show at 1980's CHR giant Q105 several years back, left to program Kix 106 in Birmingham, only to return within a year to Tampa.

Likewise, when Q105 fell to the Power Pig, Cleveland Wheeler's legendary Q Morning Zoo, including sidekick Nancy Alexander, soon went with it, ending up at Houston's KKBQ. Now you can find Wheeler at WQYK in mornings and Alexander at WUSA as morning sidekick to Bob & Judd.

Others who were once successful and are kicking again are Charlie Logan (former PD at WYNF, went to Chicago now mornings at WXTB); and Nick Cleve (former morning man at WYNF, went to L.A., now mornings at WHPT).

And that's not the only name game in town. The national trend toward ownership consolidation is warming up in the Tampa Bay market. So far, only three players have three or more stations: Cox, Clear Channel and Paxson.

"Are we seeking another signal in this market? The answer is yes with a capital 'y,'" says WFLA/WFLZ's Reinhart with Jacor.

Both Jacor and Gannett bill more than \$10 million each annually and now that Clear Channel and Cox both have a second FM, it is expected they will also reach that income level.

Of course, other deals are in the works. Paxson is in an LMA (Local Marketing Agreement) with 50,000 W WNZE-AM (all Paxson stations have NZ in their call letters), and flipped it from news/talk to sports talk. Paxson is also trying to move the tower for Lakeland easy station WEZY-FM to southeastern Hillsborough County to make it a new Tampa Bay station and the company's second FM. That move is pending approval.

And demonstrating that the smaller surrounding markets are important is Entercom, which owns oldies WYUU-FM. The company recently purchased WISP-FM in Sarasota and has applied to raise it from 3,000 W to 23,000 W.

All of which makes Tampa Bay a pretty good place for the sun to shine. "The Tampa Bay market has a great future ahead of it with the growth rate and tourism," says Reinhart. "It's a market we're very proud to be in." 🌞

Brian Holmes is a radio columnist for "Music Forum" in the Tampa Bay area, and an on-air personality for Tampa's urban WTMP-AM.

Salem, N.C., country outlet WTQR-FM.

As PD and morning man for WTQR, he spent the entire 1980s—40 ratings books—at number one. "I was very secure where I was. I wouldn't be here if I didn't think I could win this battle. We're only 90 days into my game plan and look where we are," Mitchell says.

Q105 positions itself as "Hot Country Hits" and prides itself on playing more music than any station in the market. Mitchell says the station play 17 songs an hour and always 12 in a row with only two stopsets.

Q105 Music Director Ronnie Lane notes that very few of these songs date before 1990, a call to the targeted 18-49 audience.

The Bay's best country

WQYK's current positioning statement is "Tampa Bay's Best Country," and according to Operations Manager Tom Rivers, the station plays 12 to 14 songs an hour with three stopsets. Some of its music is older country gold to appeal to a 25-54 target audience.

Rivers arrived at WQYK in July 1987 as a night-shift DJ. Over the years, he moved up to music director/middays, assistant program director and then program director in 1990. In 1992, he left for a year to program and do mornings for Washington, D.C.'s high-rated country outlet WMZQ-FM, but returned to WQYK in 1993 as operations manager.

He says his goal now is to continue to dominate the Tampa Bay market. "We can do that by making our product compelling and interesting to our target audience," Rivers says. "Thereby, we'll not only have programming that works and gets ratings, but we'll have commercials that work better than anyone else."

Certainly, the station has done just that over the past several years. In the Winter 1993 Arbitrons, it peaked with a 15.7 share of the 25-54 audience.

Competition is all talk

Only two other stations have ever attempted to compete with WQYK, both AMs. Cox's AM 620 WSUN tried country classics in the early 90s, but couldn't get much more than a 3 share; today, the station is talk. At the same time, the 50,000 W WQYK-AM 1010 aired traditional country via satellite, but stalled in the 1 share range. That station is also talk now, with syndicated programming that includes Don Imus, G. Gordon Liddy and Don & Mike.

The most recent country attack came from Gannett's WDAE-AM, which flipped to "Froggy 1250" in early 1994, but a no show in the numbers convinced it to instead simulcast AC WUSA-FM.

So if these three strong AMs couldn't budge WQYK, why is Q105 taking so much, so fast? "WQYK is making the same mistakes Q105 did (when it was number one as a CHR) by believing it could never fall," suggests consultant Randy Kabrich of Randy Kabrich and Associates.

"Q105 has not been an excellent or an A+ country station. The fact that they have done as well as they have shows the deficits of WQYK," Kabrich says.

Air staff

Even so, WQYK has the name recognition and longevity advantage over Q105 when it come to air staff. The station features Cleveland Wheeler in the mornings, who used to be the ringleader of the legendary Q Morning Zoo at Q105 in the 1980s. Former WQYK morning man Dan Stevens now handles 9 a.m. to noon, followed by Hank Dale in middays and Randy Price for the drive home. All have been in place close to five years. WQYK Music Director Jay Roberts takes on the 7 p.m. to midnight shift and Hank Shaw does overnights.

Q105 has PD Mitchell teamed with Steve Austin, newsman Roger Shulman and traffic man Deputy Mike for wake ups; Chuck Bear and former WNLT (now WMTX) morning co-host Mimi Lawson handle middays; and music director Lane is in afternoons. Austin and Lane have been with the station since 1985 and 1989, respectively.

In a strange turn of events, Jon Anthony recently returned to Q105 to do nights—Anthony had been the night man in the late 80s when Q105 was CHR, then left to be part of the Power Pig air staff that pretty much prompted Q105 to go country in the first place. Kevin Summers, meanwhile, handles overnights.

The challenge

Rivers at WQYK knows he has his turf to defend, but Q105's Mitchell believes he has one major advantage.

"I have played from the other side of the fence. I was a successful defender for years (at WTQR) and I know where the defender is vulnerable because I had to defend this kind of attack year after year after year in Winston-Salem. So I know the chair he (Rivers) sits in." 🌞

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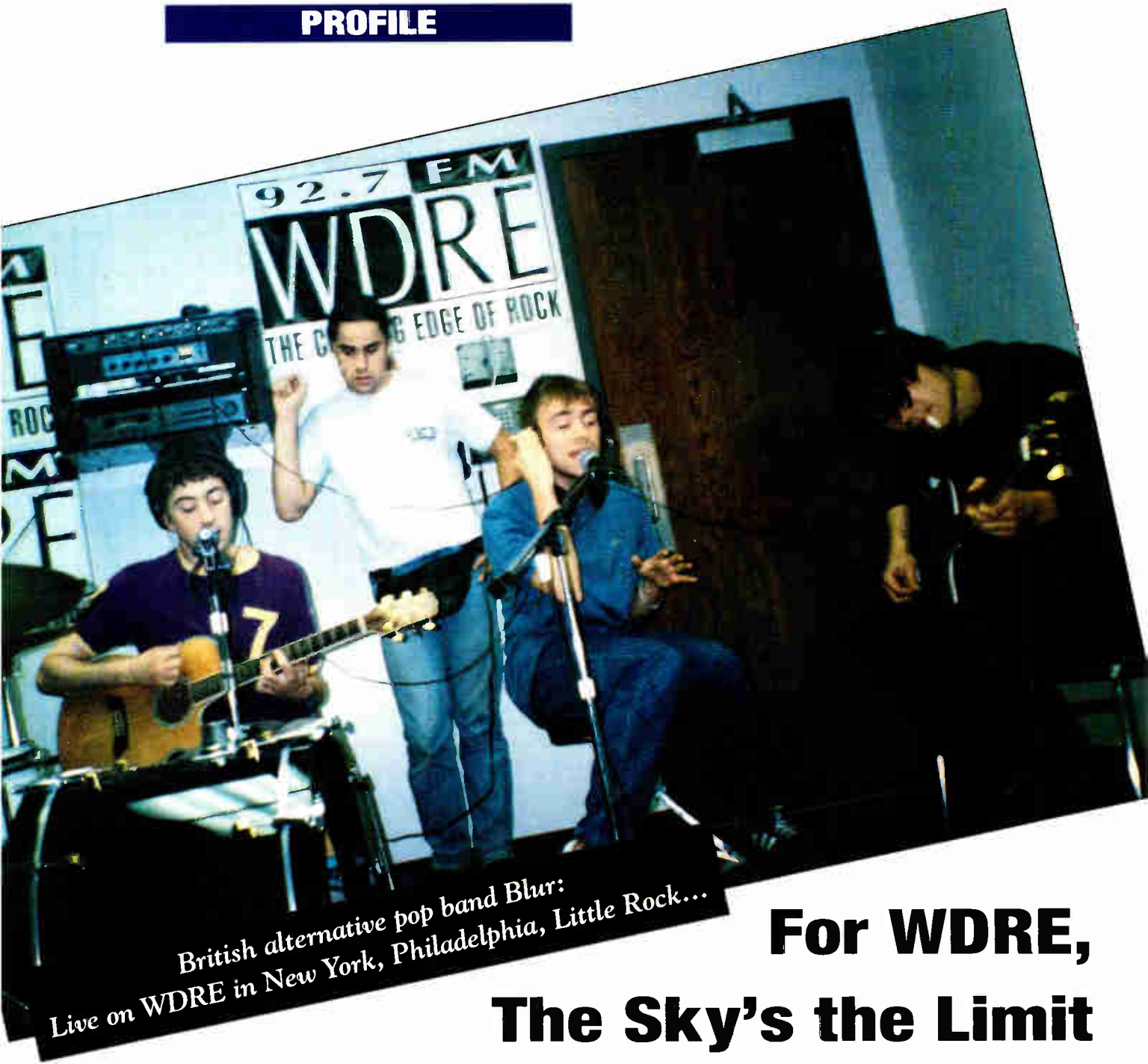
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British alternative pop band Blur: Live on WDRE in New York, Philadelphia, Little Rock...

For WDRE, The Sky's the Limit

by Alan Haber

Legendary Modern Rocker WDRE Clones Itself Into a Satellite Format for the Future

If Percy Faith and Bert Kaempfert are among the musical turn-ons populating your station's playlist, you'd sooner be able to explain the Big Bang Theory than understand the significance of Veruca Salt, the Cranberries or Hole in the cutting edge world of modern rock radio.

Hole who, you ask? Time for a wake-up

call: Modern rock is stomping across the airwaves, making a better showing in many markets than at any time in history.

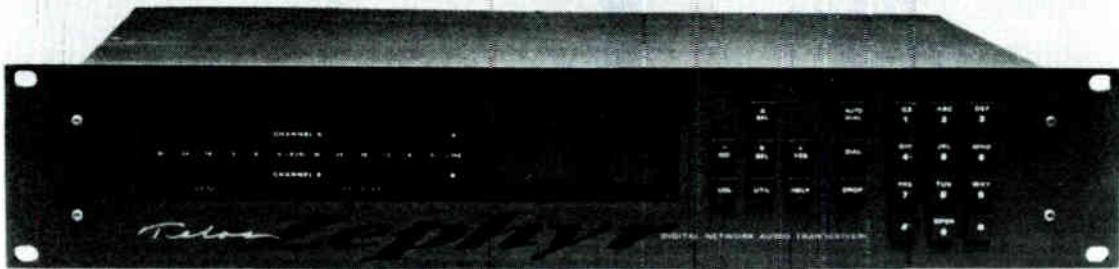
Riding along the cutting edge of the trend is a broadcast entity that is combining modern rock with modern technology, and actually cloning itself around the country. You've heard of syndicated morning shows

like Howard Stern or Don Imus; you've heard of syndicated "formats" with canned personalities—this is a syndicated station and a willing archetype for the future.

And LMA makes seven

The station is New York's legendary WDRE-FM, 92.7, now satellite-delivered to six additional outlets across the nation. So far, the WDRE network comprises three O&O stations—the home base on New York's Long Island; WIBF-FM in

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Philadelphia; and WWCP-FM in Albany (all 3,000 W)—and four affiliates: KZQA in Little Rock, Ark.; WNWZ-AM, Memphis; WMRW-FM in Westhampton, N.Y.; and KFTH-FM in Memphis (WDRE has LMA agreements with the latter two).

What makes the cloning concept so unique is that all seven of the stations identify themselves on-air as WDRE (except at the top of the hour, as the FCC requires).

To understand how WDRE made the journey from a single modern rock entity to redefining the network concept in the 1990s requires a dip into the station's history. It goes something like this:

In December 1987, Long Island's alternative WLIR-FM abandoned its studios and its legendary place on the dial at 92.7. Literally overnight, new equipment replaced the old in another facility in Westbury on Long Island, new on-air staff replaced some of the old and the frequency became modern rock WDRE.

"WLIR, on the plus side of the ledger, had a wonderful cult following, but in the business community, they didn't have much of a reputation," explains Ron Morey, president and CEO of The Morey Organization and subsidiary Jarad Broadcasting Co., the licensing entity that owns WDRE. "We really wanted to start with a clean slate."

In 1992, after nurturing the station's programming foundation for a solid five years, Morey was presented an opportunity to acquire WIBF-FM in Philadelphia, which was previously formatted with religious programming.

"In my view," he says, "there was a gaping hole in the marketplace screaming for modern rock." He also figured, "Why am I going down there to hire a whole new staff and reinvent the wheel, when we've got a product that we've been fine tuning for the last five years?"

Hometown station

Morey was convinced that enough localization could be created in the stop sets to make WDRE sound like a hometown station in both New York and Philadelphia, rather than a satellite-delivered format.

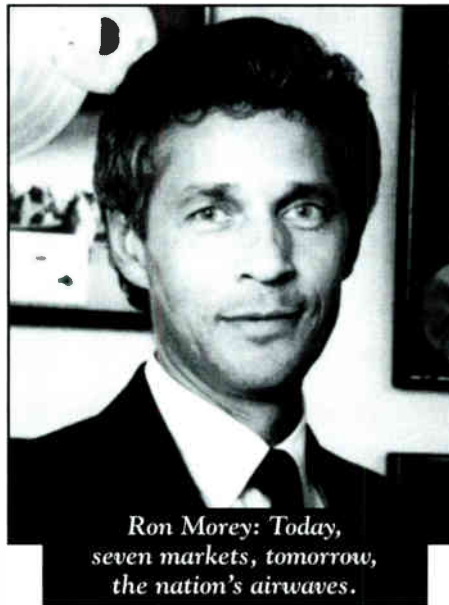
The concept worked. By the summer of 1993, WIBF had a 3.0 share in the Philadelphia market. According to Morey, before he acquired the station, it didn't even show up in the ratings.

The multi-market simulcast turned out to be so successful, in fact, that Morey got the itch to search out other markets where WDRE would fill a niche. "Frankly, it kind of accelerated our timetable," he says. "If a satellite-delivered format can work in a market of Philadelphia's size on a 24-hour

delivery basis, we felt that nothing was out of our reach."

The subsequent stations that fell into place were traditionally properties that were not working in some way. "The deeper under water a station is, the better for us," Morey admits. "Typically, we're going to go in and kind of blow it up and start all over again."

The concept isn't without its challenges,



Ron Morey: Today, seven markets, tomorrow, the nation's airwaves.

however. Take, for example, the small matter of time checks for affiliates in different time zones. At the Memphis and Little Rock stations, computers store the satellite-fed signal and play it back at the prescribed time; therefore, programming that airs at 10 a.m. in Philadelphia airs at the same time in the central time zone.

"It's real time for them," Morey says. "We didn't want to cop out and say, 'It's 20 to the hour.' It's 20 to one, period."

In general, once a new station is acquired, local production, sales and traffic operations are assembled. Morey himself spends a lot of time getting each station in gear, and staff from both New York and Philadelphia sometimes come in for indoctrination periods to bring local staff up to speed.

KU uplink

WDRE gets its signal out from a 4 W high-powered KU uplink, installed by National Supervisory Network (NSN) on the roof of its current state-of-the-art stu-

dios in Garden City, N.Y. The station buys satellite time from NSN on G-Star 1. ChannelMaster satellite dishes, of the 1.8 meter variety, are installed at each affiliate.

Stations signing on to the WDRE network need only to secure a dish and a receiver, according to John Caracciolo, vice president of engineering. If a station wants to get a little more creative, he says it can put in a computer and run WDRE automated.

Each affiliate has its own production studio; WDRE's base in Garden City has four, one of which is digital and uses the Korg Soundlink digital production studio. Caracciolo says that at some point, all of WDRE's production studios will be digital.

In addition to the four production studios and single air studio in Garden City, WDRE has a unique 16'x16' performance studio, wired with a routing switcher and a head-phone amplifier. Here, hands play either live on-air or are recorded for later broadcasts.

New cities

WDRE is syndicated by Digi-Net Syndication, a wholly owned subsidiary of The Morey Organization. Digi-Net is charged with actively pursuing new cities for the network, an ongoing challenge given modern rock's newfound popularity.

A year ago, "we could take kind of a broad, global view of the country and say, 'Where isn't modern rock happening?'" Morey says. Now, "people are discovering



what we've known for the last seven or eight years. This is a very hot format and one that's very saleable. It attracts a wonderful demographic profile."

Modern rock stations "are popping up all over the country and that's our biggest problem," Morey says. "It's nice to go into a market and be the first guy on the dial."

Advertisers are also hip to the modern rock format; WDRE airs spots for everything from beer, banking, electronics and cars to the automobile aftermarket, vacations and beyond.

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attractive from an advertiser standpoint," Morey says. "A 27-year-old is not thinking so much about having to stick half of his paycheck away to save it. They're out there, they're living their life, they spend money."

Keeping the station's image hip is key to maintaining its place in the daily lives of the 18-34 target demo, which means that promotion is always at the top of WDRE's to-do list. The station is consistently visible with bumper stickers and active with billboards and on-air giveaways.


"Our philosophy is to try and give things to listeners that they can't buy," Morey says. For instance, if the station sends a listener to a concert, he or she might get the opportunity to meet the band and go backstage.

In Philadelphia about a year ago, morning commuters coming into the 30th Street station were greeted by the WDRE promotion staff and the Trash Can Sinatras playing on the platform. "We didn't promote it on the air," Morey says. "It was just one of those cool, hip things. We (talked) about it after the fact, like, 'If you weren't at the 30th Street Station today, here's what you

missed.'" Morey says it's all about "developing attitude."

Within five years, he expects to own another three to five stations—but that's not all. "I wouldn't be surprised to see us in another 25 stations on top of that, in syndication," he says.

Stations that jump on the WDRE bandwagon get a product in which its owner has a vested interest. "We have a great relationship with our affiliates," Morey says, "and we talk to them on a regular basis. We're interested in providing them with service.

"Don't forget, we're living and dying with the very same product that they are. This is our lifeblood that's running through the veins of every radio station that we own. And it's absolutely critical that we keep advancing this format and that we listen to the input of the people that are signing on and buying into our vision." 

Alan Haber is a free-lance writer who specializes in radio and a variety of popular culture topics. He writes regularly for sister publication Radio World.

WDRE: Behind the Mic

All of this talk about modern rock would be meaningless if you didn't know what this high energy format was all about—this means you, Percy Faith and Bert Kaempfert fans.

At WDRE, listeners are plugged into a format spiced with a pinch of irreverence and in-your-face attitude, book-ended by everything from the fevered strumming of acoustic guitars to the hard-edged attack of fierce, electric axes.

WDRE, programmed by Russ Mottla (formerly of WIYY-FM in Baltimore), is developing an in-house research department for the network; because it's possible for a song to run hot in one market and cold in another, it's important that the playlist be well-informed.

To that end, each of the stations on the WDRE network holds music meetings and communicates the results to home base in New York, which then holds its own weekly music meeting. There are local opportunities for each station on Friday afternoons and Saturday nights. "Those would be the times where we could insert things of a local nature that we might not want to put on the network," says Ron Morey, president and CEO of The Morey Organization.

Listeners can call in requests to a toll-free number. "We get feedback on a continual basis, all of the information on the requests and so on is identified by market and we utilize all of that information," Morey says.

WDRE's on-air talent—Donna Donna, Malibu Sue, Loscalzo, Gary Cee and Jody Vale—keep listeners tuned into the latest sounds from Nirvana, Dinosaur, Jr., Offspring, Soul Asylum and Green Day, five days a week; a complement of part-time announcers do their duty on weekends.

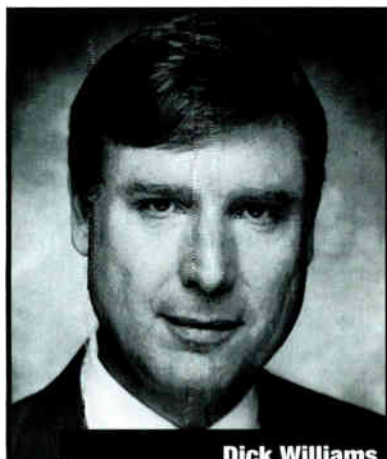
The challenge, Morey acknowledges, is to find "people who are continually able to identify with who your audience is." Modern rock has been around for so long, he figures, that the format could arguably be split off into different sectors.

"We've got people now who are in their 30s, who grew up with this format, grew up with the music, who want to hear some of the old stuff; and then we've got 19- and 20-year-olds that wouldn't thank you for hearing too much of the old stuff."

The constant challenge, he says, is "to know who your audience is."

—Alan Haber

TO THE POINT



Dick Williams
general manager
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“ Will DAB be a reality in the U.S. by the year 2000? To what degree will your station embrace it? ”



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general manager
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There is, of course, a parallel here to the growing pains experienced by broadcasters during the emergence of FM stereo. Ultimately, the improved quality of sound available through digital will meet the needs of the radio broadcaster, as well as the consumer.

DAB could also be a boon for operators of AM stations. The dramatically improved sound quality, coupled with single band reception, could lead to increased listening to AM stations.

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Digital audio broadcasting will be a reality by the year 2000. But its full effect on the radio industry won't be felt for many more years.

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Keep an eye on Alan Fox, who has been nosing around cyberspace with Gates).

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Sound mad? The FCC goldmine from auctioning ESMIR spectrum is directly related to the digital promise—the promise of multiple messages over a single frequency with hand-off capabilities. DAB spells opportunity for radio broadcasters. Our advertising billions will be multiplied many times with revenue generated through multiple use of the frequency.

DAB will transform our two-lane stereo highway into a space that will accommodate many lanes carrying a multitude of product on the only information highway reaching nearly everyone. Radio reaches 96 percent of us.

Cable, television and computers can't do that.

One day it will be interactive. Radio will be the medium that brings all of the excitement of immediate interactive communications inexpensively into the hands of the masses. Think about it. Radio licenses will become more valuable than TV licenses.

Will our stations embrace it? I'm hoping we'll find a way to be pioneers in the transition. Can it make us money? I'm betting it can. Big time.

Satellite DAB Proponents Maintain Technology Is No Threat to Terrestrial Broadcasters

.....
by Judith Gross

Progress on terrestrial DAB systems in the U.S. has all but eclipsed the original effort that began the whole DAB wave in the first place. Some four and a half years ago, the FCC—and broadcasters—were brought to attention by a proposal for a digital satellite radio service.

Petitions filed by Satellite CD Radio and three other companies have sat at the commission, been the subject of voluminous comments and been the source of much concern to radio station owners.

Now, after many rounds of domestic and international policy discussions, and after the seating of a new FCC chairman and several new commissioners, the prospect of a satellite DAB service is poised to heat up on the front burner of the radio industry once again.

Hundt paves the way

Some of the most telling—if indirect—indications that the commission may be ready to act on satellite DAB have come from its new chairman, Reed Hundt.

In talks at this year's World Media Expo and in informal discussions and interviews, Hundt has made it clear that he views radio as an established lane on the Information Superhighway.

Hundt has stated that he expects that radio's entrenched position will provide ways for broadcasters to adapt to new technologies, whether through programming or by providing other services.

Hundt has yet to answer directly the ques-

tion of when the commission will address the satellite DAB question. But while he has said he expects broadcasters to be quite vocal about the impact of such a new technology, he has said he doesn't believe "broadcasters want to stand in the way of this new technology."

Behind the scenes activity

More recently, the commission's Office of Engineering and Technology (OET), now under Richard Smith (formerly of the Field Operations Bureau), has found itself fielding more and more frequent queries about impending action on satellite DAB.

"Reed Hundt said at the World Media Expo that it might be time to look at this, so in January

'95 it may be," Smith says.

Informal background discussions with some commission staff show stronger indications of such activity, however. The question of localism is under investigation in some quarters: Localism is the main objection broadcasters have to satellite DAB, which would by necessity be national or regional at best.

"It's the job of the OET to advise the commission on technical standards," Smith notes. "Localism is certainly one of the issues we'll be looking at."

Bruce Franca, deputy chief of OET, says that with the progress on DAB over the last few years, the spectrum allocation issues are the next logical step. "At the staff level we are proceeding with the next

step in DAB, which concerns allocation issues. We are looking at both satellite and terrestrial allocations together," he says.

Have commissioners expressed a pointed desire to go forth with satellite DAB?

"Some commissioners have indicated a desire to go forward, but we're not far enough along that we've actually completed an item," Franca says. "Right now, we're planning for the beginning of next year—to deal with the allocation issues."

But some of the petitioners are optimistic and believe that the FCC will act on satellite radio service soon, perhaps even this month.

Four years and counting...

One company hoping for some definite FCC action is CD Radio Inc., whose subsidiary, Satellite CD Radio, applied for a license for a satellite service in May 1990.

Then in 1992 came the NPRM (Notice of Proposed Rulemaking) to allocate the spectrum for such a service. Not long after, Satellite CD Radio asked for FCC authority to actually begin building the satellite—a multi-year process.

Comments on the idea of a national satellite subscription music service—CD quality—were split between broadcasters and other groups. Strong interest came from cultural and ethnic groups who feel underserved by commercial radio. Rural communities also supported the idea.

Organizations representing long distance truck drivers were quick to express interest. And there was some interest on the part of car radio manufacturers such as General Motors.

But opposition came swiftly from broadcasters. At the time, terrestrial DAB systems were the subject of bitter disputes over the prospect of new spectrum allocations. And

“ It’s in the public interest. We need to do this. ”
—Clifford Burnstein
Primasphere

U.S. DAB systems, such as USA Digital's, were in their infancy and as yet untested. Comments from broadcasters cautioned the commission against making any moves that would put stations at a competitive disadvantage and that might interfere with the localism that is considered so much a part of radio's identity in the U.S.

Time for action

But now, several years later, with terrestrial DAB showing real progress, CD Radio thinks it's time for the commission to take action.

"A digital music service by subscription is not going to hurt radio. The fidelity issue is not a problem; broadcasters are on their way to going digital. It would take us three to four years from the day of allocation to begin such a service," says David Margolies, chairman and CEO of CD Radio Inc.

Margolies also points out that it would take time to make and sell new radios, and that the company is asking the commission for a subscription-only service.

"It's fine with us if the allocation is for a subscription service only. We're going to be pay radio. We won't hurt commercial radio stations any more than CNN has hurt network television newscasts," Margolies says.

CD Radio has been demonstrating the technology behind its proposed system for about a year. Six transmitters along a four-mile stretch of highway in Virginia have simulated satellite transmission in the S-band (2300 MHz)—the only band allocated for satellite services in this part of the world. A Ford car with a receiver built by CD Radio and Bell Labs demonstrates the capabilities of the system.

Margolies notes that he has difficulty understanding broadcasters' continued objection to CD Radio's proposal. "Why are we more of a threat than cable radio was?" he asks.

He maintains that, as expressed in many of those filing original comments, a subscription radio service is in the public interest.

"A million people in the U.S. get no more than one radio station; 25 million get less than four or five; 85 percent of the country's geography is not even covered by any radio," he says, citing a study prepared by the Washington, D.C. firm InContext and filed with the FCC.

"There are four million truckers and three and a half million RV owners. And why should ethnic and cultural groups, classical music lovers and children's program listeners not have service that commercial broadcasters find economically unviable?" Margolies asks.

From music to data

The other three satellite service hopefuls

filed their petitions in December 1992, in the wake of the S-band allocation designated by international agreement at WARC (the World Administrative Radio Conference).

Digital Satellite Broadcasting Corp. is looking to begin a service similar to CD Radio's: subscription, CD-quality music via satellite. The difference is that DSBC has included terrestrial repeaters, or "gap fillers" for coverage in urban areas where S-band has difficulty penetrating. Another difference is the use of smaller beams for regional service to Alaska, Hawaii, Puerto Rico and other areas.

Doug Minster, VP of business affairs for

DSBC, says the company has done limited testing on a system with the VOA and JPL using an existing tracking and relay data satellite, but adds that it would take at least three years to construct the satellite once authorization is given.

With the progress made on terrestrial DAB, and with the subscription-only nature of DSBC's proposal, Minster maintains as well that there is little threat to commercial radio stations.

"We intend to provide services that are not economical to broadcasters, for example, a children's programming channel. A few thousand listeners in each market is not enough to support a single station in



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one market, but would be enough to support a national subscription service," Minster says.

The idea of narrowcasting runs through the would-be satellite providers' arguments. With formats like commercial classical and jazz all but abandoned by commercial stations in all but the largest markets, satellite radio hopefuls don't understand why they should be considered a threat to broadcasters.

American Mobile Satellite Corp., through its subsidiary American Mobile Radio Corp., is the third of the four applicants for a digital satellite radio service.

AMRC is asking for 11 digital channels, five of them CD-quality music, five voice and one data channel. The service could be subscription- or advertiser-supported.

Jeanne Brown of AMRC's corporate communications office, agrees that it would be three to four years before a satellite would be constructed, adding that broadcasters' anxieties are unfounded.

"There really is no stopping new technology. We think the threat is minimal. Local news will always be of interest; we can't replace that," she says. Brown says AMRC expects the FCC to act on the spectrum allocation issues for satellite radio this month and to allow licensing in early 1996.

National advertising sought

But at least one digital satellite radio petitioner has come out boldly and said it plans to offer an advertiser-supported service—not a subscription-only one. And it happens to be a company that also owns local radio stations.

Cue Prime owns five stations in California and will soon be adding a sixth. The company principals, Robert Mensch and Clifford Burnstein, also own Primasphere, which in December 1992 petitioned the FCC to provide about two dozen CD-quality music channels and several talk channels. The main focus, according to Burnstein, was to provide niche music.

"We're in the music business already, managing several high profile bands. We want to preserve music that is not usually heard on radio today, because commercial stations will not—or cannot—do it and still survive economically," Burnstein says. "We're motivated by our music and love of radio."

Burnstein says that Primasphere doesn't believe selling national advertising will hurt radio advertising on the local level. "Most of the ads on stations—about 80 percent—are local anyway. What we propose will have only a small impact."

He adds that the impact is even weaker when you consider how long it will take for

Primasphere to get its service up and running. The company won't begin developing the technology or building the satellite until FCC authorization.

"We won't get full approval until 1996. Then it will be six to 10 years just to get the service built and additional time to buy the radios. CDs and other new consumer electronics take time to penetrate. By that time, radio stations will be digital, too," he says.

Burnstein adds that Primasphere doesn't intend to do local sports, weather, traffic or news. He likens satellite radio to MTV.

Fight plans at the NAB

No matter how many times the digital satellite radio applicants say they are not a threat to terrestrial radio broadcasters, no matter how long they maintain it will take to get their services up and running, no matter how much progress there's been in

still need to be an NPRM at the FCC before any of the satellite services were authorized, even if the commission goes ahead and allocates spectrum in accordance with WARC decrees.

Baumann maintains that broadcasters remained unconvinced by the narrowcasting and subscription-only arguments.

"We don't think it would stay subscription only. And the notion that great segments of the population are underserved by radio is just a ruse to get approval from the FCC," he says. "Our studies indicate that most of the country has up to seven or eight radio channels to choose from. Their studies are faulty."

Baumann notes that either directly—through competitive advertising potential—or indirectly—through erosion of the listener base—a digital satellite radio service would hurt broadcasters. And he

points out that it runs counter to the direction the FCC has taken all along regarding national radio service.

"For years the FCC has cut back on national service. This runs totally contrary to what they have done. If the commission supported national radio service, they would have left the clear channel stations alone," he says.

Unconvinced

But the satellite radio companies maintain that broadcasters' fears are exaggerated.

"This is like the baseball owners crying poverty. I will impact broadcasters only to a small extent

and they'll have 20 years of profitable stations before I impact them at all," says Primasphere's Burnstein. "And anyway, it's in the public interest; we need to do this."

"The threat is 99 percent imaginary," agrees CD Radio's Margolies. "If we could stop new technology we wouldn't be driving cars today. The whole world is going digital; if we don't do it someone else will and then we'll all end up buying the technology elsewhere."

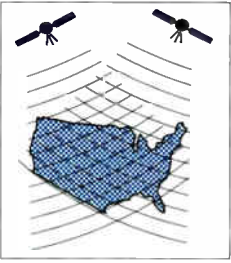
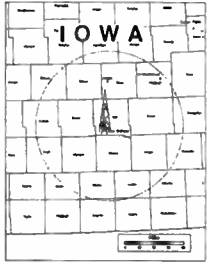
Jeff Baumann, the NAB's executive VP of legal and regulatory affairs, notes that broadcasters have not exactly been sitting complacently while satellite plans are being pursued. "We've been very busy, visiting with commissioners on this. We'll have our own economic studies to rebut the satellite radio petitioners. We aren't ignoring the issue," Baumann says.


The NAB also expects that with recent statements by Chairman Hundt, there could be some movement on the satellite DAB issue early in 1995. Baumann notes that despite past rulemakings, there would

and they'll have 20 years of profitable stations before I impact them at all," says Primasphere's Burnstein. "And anyway, it's in the public interest; we need to do this."

"The threat is 99 percent imaginary," agrees CD Radio's Margolies. "If we could stop new technology we wouldn't be driving cars today. The whole world is going digital; if we don't do it someone else will and then we'll all end up buying the technology elsewhere."

Judith Gross is president of JG Communications, a New York-based writing/public relations firm that specializes in broadcast and pro-audio technology. She is a regular correspondent for *The Radio World Magazine*.

Satellite Radio	vs.	Traditional Radio
Programming <ul style="list-style-type: none"> Nationwide Programming 		Programming <ul style="list-style-type: none"> Music tailored to local market preference Local News Local Weather Local Traffic Local School Closings Local Personalities Local Sports Local Talk
Primary Revenue Source <ul style="list-style-type: none"> Subscription-based or National advertising 		Primary Revenue Source <ul style="list-style-type: none"> Local Advertising
Primary Audience <ul style="list-style-type: none"> Automobile 		Primary Audience <ul style="list-style-type: none"> Home/Office/Automobile
		
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PC Radio Charts Potential New Course for the Airwaves

.....
by Page Chester

EZ's Alan Box, Microsoft Tout Nuts & Bolts And Revenue Opportunities of Audio on Demand

It's 5:59 on a Monday morning. In the next room, a computer works silently while its owner sleeps. A minute later, a speaker near the bed brings top-of-the-hour news as a wake-up call. The news is followed by weather, then a few minutes of music.

While he showers, Sidney usually replays the news, followed by Asian and European market reports. His wife, meanwhile, calls up today's school lunch offering for their daughter and traffic reports on the routes she and Sidney take to work.

After breakfast, Sidney pulls up his shopping helper to find out whether the computer has captured any more advertisements for 1966 Mustangs. There are two, one of which looks promising. Sidney tells the computer to hold an in-depth "infomercial" about the car for him to hear later in the day.

Just before he leaves, he checks the daily lunch specials at his favorite Italian restaurant and prints out a discount coupon.

Tailor-made information

Sidney's home computer, which looks a lot like a present-day television, is not only a phone, answering machine and household energy control, it is also a non-stop, wireless information gatherer.

And a huge portion of the local, tailor-made information and advertisements—available on-demand and in-depth—comes in both audio and text form via radio. This vision of the future is just around the corner, not 10 years off. And it's all the brainchild of one man.

As Alan Box sat through dozens of future-oriented meetings last year, he noticed that one medium was consistently left out of the mix.

"There was a lot of talk of merging PCs

with television and telephones and the like, but nowhere did anyone discuss the radio," Box says. Whenever the president of EZ Communications in Fairfax, Va., brought up that point, his future-thinking colleagues dismissed it as not important. "They hadn't really thought of it," Box says.

As a result, Box instigated a series of meetings with the people at Microsoft in Seattle. The idea was to explore the possibilities of putting a radio in a PC.

"Of course, the initial thought was that most PCs already have sound cards, and it's a logical thing to do while you're working," Box says. "What we quickly turned our focus to was the transformation that takes place when you hook a receiver to a hard drive."

The next generation

What occurs there—and Box believes this is a first—is the ability to store non-real-time data from analog and digital sources. Although much real-time information—such as stock quotes—is available via the burgeoning Radio Broadcast Data Services (RBDS) technology, Box says these are very limited and relatively slow.

The next generation of RBDS, now before the National Radio Standards Committee for standards-setting, is about eight times faster than the old, 1200-baud version. This new technology will allow FM stations to broadcast about 400 pages of text a minute. And because the receiver is built into a computer, there is a storage mechanism for all that information, so that it can be retrieved quickly and easily.

Box sees the service filling a well-defined niche: "a local, point-to-multipoint version of Prodigy and the Yellow Pages," with the local newspaper thrown in for good measure. Furthermore, he envisions FM stations

banding together through duopoly and other partnerships to increase their data capabilities and provide local, non-interactive information and services, freeing up the fiber optics networks for other uses. Plus, information can be gathered from several FM stations and pieced together by the computer according to the "listener's" specific needs.

Box says users will have constant access to news, weather, sports, school lunches, little-league scores, restaurant menus and phone numbers through the air—most of which would be updated on the half hour—on what amounts to a free modem. All this would be available without incurring the cost and time required to log onto a point-to-point modem.

There's also the advantage of portability. "I travel a lot," Box says, "and the ability to hook a wire to my laptop computer is very limited." With the new technology, 15 minutes after arriving in a new city, he could have local weather, a list of hotels and rates, names and numbers for area doctors and a passel of other useful bits of traveler information already built onto his computer's hard drive. The audio would also be available on his car radio so he can hear the information while driving.

This changes everything

As they say in the car commercial, this changes everything. Whereas just a year ago, the Information Superhighway was envisioned as a two-wire route, now the picture looks a little different. "I see this as an entirely different version of the superhighway," Box says.

He's not alone. Box is supported in his vision of a third lane on the information highway by Greg Riker, Microsoft's director of advanced consumer technology.

"I think there is enormous potential to deliver information to people when and where they are ready to consume it, wherever they are throughout the day," Riker says. ■

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"It certainly represents another way to get data to the customer in parallel to the wired paths that are offered by telephone lines and cable."

Riker, who is guarded when it comes to speculating on wider uses of the technology, grows enthusiastic when discussing radio applications, which he refers to as "unattended listening."

"The exciting thing," says Riker, "is that the radio-broadcast infrastructure is in place and reaches virtually everyone in the country on a daily basis for several hours." This means not only a ready-made market, but also limited costs and potentially fast development.

Estimated costs

Box estimates hardware costs for stations at around \$5,000 for the RBDS exciters (which inject the digital portion of the signal into the analog broadcast), and the receiver cards for PCs at under \$100. Riker believes the software would be priced accordingly. Although he says it's too early to say for sure, Riker predicts that customers "would not see any appreciable cost in the software."

Both Box and Riker believe that the technology could be widely available within five years. And with the switch over to digital audio broadcasting (DAB) within that same period, the possibilities expand exponentially. Box calls the data capacity "just enormous."

Jerry Lee, president of WBEB-FM in Philadelphia and a board member with the National Association of Broadcasters (NAB), sees dollar signs in that extended

capacity. He says the built-in market and infrastructure makes it a sure thing.

"You're talking about something that out of the box has a sales potential in excess of 50,000," he says. That means the developers can afford to spend a few million dollars at the research and design stages to make the product as inexpensive as possible. This investment could be further offset by a willing radio industry offering \$10 million in free advertising as a cost-cutting incentive.

"To me, this whole thing is just a matter of strategy," Lee says. "We've got a mass sales item here. I think the potential is really helping to move the product, and that's the end game here."

The advertising side

Lee has his eye firmly fixed on the advertising side of the new technology, which he believes will account for more than half of the content. This, obviously, means more revenue.

"Now the advertiser will be able to get far more for the dollar," Lee says. "It's just going to make radio a far more desirable commodity. And it's not going to cost the industry anything more. That's the beauty. This is truly a free ride."

Box, as father of such a prodigy, is somewhat more circumspect in his financial speculations, but he agrees to the commercial allure. He likens the service to an electronic mailbox.

"Anything that comes to your mailbox that is not specifically addressed to you

COMMENTARY

Why This New Technology Is Too Important To Ignore

by Skip Finley

On May 12, 1994, radio began a new evolution when EZ Communications President Alan Box told the NAB Futures Committee that the industry needed to have an AM/FM chip installed on-board computers.

Box conceived this brilliant concept at the January 1994 NAB Futures Conference. What it means is that when you "boot" your PC in the future, you'll be able to select your favorite station and listen to it via your computer's increasingly sophisticated speakers (see overview article, page 28).

Its place on the highway

The "Information Superhighway" is a series of toll roads purported to be linked in the future by hardware and software that exists today.

Even if you haven't bought that CD-ROM drive yet (you will), it's quite likely you already have more than \$3,700 invested in hardware in your home—telephone, smart TV, CD player, VCR, Nintendo, cable TV, along with a PC, modem/fax, printer and monitor—which consumes in excess of \$2,000 of your hard-earned cash annually—\$172 a month for Internet, Prodigy and America On-Line. Hey, you're already on the highway. (By the way, the term that best describes doubters of the Information Superhighway—roadkill.)

The multiplicity of radios in your home hasn't been included because everyone has them. Radio is on board your car, your boat and your roller blades (with a Walkman). It is essentially free to the consumer and therein lies the victory. Put radio in the computer and one can "mouse" his or her way through the dial.

An AM/FM chip provides a world of new bells and whistles with that relatively inexpensive piece of dated technology, analog radio. The next generation of digital radio will provide more features at lower cost. Sound quality demands will prompt consumers to rush out for those killer Altec Lansing PC speakers and 16-bit audio processors.

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This will no doubt lead to upgraded multi-media systems for the desktop and compact notebooks for those on the go. Walkman-type earphones will jack right into the CPU and the software capabilities will geometrically increase.

Listener benefits

In the modular workplace, one will no longer be forced to listen to "the one station everyone at work can agree on." There will be no need for a majority vote on co-workers' preferences in rap, metal, country or classical music through industrial-grade overhead speakers.

However, the real benefits for the consumer will be created by *Innovations in Radio*. (That's italicized for those who read Dr. Theodore Levitt's classic textbook, *Innovations in Marketing*—had the Penn Central Railroad recognized itself to be in the transportation business instead of the railroad industry, it would still be around today.)

Radio's role in the telecommunications business is mood service, a role that can enhance computer use. Technically, placing a receiver into a computer doesn't appear difficult. The key issue is data rate capability.

Radio has a bandwidth capability of roughly 9 kilobytes per second. In non-Mensa terms, this generally means our signals can distribute about 400 pages of data—or about two Sunday New York Times—per minute.

If you can hear a radio station via computer, why not use the SCA (sub-carrier) to send a written message across the bottom of the user's computer screen? Imagine what creative radio people can come up with to improve sales or audience with this type of in-office or at-home attention:

Press CNTRL/F2 for a coupon for Kraft Barbeque Sauce.

▲ Call 800-WIN-THIS to automatically enter Thousand Dollar Thursday and listen for your name in the 5 o'clock hour.

▲ There's a special sale at Safeway, this week only. Buy two packages of Perdue chicken wings and get a Kraft Barbecue Sauce (14 oz.) at no charge. Press F2 for a coupon.

▲ Press F4 to record the song, commercial, news, weather or sportscast playing now.

▲ Tell us your opinion: call WWW on the Internet at @//YOUR.STATION. Random caller wins a color TV!

▲ Call WWW on Prodigy at @//YOUR.STATION in the next five minutes and we'll fax your lunchtime oldie request to Domino's for your chance to win a free pizza.

▲ Press CTRL/L for details on Honest John's \$185 monthly payment program for leasing a Chevrolet truck.

▲ Press SHIFT/\$ for today's lottery winning number.

▲ If this screen is bothering you or your boss is looking over your shoulder, press F12. If you want to re-enter WWW Online, press F11.

The good and bad news

The bad news is that a zillion people cume your station. The good news is that the average shoe retailer only needs 200 people to stop in and buy a pair of shoes for \$50. The great news is that you can bet as much as 25 percent of your cume audience is using a computer right now.

No matter what size market your station is in, there is not one venue that will hold the entire cume audience of the smallest station in that market. Radio relies on 20 percent of its cumulative audience to provide 80 percent of its listening—and to purchase clients' products.

That's the main reason for radio's participation in the Information Superhighway. Client products pay for advertising and promotion. Radio Advertising Bureau (RAB) CEO and President Gary Fries says it best: "We need to change our focus from spot selling to marketing environment. Radio needs to be as intimate with its advertisers as it is with its listeners."

This new technology stands a chance of markedly improving that relationship. The industry is clearly indebted to Alan Box for his foresight.

Skip Finley is a partner with Albimar Communications, and a board member of the National Association of Black Owned Broadcasters, Radio Advertising Bureau, Washington Area Broadcasters Association and Virginia Association of Broadcasters. He served on the National Association of Broadcasters board in 1981-82 and 1990-94. He was vice chairman of the NAB Radio Board in 1994 and chairs the RAB Finance Committee.

could be broadcast to you more conveniently and certainly faster and cheaper," he says. "So instead of walking out to the mailbox to get your Domino's coupons, you'd get your electronic mail via FM, and in there would be all the occupant stuff." He adds that catalogs, newspaper classified ads and other shoppers' helpers could all be broadcast and probably arranged by personal preference based on the history of what has been saved and deleted.

Microsoft's Riker expands on the concept: "The opportunity for advertisers to reach motivated listeners and customers goes up dramatically."

Will it work, who will pay?

Two questions remain: Will it work, and who will pay?

The first question should be answered by a trial run being conducted by KMPS-AM/FM in Seattle, which is owned by Box's EZ Communications.

The experiment, which was slated to start at year-end 1994, should help answer some theoretical questions about sending and capturing radio waves on PCs. KMPS VP and GM Fred Schumacher calls the test run "a lab experiment."

"This will literally be, I suppose, like two kids with two tin cans and a string," Schumacher says. Only in practice will they be able to explore the opportunities and limitations of the service.

The trial run should also help Microsoft work out any kinks in its software.

"It's time to get our hands dirty and figure out just how much we can do with the system," Riker says. "Once we figure that out, it will be a pretty quick path to making it possible for users to start listening to custom radio pretty soon."

Schumacher sees the technology as "one of the links in an enormous communication web that we'll be using." It will also be one more step toward a society accustomed to maximum service.


"The future of advertising is not going to be the car dealer screaming in your ear that you must get down here to buy a car," Schumacher predicts. Especially when "you just bought one last week and really don't care about that anymore."

He sees advertising moving toward "one-to-one marketing." And with Americans becoming accustomed to an increasing level of service, "people just won't put up with not being served anymore," Schumacher says. "I think the advertising media is up to that challenge now—the technology's there for it to work."

No radical changes

The remaining question—who will pay?—is up for grabs. Box doesn't foresee any radical changes. "It's very likely going to be like radio's always been—free and advertiser-supported, much like Prodigy is and the Yellow Pages are." He doesn't rule out a low-cost subscription. "I think people would pay for it."


More important, some say, is for the industry to get its collective head out of the sand.

"Our business is changing much faster than most people in the industry are even aware of," Schumacher says, "because most of the time we have our heads burrowed down trying to make sales and hold down expenses." The admitted "tech-head" says many stations are just waiting for new technology to come to them. "Everybody that I talk to in broadcast has a feeling that the future is coming, and times are changing, but they're kind of waiting for it to happen. We as broadcasters really have the obligation to make it happen and not wait for it. If we don't, somebody else will make it happen, and they won't be radio people." 

Page Chichester is a Roanoke, Va.-based journalist, and former managing editor of Virginia magazine.

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Cable TV: A Radio Ally Or Adversary?

by Monica Cory

Without a doubt, the fervid expansion of cable television, with its promise to bring new channels, new programming and new services into our homes, makes the medium a compulsory variable in the future of the telecommunications landscape.

For radio broadcasters, TV's place in the media "picture," if you will, remains something of an enigma. Many of television's advances positively impact radio, but it has also long been viewed as a potential threat to radio's economic security.

So just where does cable TV fit—as a radio ally or adversary?

Take an ecumenical view

The question was put to George Hyde, vice president of training for the Radio Advertising Bureau (RAB), when he recently addressed radio account executives at a seminar organized by the Portland Area Radio Council.

"Don't dismiss cable's potential, which may be tempting, but not wise," Hyde responded, adding that more than ever, radio personnel should take an ecumenical view of this media competitor.

It's been noted that new media doesn't replace old media, it just makes older media work smarter. To get smarter about cable, one must understand the marketplace position that the medium commands in terms of revenue, penetration and ratings—and how radio and cable can be aligned.

Nationwide, cable advertising revenues jumped 18 percent in 1993, while radio revenues increased about 10 percent. Cable has a lot of ground to cover before it reaches rev-

enue levels comparable to radio, but it is fair to say the gap is closing.

For perspective, consider that total dollars spent on cable in 1993 equaled \$2.5 billion, compared to radio's \$9.5 billion.

In Portland during 1993, more than \$510 million in advertising was spent on television, radio, transit and the leading daily newspaper. While both cable and radio saw double-digit percentage gains, radio revenues amounted to more than \$59 million. Cable's slim piece of local advertising pie was \$4 million.

Market penetration

In terms of market penetration, cable now reaches more than half of American homes. Subscriber levels are highest among the affluent, reaching 82 percent of households with an annual income of \$60,000.

One third of all homes hooked up to cable receive 50 or more narrowly focused cable networks. Most cable homes have at least 30 channels.

So who's watching what?

The fact is that even the most popular programs don't draw anywhere near the audience ratings of broadcast television, Hyde said. And measurability remains an issue with advertisers. Whereas broadcast networks typically reach 7 to 14 percent of U.S. homes during prime time, the two top-rated cable networks rarely exceed 2 percent of viewers. That is well below prime time favorites like "Roseanne," "Seinfeld" or "Murder She Wrote" during an average week.

The identity of the two most popular cable networks may surprise you. They're not CNN, MTV or ESPN, but instead USA—distinguished by its adult-flavored program-

ming—and TNT, a combination of old movies and sports. Until the recent baseball strike, TBS, home of the Atlanta Braves, was number two.

Even with these small audience shares, cable intends to splinter the viewing audience further. Hyde revealed that among the 500 channels hoping to find their way into your home are multiple channels devoted solely to food, talk, games shows, special effects design and Spanish-language versions of movie and sports channels.

Critical mass audiences

"In recent years, advertising has moved away from mass media audiences to 'critical mass' audiences, with programming and broadcast formats reaching sufficient audience levels to merit advertising and production costs," Hyde said. "But one has to wonder, as cable audiences further splinter, at what point will it be more cost effective to make a personal sales call than to develop and place advertising for these smaller audiences?"

Considering the limitations of the media, what is it about cable that makes it so appealing to agencies and media buyers? Hyde cited one industry study that provides some answers.

One, cable is affordable. It costs far less than broadcast television and, in many cases, radio, so advertisers have the benefit of sight, sound, motion and emotion. Two, cable can claim audience reach. True enough; subscriber numbers are significant.

But reach and frequency do not go hand in hand with cable. And frequency is critical to achieve share of voice to rise above other advertiser messages. With a multitude of

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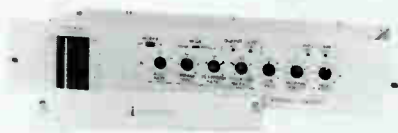
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networks and programs, cable avails are bountiful and so are viewer options.

Three, video production is an agency profit center and works well as a creative opportunity and source of ego gratification. Finally, cable is an easy add-on. When a spot is already produced for broadcast television, if



added media dollars are available, it's simple to add cable to the media mix.

Nominal ratings

Conversely, Hyde said, there are a number of things that buyers dislike about cable, the first of which are its nominal ratings. There is little reliable research to support claims of viewership. Buying cable programming can be uncertain.

Two, cable is a downscale medium. Studies have shown that high levels of TV viewing are inverse to household income. Affluent, better-educated viewers, those who have purchasing power, frequently don't watch any television, and when they do, they are more likely to use the remote control to change channels often.

Another concern is the production quality of cable advertiser messages. Typically, locally produced sports look inferior to expensive, national commercials with whom local advertisers compete for viewer attention. Such disparity can tarnish an advertiser's image.

Additionally, cable clutter is higher than broadcast television. While network television carries 24 commercial units in a prime time hour, cable programs often carry as many as 28 units per hour. That's about three times as many units per average hour on a music-driven radio format, making cable commercials even more susceptible to viewer zapping.

Overall, radio's distinctions over cable are notable. Radio's strengths include its portability, its ability to build message frequency, its critical mass audience size, a less cluttered advertising environment and its production parity—both large and small advertisers sound big on radio.

According to a leading cable sales manager in Portland, cable's primary targets are existing television advertisers. "They are already sold on television and frequently have commercials already produced. It is not difficult to convince them to add cable in their television buy," says Lois Petrik, sales manager of KBL, a sales team that serves several cable operators in the Portland, Ore., Vancouver, Wash., market.

With the landscape defined, the next question is, how can radio benefit from forging

“ Don't dismiss cable's potential, which may be tempting but not wise. ”

—George Hyde, RAB


relationships with cable? In fact, Hyde recommends several opportunities.

As a client, cable can rely on radio to build and retain its subscriber base. Featured pay-per-view and special cable programming are

ideal advertisers for appropriate radio formats.

Additionally, many cable operators would benefit from a radio campaign to improve the public's perception, which, Hyde said, has been hindered by chronically low customer approval ratings and image problems related to rate and regulation struggles with government.

When it comes to product-specific advertising, radio alone can get the job done—and perhaps could do a better job by adding specific cable networks to an advertising marketing program for added synergy. Particular radio formats correspond to cable programs and advertiser products. For example, news/talk radio would appeal to CNN viewers and advertisers of computers and office products. Country music formats can cross promote with TNN network to appeal to advertisers of trucks or certain food products like barbecue sauce. While viewership numbers are low, as one media director put it, "I don't care if a cable program only gets a 1 rating if it's the one I want."

Cable is definitely a permanent presence; the best advice is to figure out how to forge mutually beneficial relationships now. 

Monica Cory is executive director of the Portland Area Radio Council.

"Now that I've seen it I'm hooked!"

**Randy Michaels, President/COO
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The screenshot shows a software window titled "Selection Criteria". It has a "FILTER" section with a table for defining search conditions:

Field	Condition	Value
Sale Date	>	

Below the table are buttons for "Add", "OR", "Change", and "Delete". A "Build Pick List" button is also present. The "Filter conditions:" section shows a list of criteria: "Format = 'Country'", "HAAT > 1000", "Rev-Sta 93 > 1000", and "Metro = T".

On the right side, there is a "SORT" section with a "Descending" checkbox and three dropdown menus for "Primary" (Owner), "Secondary" (ST of Lic), and "Tertiary" (City of License). Below this is a "Select Fields" button.

At the bottom, there is a text input field for "Year and Month of last acquisition date (format is YYMM)" and a row of buttons: "Proceed", "Load", "Save", "Clear", and "Cancel".

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In the Eyes of the Holder

by Frank Montero

The FCC Has Specific Rules Regarding the Financing and Sale of Construction Permits

The FCC's anti-trafficking rules place restrictions on the ability of radio station licenses and permittees to sell their station authorizations to third parties.

In essence, the rules are intended to prevent those holding such authorizations from selling a "bare" license or permit for a profit. While there are no such limitations on the sale of an operating radio station, the FCC's rules focus on the sale of the bare authorization itself, without the tangible assets necessary to operate the station.

This limitation affects those radio station permittees who, through comparative hearing or otherwise, hold a construction permit to build a radio station, but do not have the necessary financial resources to construct the station.

FCC rules state that a construction permit for an unbuilt station can only be sold for the permittee's out-of-pocket expenses. That is, the permittee must carefully document how much was spent (in legal and engineering fees, filing fees and out-of-pocket expenses) in acquiring the permit. Then, the permittee can sell the permit for the sum of those expenses.

Frequently, the FCC will require the permittee to submit invoices or affidavits from contractors and service suppliers to substantiate the claimed expenses. The purpose of the prohibition is to prevent the permittee from reaping a profit from the sale of a bare license or permit. If the permittee does not have the resources to build the station, the permittee is faced with a dilemma. How can he/she build the station

prior to the expiration of the permit and thereby be entitled to a profit on the sale of the station?

Regulatory restrictions

In order to better understand this problem, it is helpful to review some of the basic aspects of the FCC's station construction rules. When an applicant for a new radio station is awarded an authorization from the FCC, that applicant receives a "construction permit" to build the station.

Usually, the initial term of a radio station construction permit is 18 months from issuance.

At that point, the applicant becomes a "permittee." The permit authorizes the permittee to construct the station within a stated period of time. The permit has an expiration date printed directly on it. Usually, the initial term of a radio station construction permit is 18 months from issuance. During that term, the permittee must begin construction of the station's facilities and get the station on the air.

If construction is running behind schedule

the permittee can apply for an extension of the permit term. However, the extension application must show that definitive steps toward construction have been taken (ground breaking, signing studio or tower site leases, ordering equipment).

Failing that, the permittee must show that circumstances beyond his or her control have delayed the start of initial construction (local zoning clearance, weather, nonperformance by contractors). During this period of construction before the station is on the air, the permittee is prohibited from selling the station permit for anything more than the permittee's out-of-pocket expenses.

Once the station is built and ready to go on air, the permittee must notify the FCC that it is ready to conduct "program tests." This is done with a letter to the FCC (in the case of stations with directional antenna arrays, it is necessary to request "program test authority").

Then, the permittee must submit its license application, requesting a "license to cover" the permit. Once the license application is granted, the permittee becomes a "licensee." The issue then becomes one of when the permittee can sell his station for a profit.

Can he/she do so once the station is on the air, or must the license application be granted first? The answer is: the permittee may sell the station for a profit once the station is on the air. And this brings us back to our dilemma.

The dilemma

Let's say you are lucky enough to have been awarded a construction permit for a new radio station. You spent several years and quite a bit of money on lawyers, engineers and filing fees to get that permit. However, now you are halfway through the permit term and, try as you might, you cannot

obtain the financing you need to build the station.

The permit clock is ticking and your engineers and lawyers are calling you every day to find out when you plan to pay off the balances you owe them.

Also, let's suppose there's another broadcaster in the area who would be interested in your permit. In fact, if it were an operating station, you know that he would be willing to pay you a very handsome sum (that is, considerably more than your out-of-pocket expenses in acquiring the permit from the FCC).

Some have structured transactions in which the permittee borrows construction money directly from the would-be third party purchaser.

At this stage you have two choices. One is to sell the permit for your out-of-pocket expenses. However, FCC rules require permittees interested in selling their bare permits to do so during the first nine months of the permit term. Otherwise, the permittee must show substantial construction progress or a lack of progress for reasons beyond the permittee's control.

Moreover, it kills you to think you went through all that effort just to break even (and you never break even, really—it's impossible to put a dollar value on the effort and anxiety of getting that permit, to say nothing of the endless little incremental costs you incur but can't document). On the other hand, selling the permit will get those annoying engineers and lawyers off your back.

The second option is to stick it out and see if you can get the financing you need to build the station. But if you fail, you will have to extend the permit and risk losing your entire investment if the FCC stops granting you extensions or revokes the permit.

Is there a third option? Some say there is.

Possible solution

In recent years, some broadcasters have successfully structured transactions in which the permittee borrows construction money directly from the would-be third party purchaser. In exchange, the would-be

purchaser is given an option to purchase the station for a sum that would give the permittee a profit.

The option is exercisable only after the station has been built (using the borrowed funds) and is on the air. The process goes something like this: our permittee would enter into some form of loan and option agreement with the purchaser. Under that agreement, the purchaser would loan the permittee sufficient funds to construct the station.

The purchaser/lender would have a purchase money security interest in any assets acquired by the permittee with the loan. In the same document, the purchaser would be granted an option to purchase the station, exercisable once the station is built and on the air. The purchase price would be the sum of the permittee's out-of-pocket expenses, plus the loan balance (which would be forgiven at the closing of the sale of the built station),

plus whatever additional premium the parties agree to based on the market value of the station.

The permittee would execute a promissory note for the loan balance as he/she would do with any other lender. If the purchase option is never exercised or if the permittee fails to construct the station, the note would be due and payable according to its terms.

However, once the station is built and on the air, the purchaser/lender would have the right to exercise the purchase option, and then the parties would file an assignment application to sell the station. At closing, with FCC approval, the loan balance would be effectively applied to the purchase price and the note would be released.

Risks

While this structure, along with other variations (one by which the purchaser/lender purchases a minority stock interest in the permittee and takes an option to purchase the remaining equity once the station is built) has been successful, it is filled with pitfalls. As such, it is essential that the documentation be carefully drafted.

The transaction must be completely arm's length, with the permittee having complete discretion in the construction and operation of the station prior to the

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FCC-approved purchase by the lender. While some transactions of this nature have incorporated an LMA programming element (allowing the lender to program the station once it is built and prior to exercise of the purchase option), this increases the risks because the LMA can be seen by the FCC as giving the lender/programmer too much control over the station.

Again, the documentation and the structure of the transaction must be carefully designed. Likewise, the parties should openly disclose all aspects of the transactions to the FCC. If there is an element that you are worried about, it is better to fix it with the guidance of the FCC and your communications counsel than to hide it from the commission. To do so can place your permit in jeopardy and raise misrepresentation issues that will follow you and the purchaser in all future dealings before the FCC.

Possible ways to mitigate the risks would be to avoid establishing a fixed pre-arranged purchase price in the purchase option. Another idea is to incorporate a feature that allows the permittee to buy back the purchaser/lender's option after the station goes on the air.

Follow the FCC's precedent in how you structure the transaction. Specifically, be sure that the purchase option is only exercisable once the station is built. Otherwise, it can be seen as giving the purchaser an option to buy the unbuilt permit for more than the permittee's out-of-pocket expenses in violation of the FCC's rules. For example, in a recent FCC decision, the commission ruled on a transaction in which the permittee entered into a letter agreement to sell a radio station at a profit. Although the letter agreement provided that a formal asset purchase agreement would be prepared in the future, the FCC noted that the binding letter agreement to sell the station for a fixed price in excess of the permittee's out-of-pocket expenses was signed before the station commenced operations. Once the station was built and the license application was filed, the permittee and the purchaser filed an application to assign the station pursuant to the terms of the asset purchase agreement.

Although the FCC ultimately granted the assignment, it limited the consideration that the permittee was entitled to receive those "legitimate and prudent expenses

which (the permittee) can document..." The problem, as the FCC saw it, was that the permittee "essentially guaranteed itself a profit on the sale of an unbuilt station by signing the binding agreement to sell (the station) at a fixed price."

In addition, the FCC expressed concern over the fact that the permittee exercised little control over the actual construction of the station, which raised questions about a possible premature transfer of control. This case clearly indicates that such arrangements are carefully scrutinized by the FCC. As such, the FCC's policy of accepting such transactions may change depending on how this and other cases are interpreted in the future.

Finally, make sure you are familiar with the FCC's mandatory holding period requirements for certain stations. Specifically, if a permittee is awarded a permit as a result of a final adjudication in a comparative hearing (as opposed to a settlement with the other applicants), the permittee is prohibited from selling the built station for a period of one year from when the station goes on the air.

The same applies to permittees who are awarded a permit as a result of the FCC's minority ownership preference. As such, in these cases, using the structure described above, the documentation should provide that the purchase option is not exercisable for 12 months after the station commences program tests and is on the air.

Although this approach must be taken with great caution, many broadcasters and permittees have found it to be a very useful mechanism to build stations in a time when construction capital is scarce. Likewise, many would argue, it saves FCC resources that would otherwise be used in revoking an unbuilt construction permit and reissuing it through a completely new comparative hearing. Such a waste of resources, most would argue, serves no useful purpose. ☺

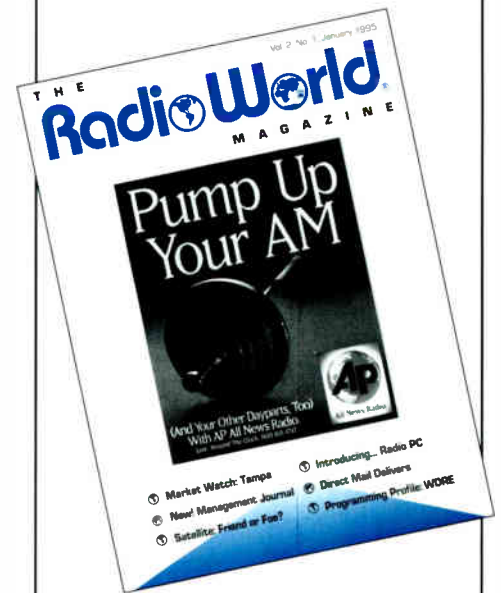
Frank Montero is a communications attorney with the Washington, D.C. law firm Fisher Wayland Cooper Leader and Zaragoza, L.L.P. He is a regular correspondent for The Radio World Magazine.

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Don't Laugh: Silly Slogans Sell



by Miles Richmond

Campaign Positioning Statements Help Your Clients' Products Sell

We've all seen and heard them—those seemingly silly catch phrases used to sell a company's products or services. Some call them slogans or tag lines. In marketing lingo, they're known as campaign positioning statements.

However, when they're imbued with truth and creativity, these often-underestimated advertising elements can be the very ingredient that boosts advertising results, as opposed to just getting a client on the air.

Positioning statements are often the kernel of an advertising campaign—the key that helps propel an advertiser above any number of competitors vying to make impressions on your station's listeners. And, as you know, companies either compete—or they get beat!

Selling solutions

A savvy way to view your clients is that they don't really sell products or services. They sell solutions to their potential customer's problems. A furniture store's desired end result may be to move couches. However, the customer's challenge is finding something soft to sit on.

By advertising, companies are offering choices and options to help solve problems. That's it. The advertiser's goal then is to increase the potential sampling base of customers willing to explore their particular brand of solutions.

Remember, for the most part, customers don't make a buying decision based on what they know. They make it based on how they

feel about a company's product or service.

So what does this have to do with positioning statements? First, nobody remembers everything about a company through its advertising. There's a need to pare down to a core few words exactly what competitive advantages and differences a company is offering. A well-crafted positioning statement can help do that.

Of course, there are other elements critical to a successful campaign. But the positioning statement is the cornerstone on which everything else is built. A radio rep's challenge, therefore, is to understand, in detail, exactly what his or her client is offering to the consumer and compare these benefits to those of competitors; and then to clearly assist the client in marketing them through correct positioning.

Types of positioning

Before we explore how to go about developing a campaign positioning statement, let's first look at the two basic types.

A preemptive statement is by far the most common. It's based upon a declaration or affirmation by a company that is somehow uniquely its own. For example, McDonald's has employed the line, "You deserve a break today," for years. It's used by the company and by no other fast food company. You'll never hear Jack-in-the-Box, Burger King or Wendy's attempt to use that line, even though it could be applied to any of them. Therefore, it preempts any competitor from claiming

that same marketing position.

The second type is a hereditary positioning statement. This is reserved for those companies that originally developed a product or service. For example, Coca Cola uses the term, "It's the real thing." Why? Because Coke invented cola-flavored beverages. Pepsi can't make the claim, so Pepsi must develop other lines such as, "You've got the right one, baby" (a preemptive statement, mind you).


Just like any recipe for success, a powerful positioning statement consists of one or two basic but essential ingredients. First, it must be truth—based on a fact or advantage

**Customers buy based
on how they feel
about a company's
product or service.**

that's intrinsic to the product or service: for example, "Nothing beats a Bud," or "The heartbeat of America—Chevrolet."

Avoid self-serving clichés like, "We're number one," or "Putting you first makes us best!" Everybody's heard them and they have no impact.

Make sure it fits

Second, make sure the positioning statement you develop fits the lifestyle, age, sex, ethnic background and/or educational level of the targeted customer. In Northern California, for example, there's a bungee jumping company whose line is, 

"You're bound to come back!" A plumbing company in Las Vegas uses the phrase, "A straight flush is better than a full house!" Both of these lines perfectly fit the particular circumstances of their customer base.

Of course, being clever always helps. But developing a successful positioning statement lies as much in hard work as natural genius. Begin the development process early. Gather information during the initial exploratory meeting between the radio station rep and the potential customer.

Be sure to ask all the right questions: How do you wish to be perceived? What do you want to say? Consider whether off-the-wall humor or perhaps a tug at the listener's heartstrings is an option over a straight-out approach. What has worked in the past? What special features and differences separate you from the competition?

Next, go back to the station and brainstorm. Play with concepts, words and ideas. Develop a list a 15 to 20 possible lines and approaches. You might not come up with the world's greatest positioning statement, but something on the list might inspire the client to come up with it himself. After all, the advertiser is still the ultimate authority on his or her particular business.

Now, schedule a second meeting and share your list of possibilities. Decide with the client which positioning statement offers the most promise.

Applications


A good positioning statement goes a long way. It can be applied to the client's advertising campaign in numerous ways. It can be read into the radio copy as part of the main message or as a voiceover tag line. It can be part of an original song with catchy music and

can be the inspiration for an enduring jingle.

An on-target and well-crafted positioning statement should be employed with continuity and used in all media, not just on the radio. Don't make the mistake that so many make and change lines just for the sake of change. Use one good positioning statement continuously and stick with it. Give the consumer a clear and consistent message—and communicate it over a long enough time period to accurately gauge the results.

Mixed results

The importance and impact of positioning statements are often overlooked, even by practiced advertisers and experienced radio sales reps. Far too many are satisfied to just sell some air time—creating a quick spot and getting it on the air as soon as tomorrow. That kind of approach usually ends in mixed results at best. And it doesn't do a lot to sell an advertiser on the idea that radio can work for him or her.

It takes practice and discipline to go through the more strategic process of developing a well-planned, clearly executed positioning statement. But the rewards you'll reap—for the client and the station—are worth the time and energy you'll expend. You and the client will compete and not get beat. And that's not just an empty slogan. 

Miles Richmond, VP of Tuesday Productions, developed an advertiser seminar to educate clients on how to effectively compete using radio. The company has created music for Budweiser, Chevrolet, Domino's Pizza and countless other advertisers.

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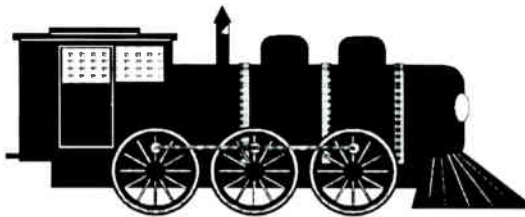
A Positioning Statement: Getting Set Up

Following are the key steps to developing a successful slogan for your advertising clients.

- ▲ Meet with the client and discern competitive advantages.
- ▲ Decide on approach—preemptive or hereditary?
- ▲ Style: humorous, heartfelt or straightforward?
- ▲ Make sure the statement fits the customer's demographic.
- ▲ Brainstorm until you fill a page with ideas.
- ▲ Meet again with client and present ideas.
- ▲ Decide where to use: in copy, a tag line or a jingle?
- ▲ Stick with it—repetition is essential.
- ▲ Encourage client to use the statement in all advertising media.

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Trends in Business Applications, Information Systems and Strategic Planning

An Introduction

Beginning this month, Management Journal will examine trends in strategic management and business applications for the radio executive of the 1990s and 21st century.

Management Journal will offer information for implementing both short-term and long-term strategies, including issues surrounding database marketing, integrated computer technology and inventory management. It will explore concepts being implemented in other industries and how they can be compared to or adapted for radio.

Management Journal will draw upon data culled from leading business publications and from interviews with both radio executives and management and marketing experts.

The Landscape

▲ A 1994 American Management Association (AMA) survey on business downsizing lists four principal reasons for staff reductions: 1) general or industry-specific downturn, followed closely by: 2) improving staff utilization (a function of duopoly for radio owners) and: 3) transfer of work (to contractors).

Interesting to note that slipping from third place in the same AMA survey conducted in 1991 to fourth was: 4) new technology advancements, the one issue that many media employees, particularly those in radio, feared would result in immediate staff cutbacks.

(Reference: The Wall Street Journal, Sept. 27, 1994.)

▲ Peer appraisals—having co-workers deliver performance reviews—is gradually becoming a valid form of management.

The trend usually involves forming “goal-directed” work or task teams in which members are allowed to offer constructive criticisms of each other. Designed to shy away from a hierarchical structure, peer appraisals started in larger companies, but will eventually trickle down to smaller operations.

(Reference: The Wall Street Journal, Oct. 4, 1994.)

▲ The U.S. economy continues to grow at a strong pace, according to business executives and economists attending a semi-annual meeting of the Business Council in Williamsburg, Va., last fall.

Despite this strength, the Business Council is projecting an economic growth rate of 2.7 percent in 1995, down from an anticipated 3.7 percent in 1994. The reason: the Federal Reserve’s push for higher interest rates.

E-mail Yields Instant Interaction with Colleagues, Clients and Customers

The first part of the computerized information highway has arrived with electronic mail, or e-mail for short.

Although this technology has been in place for more than 20 years, the use of electronic mail delivery for instantaneous communication among corporate executives and their customers is fast becoming commonplace.

According to Bob Lion, an executive vice president of The Interep Radio Store, the New York-based national radio sales and marketing company, e-mail or two-way interaction by personal computer eliminates document duplication, while improving the method of distribution to stationary locations over mail and faxes.

One of e-mail’s primary advantages for corporate decision-making is its mobility—that is, its ability to deliver messages to portable computers used by traveling executives.

For Interep, e-mail allows company executives to have person-to-person confidential electronic communication among the company’s different regional offices. In the future, the technology will facilitate communications among the national representation firm, its represented client stations and key agencies.

Competitive Advantage: The Merging of Laptops and Sales

The name of the game for the radio industry in the 1990s is to automate the selling process through computer technology, especially portable or laptop technology. In this way, salespeople are armed with up-to-the-minute client data, allowing them to successfully compete for all available ad dollars in an intense multimedia marketplace.

Information technology has played a critical role in obtaining new corporate clients in the highly competitive airline industry. For example, at British Airways, the entire sales force has integrated information technology into its day-to-day operations. Each account executive at the international company is equipped with IBM 700 and 750C thinkpad laptop computers for conducting presentations.

Stored on hard disk is all relevant research data and account information, including revenue data for the targeted corporate travel account. This includes the types of business the client books with airlines, such as how many club seats it buys, and details on any special deals available that might help capture the client’s business. ➤

The lesson here is for account executives to be as mobile and informative as possible in reaching a greater number of potential accounts through laptop computer technology.

In radio, that translates into soliciting a greater number of new advertisers—both national and local. Radio stations, for example, can input account advertising data into a master databank (see item on database management below) and then onto the hard drives of laptop computers for one-on-one sales presentations.

One kind of market-specific multimedia spending data for local radio stations comes from Competitive Media Reports (CMR), based in New York City. It can assist sales managers and their staff in determining how much money is being spent on all measured media by a station's targeted accounts. The end result: demonstrating the highly effective cost/result ratio for radio as compared to other media, especially local print.

(British Airways Reference:
Sales & Marketing Management, August 1994.)

Building the Information Marketplace: A Three-Tiered Application of Database Management for Radio

Step One: Direct (to Consumer) Marketing

Establishing computerized listener databases will undoubtedly lead to a highly effective direct (to consumer) marketing effort. By identifying core listeners, radio account executives will build brand identity awareness for their stations by directly communicating with listeners via the mail, phone or printed bulletins.

"These must be very focused consumer campaigns such as focusing on specific zip codes where heavy listening occurs in much the same way politicians target potential voters," says Ed Shane, president of Shane Media Services, a radio management consultancy based in Houston. Stations will also be able to keep a more accurate account of their "loyal" listeners.

Step Two: Integrating Systems for New Business

After the station identifies and markets to its core listeners, the next step lies in the integration of all station marketing and research data through digital computer technology to target potential new advertisers.

The station creates a master databank that can easily match consumers with an advertiser's product, while customizing promotional campaigns such as linking loyal listener cards with store scanners.

"Desktop and laptop digital computers allow account executives to assemble multimedia sales presentations, complete with station sound bites and the most current station rankings in a matter of minutes," says Scott Randall, president of Media Designs, a New York marketing and management consulting firm. "This digital integration of data will also allow for more effective inventory tracking and control."

Step Three: Optimizing Inventory Pricing

America's new duopolized radio marketplace has made it imperative for radio owners and managers to have tighter controls over inventory management.

Setting the optimum price for available commercial spot inventory has been a perennial problem for every radio manager. As part of the integrated databank of the radio station, fluctuations in advertising traffic is monitored on a month-to-month basis. Known as yield management, the challenge is to draw upon recent historical sales data as a guide to pricing, while factoring in current local economic conditions as well as shifts in local radio ownership and formats.

Learning Curve: Highlights from A Specially Selected Business Management Book

"Market-Driven Management," a new business management book by Frederick E. Webster, Jr., argues that a complete approach to planning business strategy must combine customer-centered with competitive-centered analyses, rather than focusing solely on the latter. For radio, this would be an advertiser-centered approach.

Three Major Points: 1) The most important element in developing a business strategy is to select those market or consumer segments (demographic, lifestyle, etc.) a company wishes to serve.

2) From a competitive standpoint, brand image is the most powerful form of product differentiation, because if it is duplicated, it works to the benefit of the originator.

3) A key strategic concept is the value proposition, which is a statement of how the firm proposes to deliver superior value to its customers.

Trendformation

Within the new customer-focused business environment of the 1990s, in-house corporate training, especially those involving information systems, has emerged as the key factor for maintaining an advantage over rival companies.

According to the Alexandria, Va.-based, American Society for Training and Development, approximately \$30 billion is spent annually on training, pointing to the relatively high cost associated with teaching new corporate skills.

But executives in an increasing number of industries, including radio, have come to realize that such an investment typically translates into positive personnel performance on all levels.

Vincent M. Ditingo is a business writer and media consultant, as well as an assistant professor of communications at St. John's University in New York.

He recently authored the Focal Press book, The Remaking Of Radio, which addresses the restructuring of the radio industry during the 1980s and early 1990s.

The Only Stigma Attached to Country Radio Today Is Revenue

by Bob Harris

My, how times have changed for country music broadcasters. Business has never been better for most, including many new converts from less profitable format choices.

During 1993, in fact, country radio stations were rated number 1 in 55 of America's top 100 markets, including such unlikely cities as Cleveland, Seattle, San Diego and Baltimore, according to the Country Music Association.

"Country is the AC of the 1990s," says Greg Hilton, whose KSOP-AM/FM in Salt Lake City celebrated its 30th anniversary in December as the "first full-time FM country station in the world."

Hilton's outlet and many other country pioneers suffered financially in those early years due to negative images about the format's audience quality. There were client dictates to media buyers: "No country stations on the buy."

Attitude has changed

This attitude has changed dramatically with country's current mainstream mass appeal nature. No longer will you find any format objection to country music or country stations. Savvy advertisers and agencies are now insisting that country stations be included on advertising buys. The Atlanta Dodge dealers, for example, recently made country a client dictate.

And there's a good reason. It's good business. Country stations reach an amazing number of people, with equally impressive qualitative figures. That popularity breeds potential partnerships between corporate America and country music America. And those partnerships mean good business for country radio.

A Fritos "Scoops" chip package featuring country music artist Reba McEntire has shown a significant sales increase, way above projections. The difference? Reba's picture is on the package.

Keebler, not to be outdone, put Clint

Black on the front of its Wheatables Snack Cracker packages and added to its consumer appeal with a \$2.99 plus one proof-of-purchase offer for a "Ten Hot Country Hits" CD on the back.

A 1993 Frito Lay ad campaign featured a rotating series of rock groups, replacing Hank Williams, Jr., on Monday Night Football's opening musical intro. For 1994, Frito was back and wiser as Hank returned to head the campaign.

The country lifestyle

More and more Americans, young and old, are buying into the country music lifestyle. According to Simmons research, 42 percent of all adults listen to country music stations. In many southern markets, the numbers for country radio are even more remarkable.

In Dallas/Fort Worth, nearly half the radio audience listens to a country station during the week. KPLX-FM is telling buyers that "even with four country radio stations, the demand exceeds the supply. And it's going to get wild and woolly in the second quarter."

In Houston, one third of all adults 25-54 are being reached by a country station. Bob Presley, KILT-FM General Sales Manager, involves his station in Houston's biggest annual civic event, "The Houston Livestock Show and Rodeo."

"We're up to our eyeballs in rodeo around here from December to March," Presley says. "The rodeo has a bigger financial impact on the city of Houston than Mardi Gras has on New Orleans. Every sponsor wants a rodeo promotion. It's the event in Houston and everybody wants to be a part of it."

But it's not just the South. Country radio listening is growing in all sections of the U.S. In fact, the greatest growth is in the Northeast and North Central regions of the country. Today, more than 2,600 radio stations program country music full-time, according to the M Street Journal. That's nearly one of every four radio stations, and

a 30 percent increase over 1993, according to the M Street Journal.

Not only are there more country listeners, there are more big spenders. Sales of country music records have increased about 400 percent during the past four years, while rock record sales have gone up about 16 percent. But the country listener is spending big bucks on more than just music.


In Phoenix, Bob Podolsky, GSM at KNIX-FM and KCW-AM, is proud of the fact that the stations have every Cadillac dealer, plus the Cadillac Dealer Group, on the air. They are also part of a three-station buy for Mercedes, along with the traditional upscale formats like news/talk.

Podolsky says that it's not just a few accounts that now embrace country, it's major categories like business-to-business upscale home builders and banking.

The Simmons qualitative research shows the country listener today to be a better prospect for many business categories than the AC or news/talk listener. Individuals and households with above average incomes are more likely to listen to country than other formats.

So what's the bottom line? If you're a country station, make hay while the sun shines. It may not last forever. After country's last big run (the "Urban Cowboy" blitz of the early 1980s), country music made an effort to return to "twangy" roots and drove many listeners away.

And what if you have to compete against country? Well, put on your boots and your thinking cap. As KILT's Presley says, "We always go where there's a crowd."

So get your station involved in the biggest events in your community and you can put big bucks in your jeans. 

Bob Harris is a Dallas-based sales and marketing consultant. His broadcast services include in-market sales training, seminars and hands-on new business development. He is a regular correspondent for The Radio World Magazine.

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What If Television Never Happened?

by Frank Beacham

(Editor's Note: The Radio World Magazine asked Features Correspondent Frank Beacham to pen a fictional piece on what radio might be like today if television had never been invented.

Even though the article that follows is imaginary, all of the technology mentioned exists today and awaits implementation by some broadcasting visionary.)

My new orchestra-in-a-box arrived today. It contains a set of synthesizer modules for my home hi-fi system that lets me duplicate the instruments of 60 players of the New York Philharmonic in my living room.

Since WQXR-FM began to accompany its classical music programming with music control information embedded in its subcarrier, I've enjoyed having my MIDI-controlled piano played from afar by a digitally connected artist.

But now, with these new orchestra-quality synthesizers, I can reproduce the sound of a full philharmonic orchestra at home with a beauty and excitement that can't be duplicated in a traditional stereo recording. To me, one of the great breakthroughs in radio broadcasting came with the discovery that not just music, but all the musical information in an individual performance (notes, finger motions, gestures) could be broadcast as digital data to the home.

This not only lets me listen to music in an entirely new way, but it allows me—with the use of my home PC—to change the music to my liking. For example, when I put on my smart conductor's glove, I can conduct the orchestra and the players respond to my every command.

Name that tune

Oh, I also purchased the Name That Tune musical storage module. This device allows me to hum a melody and my PC's "music

box" retrieves the work and plays it back to me. This is a real show stopper at parties!

It's funny, though. With all the new technology affecting radio, the most popular format today is as old as the medium itself. They call it Imagination Radio and it's rooted in the knowledge that radio is second to no medium for telling a story.

Burnout of talk

With the burnout of the talk format a few years back, some bright programmer decided to build a format around spoken word stories, using books-on-tape from publishers as a core and regional story tellers to give local flavor.

The centerpiece of the new format is a steamy, modern day soap opera that airs each afternoon at 5:30. The show has so captured the imagination of drive time listeners that even after arriving home many stay put in their cars—glued to the radio—not wanting to miss the ending of an episode. But then the success of Imagination Radio should be no surprise, since radio has always been the theater of the mind. Orson Welles knew this and created with sound some of the best stories ever told. He used to say that radio was like sitting on a bench in the town square and having everyone gather 'round to hear a story.


I also like what's happening with news today. The merger of the computer with radio news programming has really revolutionized the way we perceive the world. Rather than listen to a newscast from a single organization, now I get to pick and choose the stories I want from the sources I want to hear. Just as with musical performance data, audio newscasts with text and photo supplements are sent from a radio station and downloaded regularly to my portable computerized audio receiver.

I can choose the stories I want to hear by

simply pointing and clicking on the title displayed on the radio tuning screen. If I want to know more than what's included in the audio section, I can choose to read the additional text information and view the images made by photo journalists. My software "agent"—programmed with my personal preferences—can even edit a personal multimedia "newspaper" for me each day with this material. It's like the radio and newspaper merged into one. One of the best features of this newsgathering process is its diversity. No longer am I restricted to the viewpoint of a single news organization. For example, when I receive news concerning a new trade treaty, I can choose to hear the story from several sources.

I can compare the story from General Electric's NBC with that of alternative Pacifica News and the BBC. I can also call up a wide range of opinions on the story from columnists all over the political spectrum. For once, I'm the editor and not subject to the biases of any single news organization.

Competition made it better

Competition to traditional radio has, in my opinion, made it better. Premium digital music services allow any paying customer to listen to any music format without commercials or announcers. Satellite broadcasting—because of its nationwide delivery—has the grip on mass market programming. These competitors—once perceived as threats to POR (plain old radio)—have freed local broadcasters to do what they do best: serve local programming needs. It's been really refreshing seeing radio broadcasting go back to basics. The old cliché is true: the more things change, the more they stay the same. 

Frank Beacham is a New York-based writer, director, producer and consultant.



PROMOTION

Word Out!



by Thurmon Floyd

\$25 Billion Direct Marketing Industry Helps Radio Get the Message Out

It's a classic paradox for radio. You want to attract new listeners to your station, but if they're not tuned in, how are they going to get the message? Television is expensive and isn't particularly targeted; billboards aren't allowed in the areas you'd like to reach; and print didn't produce the results you'd hoped for in

your last big promotion. Your solution just might be direct marketing, an industry that has proven itself an effective sales tool for everything from pizza restaurants and carpet cleaners to political candidates and, yes, radio. The medium is broken down into two distinct applications. Foremost, direct mail

allows a station to zero in on a specific demo, in turn having an immediate impact on ratings. Despite a reputation that's not always flattering (i.e. the term "junk mail"), according to a Household Diary Survey sponsored by the U.S. Postal Service in 1992, nearly 80 percent of Americans say they find what's in the mailbox "useful and interesting." In dollars, that translates direct mail into a \$25 billion per year industry, according to the Direct Marketing Association. ■

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"In that capacity, you're looking to target the market to reach people and let them know what you're doing. A station can't advertise on air and reach people who aren't already listening. So they've got to use some other way to get it out," says Robert Tuttle, president of The Broadcast T.E.A.M., a radio and television marketing firm in Ormond Beach, Fla.

Database marketing

The second arm of direct marketing is database marketing, in which a station builds and nurtures its list of faithful direct mail respondents—complete with a wealth of demographic characteristics—and in



“ A station can't advertise on air and reach people who aren't already listening. So they've got to use some other way to get it out. ”

**—Robert Tuttle, president
Broadcast T.E.A.M.**

turn sells the list to advertisers for their own direct mail campaigns. It becomes an alternative revenue source for radio.

"A lot of stations are starting to take a look at their database of listeners," Tuttle explains. "Over time, a station finds out more and more about those people that

they have an influence over. Direct marketing allows stations to relate that information back in a meaningful way to advertisers.

"Let's face it, stations are in the business of selling influence over segments of the market," he says. "Having even more detailed information and segmenting out their audience gives them another product to sell. Their database is an exact snapshot of parts of the audience that they can take to an advertiser."

This application of direct marketing is a fairly recent evolution for the radio industry—it began to take hold in the late 1980s. While it has been embraced by some stations, others hesitate to peddle specific information about their listeners.

"We do not sell our database," says Amy Musher, advertising and promotions director for WMAL-AM in Washington, D.C. "Once you're on the database, you might continue to get station mailings, but this is used only for our contacts."

Animated flier

What the station does take part in are periodic direct mail promotions. WMAL has dispatched four mailings around the region over the last two years.

Its most recent piece is an animated flier that rewards listeners who tune in and hear over the air an assigned serial number inscribed on the mailer. "It describes our on-air talent and what we have to offer," Musher says. "It shows our dayparts and includes caricatures of the personalities and the times they're on the air. For example, perhaps there's someone who doesn't know that we have Rush Limbaugh in the middle of the day."

WMAL, which also budgets for transit advertising and some community print advertising, has posted returns as high as 4 percent, which Musher calls "overwhelming." The results don't stop there.

"We see that it helps increase time spent listening and our cume," she says. "Direct mail is targeted and it gets our cards in the hands of individuals."

Proof of direct mail's impact is in the numbers: A 33,868-piece mailer sent out by WLYF in Miami generated a 72.7 percent response and helped increase its ratings from a 6.9 to an 8.3 share in one book. WLYF spent \$96,503 on the promotion—the return may represent as much as \$500,000 to \$750,000 per rating point in Miami, according to GM Dennis Collins.

"Radio has a good relationship with direct mail because it gives a station the ability to

target the type of people, where they live and where they work," he says.

Other marketing efforts

Like WMAL, WLYF reinforces direct mail with other marketing efforts. The station has utilized television, personalized letters and on-air cash prizes to reinforce the station's promotional message. "We've found it works best with other media," Collins says.

Of course, it can also be used alone, "depending on the message you're trying to get across," he says. WLYF publishes a station newsletter to let listeners know what is going on in Miami and the agenda at the station. Much of the subscriber database was built from those who responded to direct mail efforts.

WSNY-FM in Columbus, Ohio, uses direct mail because it guarantees delivery of a promotion and its message. The simplicity stimulates listeners to sample a station's quality, says Al Fetch, president and GM of Franklin Communications Inc., the station's parent company.


"We know that we are getting that piece out to a specific target. Direct mail is a guarantee that we will get into everybody's house or place of business," he says.

Fetch states that WSNY and sister station WVKO's use of direct mail has represented as much as 20 percent of his advertising budget, aside from cash giveaways.

Amicable advertising medium

In many markets, radio has found an amicable advertising medium with direct mail and database marketing. Their ability—like radio's—to target a specific audience gives direct marketing an edge over less focused forms of advertising like billboards or television. As long as the station delivers the product, direct mail will deliver the message.

"Direct mail can be expensive, so the product has to be good," Fetch says. "Direct mail delivers the calling card; it's the station's ability to keep listeners that makes the ratings."

For database marketing, The Broadcast T.E.A.M.'s Tuttle stresses that a lengthy commitment is required to ensure success. "It's like Delta doing a frequent flier program and stopping after a year," he says. "You've got to be committed to it long term." 

Thurmon Floyd is author of The Radio Dictionary and president of Riverview Press in Columbus, Ohio.

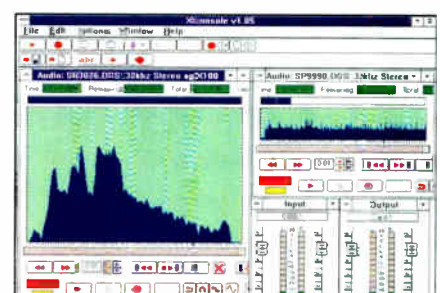
Whitney Pinion contributed to this article.

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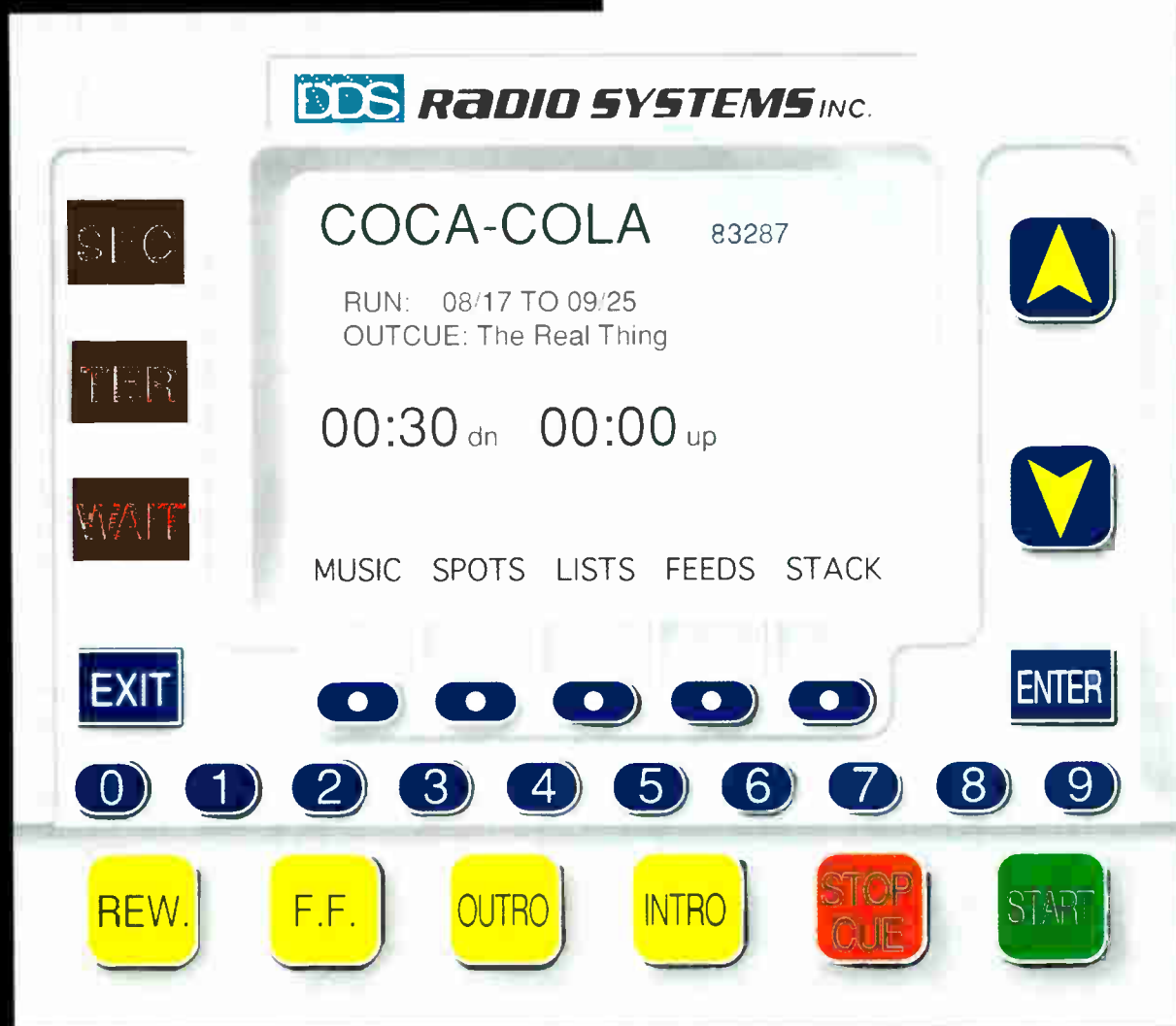
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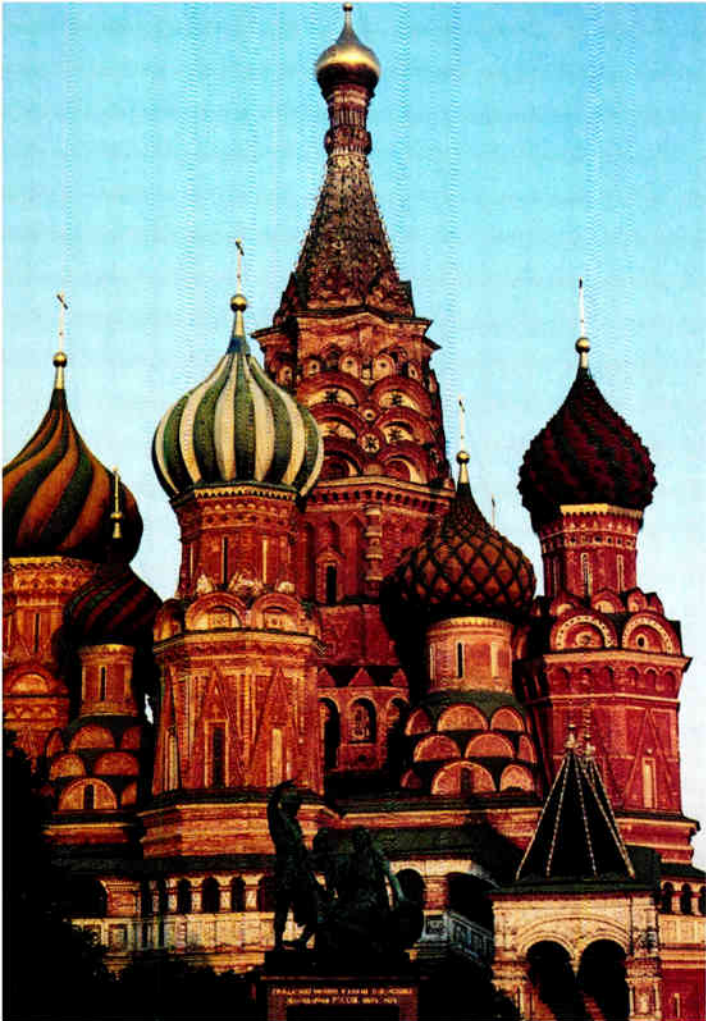
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РУССКОЕ РАДИО

(That's Russian Radio)

.....

by Cate Cowan



Angela Novak

Moscow Commercial FMs Hurdle Obstacles And Hope to Be Heard

Between 88 and 99.9 MHz on the FM dial in Moscow, you will find nothing but squeaks, squawks and noisy static.

But above that is evidence of a world that casts aside Cold War stereotypes and sounds surprisingly familiar—to the tune of Queen, Pet Shop Boys, Janet Jackson and Nirvana.

A fruit of the reforms known as glasnost (now almost four years old), this new, so-called “western” FM band, from 100 to 107 MHz, is home to a dozen or so commercial radio stations in Moscow. The exact number is hard to determine since much is in flux, broadcast schedules are often intermittent and bureaucrats’ old habits of subterfuge die hard.

The obstacles that these lucky few broadcasters have hurdled to get to this point represent years of stalwart patience, a persevering spirit, ingenuity and, in some cases, the deep pockets of investors beyond Eastern Europe.

To begin with, competition for new FM frequencies is fierce, due to scarcity and byzantine allocation, licensing and regulatory pro-

cedures. Also vexing is the fact that information on the availability of frequencies is still considered a state secret.

Trudging through the shifting sands of the bureaucracy, applicants must overcome countless nyets, for “no,” or nelzyas, meaning “it is not allowed,” before getting to da, for “yes,” and being granted the two necessary licenses—one for programming, the other for technical operation. And since the Russian Federation’s Commission on broadcast licensing disappeared in August 1993, few are exactly sure how or if new licenses are being granted.

Alexei Semenov, now head of the Glasnost Defense Foundation, which champions an independent and free press, was co-chair of the Russian Federation’s Commission on broadcast licensing. He explains that the regulatory environment is still authoritarian. Decrees issued by the executive branch become entangled with provisions passed by the Duma, the parliament. The web of legal and jurisdictional details is so thick it results in a paradox.

“Currently, electronic media is absolutely free to live and die, ►

to be attacked or closed down," Semenov says. On the technical side, private broadcasters are at the mercy of government transmitting facilities to distribute their signals. Transmission fees and taxes, already high, appear arbitrary, and—explained a number of broadcasters—are ever increasing.

The golden egg

"If these relationships don't soon change, they'll start cutting off the hands that bring the golden eggs," Semenov says.

As in many other spheres, the Soviets cut their own path in developing FM broadcasting. What better way to control the flow of information than to exploit a discrete part of the spectrum? That meant

opening up the FM dial between 66 and 77 MHz, called the UKW band. To this day, Soviet-era receivers predominate in homes, offices and cars. This gives state broadcasters, and the few independents granted UKW frequencies, a distinct advantage in reaching listeners.

Another obstacle in drawing listeners to the new part of the FM band is state cable radio. Every building was and continues to be wired for sound.

The wall-mounted brown plastic box, dubbed "tochka"—a word meaning "period," "dot," or "full stop" after its three little plastic tuning buttons—is ubiquitous. For decades, the three channels—Mayak (Beacon), Younost (Youth) and Radio Rossia (Radio Russia)—available on the tochka, were the nation's primary source of news, information, weather, music and entertainment.

In the mornings, it is convenient to turn up the volume of the tochka in the kitchen. Old routines are hard to break. And in a tight economy, there is little money to spend on new radios or new cars that are capable of picking up the "Western" stations.

One study claims that only 48 percent of the audience has Western FM radios. It is not surprising that, by any measure, state broadcasters enjoy the greatest audience share.

Radio Maximum

With an estimated potential audience exceeding 12 million, commercial Moscow radio could be a gold mine. That is why three American firms under the aegis of WHS International—Westwood One Companies, Harris Corp. and StoryFirst Communications—joined with Russian partner Moscow News to launch the rock-'n'roll Radio Maximum.

"This is a very good long-term opportunity," said WHS International President Bert Kleinman, based in California. "We're here to get in on the ground floor of what we anticipate will be one of the biggest and most important radio markets in the world."

But for now, it is really anybody's guess who is listening—much less how many, to what stations, when and why. While U.S. radio research defines the tastes and habits of listeners down to what they eat for breakfast, in Moscow, even simple demographic profiles are shrouded in mystery.

"Selling radio in Moscow is more like a smaller U.S. market where ratings don't mean that much," Kleinman says. Instead, the program director's gut instinct rules.

Audience research firms are just getting a toehold in the market. Respondents are suspicious of traditional survey methods,

aggravating the problems of gathering reliable data. There are exceptions: It appears France's Media Metrie has made inroads, marking it a likely candidate to become the reigning radio ratings service.

Radio Maximum Sees Future With Russian Audience

Located near historic Pushkin Square in the Moscow News building, Radio Maximum's dark paneled walls are plastered with posters and desks are cluttered with papers, lending a kind of disheveled charm.

But in the broadcast studios, equipment is new, boasting modern technology, thanks to the involvement of Harris Corp., one of three U.S. owners.

Harris, Westwood One Companies and StoryFirst Communications formed WHS

International, which owns

and operates the rock-

n'roll station with

Russian partner

Moscow News.

Company President Bert Klein-

man created Radio

Maximum's sound in

1991 and continues to

play a key role in shaping it.

The station was launched by programming a solid week of The Beatles. This inaugural stunt gave way to a cross between album-oriented rock (AOR), European hit radio (EHR) and news.

Moscow in the Morning, an irreverent blend of news, jokes, commentary and music in a distinctly American accent, broke new ground in the market when it went on air in May 1992.

Initially aimed at the more affluent foreign community, Radio Maximum axed its English-language programming this summer in favor of a similar Russian-language program.

"Our future lies with a Russian audi-

ence," says Kleinman, who is based in

California. "It was never a question of

whether, but when."

Earlier this year, Radio Maximum began simulcasting programming in Moscow and St. Petersburg, where it is available at both 73.8 and 102.8 MHz. Radio Maximum broadcasts in Russian 18 hours a day, seven days a week. The target audience is 15-35.

—Cate Cowan



Europa Plus Reaches Across Russia

The leaders of Europa Plus, which became the first private radio service in Russia in 1990, understood that berths on the AM, UKW and "Western" FM portions of the band would ensure greater market share.

They have pursued this strategy as the station's reach has expanded even more—the service is now simulcast in 21 cities across Russia. By next summer, Europa Plus expects to be in 29 more markets.

The French-Russian joint venture is situated inside the main technical center for Ostankino, the successor for Soviet Central Broadcasting, and is part of the French-owned media empire, Hachette.

Director General Andrei Anissenko, formerly in charge of international media relations for Gostelradio's French language service, says that Europa Plus, with its revolutionary European pop music format, turned a profit within six months. The station's playlist is strictly regulated; DJs have no discretion to play cuts of their choice.

"Our philosophy is to play something for someone to remember (The Beatles, Rolling Stones) and then something contemporary, for the future," Anissenko says. "Our listener is not a teen-ager, but someone who has his own tastes and opinions." On the air 24 hours a day, the network's target is 25-45.

—Cate Cowan

An emerging middle class and a sizeable expatriate community, both with spare rubles, are the targets of the new FMs. For now, program directors and sales departments rely on anecdotal "data" like listener feedback calls, letters, responses to contests

and attendance at special events. Even this primitive pulse-taking is an advance over indifferent government officials who dictated radio content from their exclusive roosts.

After all, the state did not need ratings to earn its daily bread. Now, faced with a new world of budget cutbacks and



Sound it out, now: At left, Misha Kozyreff, program director of Radio Maximum and Ruslan Terekbaev, general director.

Open Radio Makes News Its Programming Focus

Open Radio is a joint stock company with primarily Russian owners, including Radio Moscow. General manager Nurlan Urazbayev, who once headed external North American and British Services for Gostelradio, maintains that the station has complete editorial independence.

Making the most of inherited equipment



borrowed or begged from the old state radio system, Open Radio has a distinct mission—to be the FM source for

news, talk and information for Moscow. That means providing a new kind of local coverage, including traffic reports, features on local government, business, the environment, crime and schools.

"We like to say the news is the star," Urazbayev says, taking a cue from his two U.S. models—Washington, D.C.'s WTOP-AM and New York's WINS-AM.

Urazbayev proclaims that Open Radio was the first to give "the enemy" air time by broadcasting Voice of America and BBC news as part of its programming mix. English-language versions of these services aired during morning drive, when Urazbayev considered the Anglophone audience worth cultivating. These features were recently dropped in favor of more saleable all-Russian language programming.

Open Radio began by broadcasting on the AM dial in March 1992. A year later, it competed successfully for one of the few FM frequencies made available, and eventually migrated to 102.5 MHz. Open Radio broadcasts 20 hours a day.

Urazbayev says his target audience is 25-50, decision-makers, officials, businessmen, "people who need to use information as a tool."

—Cate Cowan

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competition, even old bureaucrats are learning new methods of business and are trying to lure advertisers to their airwaves. If they are not successful, their benefactor, the financially strapped Russian government, may yet pull the plug.

In a country where just a few years ago, the only ads touted the achievements of socialist labor, advertising transactions are still an educational process for both sellers and buyers. Here, radio does not sell against other media, especially television. Rather, television introduces products and educates consumers about them. Then radio reinforces the sale.

Zealous international advertisers whose Western representatives demand audience data before buying time are learning that, like much else on this new capitalist frontier, normal rules do not apply. When Ray Ricci, former general director of AC outlet Radio 7, approached a media buyer for a big American consumer products company, he claimed the station was number one in the market.

"Can you prove you are?" the media buyer challenged. "Can you prove I'm not?" retorted the 30-year U.S. broadcasting veteran.

Echo of Moscow Offers a Voice for All

Echo of Moscow strives to meet the challenges of an independent press in a country with no such tradition.

Editor in Chief Sergei Korzun emphasizes that the station is steadfastly committed to balance, even if it means aggravating those in power. It prides itself on providing an open forum for a multitude of voices—whether politicians, opposition government figures, entrepreneurs, entertainers, reputed crime bosses or academicians.

Broadcasting at 1206 kHz and 66.86 MHz since 1990, the station received start-up funds from the Moscow City Council. Within three months the station had paid its debt and severed official ties.

The all-Russian language service has acquitted itself admirably in the face of extraordinary circumstances—on the scene in Vilnius, Lithuania, when nationalists demanded freedom from the Soviet Union in January 1991; holed up inside the Russian White House as the voice of the besieged democrats during the putsch of August 1991; and again reporting live from the parliament building during Moscow's bloody days in October 1993.

Despite its credible reputation and aggressive advertising sales, Korzun says the station is in desperate need of an infusion of cash to upgrade studio and news-gathering equipment. Korzun was an announcer with Radio Moscow's French language-service before helping start the Echo of Moscow.

The station's format is best described as eclectic. Jazz, pop and classical music coexist with call-in, news, sports and information shows. The target audience consists of highly educated listeners, 25-55.



—Cate Cowan

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Less experienced Russian sales reps, some armed with copies of motivational speaker Dale Carnegie's "How to Win Friends and Influence People," are making cold calls and knocking on doors for the first time ever. At a cost of US\$75 for a 30-second morning drive spot, local businesses—the lifeblood of this emerging medium—are often skeptical of advertising's power to influence con-

sumers. Still, there is money to be made.

Moscow independent FM radio is a precocious child. It tends to imitate its European and American cousins. And why not? For the most part, its formats are fathered by hip, talented programmers who fled the security of Gostelradio's foreign language music services, part of the old USSR state radio, to play in the wilds of the new FM band. These broadcasters were familiar with the industry beyond their borders.

Radio 7 Courts Anglophones

Though others are abandoning Moscow's sizeable English-speaking audience, Radio 7's majority American owners see ratings and profits too attractive to ignore.

Radio 7 started in 1992 with all Russian-speaking announcers, but soon aimed its two stations—73.8 UKW and 104.7 MHz—at different audiences. While 73.4 remained all Russian, 104.7 has increasingly emphasized English-language programming. A "morning zoo," plus "Vasily's Neighborhood," an evening show launched last summer, both feature a wacky mix of news, comedy, contests and AC music, filling the void left by Radio Maximum and Open Radio.



When launched on both the UKW and FM bands in June 1992, Radio 7 was owned 50-50 by Wyoming-based Enterprise CeMb (coincidentally the Russian word for seven) and four different Russian entities. Recently, the balance shifted: Enterprise CeMb's Ben Dowd and Dallas-based Metromedia International now hold 83 percent of the station.

The current general director is seasoned American broadcaster Mike Lonlake. The program director is Vasily Strelnikov. Meeting this Russian with blond, spiked hair, pierced ear and unaccented American English is a bit of a shock at first. A man who counts MTV's Beavis and Butthead as key influences, he got his start in radio hosting a rock show aimed at North America for Radio Moscow's World Service. Now he's bringing a new irreverence to Russia's airwaves.

Broadcasting 24 hours a day, Radio 7's target audience is 25-45.

—Cate Cowan

A kind of intimacy

"Western-style radio introduced spontaneity and a kind of intimacy to the medium. It featured announcers talking to you, rather than 'Big Brother' talking at you," says Radio 7's Ricci. Aside from top managers, virtually all of the staff at the new stations are under 30, making up in enthusiasm what they lack in experience.

The stations are experimenting with their identities. Though PDs label their formats album-oriented rock, hot hits, soft rock, techno/dance or oldies, a better description is "grab bag." Moscow FM is too immature to be squeezed into the narrow niches that define comparable American major markets.

"Recent research on radio tastes shows that foreign languages are perceived by our listeners as merely melody," says Radio 7 Program Director Vasily Strelnikov, discussing the station's playlist. "And melody is the key to popularity here." Rap is a rarity, and very little contemporary Russian product makes it onto the airwaves.

Heavy-handed tactics

Radio Maximum, for example, includes two Russian cuts an hour; Europa Plus, a French-Russian joint venture station, plays one; and Radio 7 none. Reasons range from the disarray of the domestic recording industry and a dearth of fresh talent, to avoiding heavy-handed tactics to encourage airplay.

Program directors add that there are no radio remixes, very little is available on CD, and what there is, is often of poor quality.

"Our recording industry hasn't any idea what we need," Strelnikov says. So far, "they make little connection between airplay, popularity and sales." ☺

Cate Cowan, president of Washington, D.C.-based Cowan Communications, has studied Russia and its people since "glasnost" was known as "detente." This article follows a recent trip there.

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Radio License Renewal Seminar, Ramada Plaza Hotel, Jackson, Miss. Speakers include NAB attorneys, EEO specialists and outside experts. 8:30 a.m. to 4 p.m., plus breakfast and lunch. Contact Christina Griffin in D.C. at 202-775-3511.

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24-27
National Federation of Community Broadcasters Annual Community Radio Conference, Albuquerque Hilton. Training in governance, programming and fundraising, issues and ideas, program awards and more. Contact NFCB in Washington, D.C., at 202-393-2355.

25-27
NAB State Leadership Conference, Park Hyatt Hotel, Washington, D.C. An annual affair for presidents, president-elects and executive directors of state broadcast associations, and other broadcast officials. Find out what's going on in Congress, get an update on new broadcast technology and actually lobby Congress. Contact Kristie Tauzin at the NAB in Washington at 202-429-5320; fax: 202-775-2157.

25-28
AES Convention and Exhibition, Paris. For details on the annual European show, contact the Audio Engineering Society in Brussels, Belgium at +32-2-345-7971 or fax: +32-2-345-3419.

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26th Annual Country Radio Seminar, Opryland Hotel and Convention Center, Nashville. Theme this year is "Taking It to the Next Level." Includes panels, presentations and showcases. Contact Dave Nichols at the office of the Country Radio Broadcasters in Tennessee at 615-327-4487.

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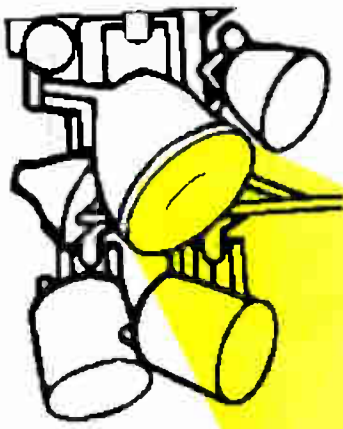
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VOA Europe recently began broadcasting its 24-hour-a-day music, news, information and public affairs programming to 164 affiliate radio stations/cable systems in 39 countries from new state-of-the-art studios in its Washington, D.C. headquarters.

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"To upgrade an analog system, more equipment, more installation and more connections are required than installing a digital one," says VOA Europe Acting Director Bill Torrey.

The on-air studio (pictured here) utilizes Radio Computing Systems' (RCS) Master Control System, which stores all music, jingles and promos utilized by VOA Europe. RCS uses a MUSICAM compression system, allowing it to store 162 hours of programming on a 16 GB hard drive. There are no carts or CDs. The production studio uses Pro Tools software by Digidesign.

Currently, the majority of VOA Europe's on-air programming is delivered live-assist; the board is operated by the DJ. Newscasts are live.

Beginning in 1997, VOA intends to phase out the vast majority of remaining analog equipment used in its various studios, an upgrade that Torrey says listeners will definitely notice.

"When we switched VOA Europe to digital," he says, "listeners immediately began sending congratulatory responses via telephone, e-mail and airmail."



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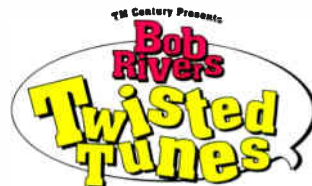


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