

RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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S&P analyst forecasts 9% gain in 1998

by Katy Bachman

Even before the 1997 revenue numbers have been tallied, analysts are forecasting another strong year for the radio biz (*RBR* 12/15/97, p. 3). Particularly bullish is Standard & Poor's broadcast analyst, **William Donald**, who is predicting a 9% gain in 1998 on top of last year's 11%. "It's on a roll for the foreseeable future," said Donald, who is also projecting an average annual gain of 9% for five years through 2000.

TV's forecast isn't as robust as radio's; TV is expected to climb 8.4% in 1998. According to Donald, total broadcast TV will continue to lose market share to cable (estimated to gain 9.2% in 1998), but benefit from a strong economy, a slight shift from promotion spending to brand advertising, and the Winter Olympics.

After posting a record-breaking year of deals totaling more than \$15.29B, according to *RBR*, Donald doesn't expect a repeat performance in 1998. "There will be as many deals in 1998, maybe more deals, but in smaller markets and not as high in value," said Donald, who added he could just as easily be wrong.

What could topple the 1997 record is if media conglomerates or other companies decide to purchase the larger radio groups. "I don't know what's holding them back," said Donald. "I'm surprised the big guys from other industries haven't bought in. It would be pocket change for **Bill Gates**, great fun for him; he gets a captive audience and free advertising. It will take somebody [like him] to jump in before the eyes are opened."

Final '97 tally: \$15.29B

1997's record to beat for station trading came in at \$15.29B as *RBR* completed its tally of deals for the year just past. You may have seen a figure in excess of \$17B published elsewhere—reached by counting the value of Evergreen-Chancellor-Viacom merger with the whole package renamed Chancellor Media (O:AMFM). Despite the name change, Evergreen was the surviving company and since it didn't (and couldn't) buy itself, our deal tally includes only the \$1.3B for Chancellor Broadcasting and \$1.075B for Viacom Radio—\$2.375B of the \$5B "total enterprise" value. —JM

November: Radio on the money again

by Dave Seyler

For the 63rd month in a row, radio industry revenues will be recorded in black ink. Despite the fact that November 1996 featured national elections and the revenues they generate, stations raked in 8% more dollars on the strength of an 8% gain in local revenues coupled with an 11% gain in national. Total year-to-date revenues stand at 10% over 1996.

Local gains were evenly distributed, with all five regions enjoying gains of 6-9%. The Southwest led the

Holy avails! Q1 pacing takes off

Radio sales forces have been busy over the holidays. According to the latest *RBR*/Miller Kaplan forward pacing report, as of Jan. 1, inventory is 56.1% sold. February is more than one-third sold and 25.1% of March avails are gone. All three months are pacing well ahead of last year.

"This could be a continuation of the narrowing of the seasonality gap," said Miller, Kaplan's **George Nadel-Rivin**, noting the drop-off from December to January is becoming less and less deep.

RBR observation: You read it here first: 1998 will be the year sales must deliver to offset record-breaking financial commitments. This is a great start.

RBR/Miller Kaplan Market sell-out percentage report

	1998	1997
Jan. 1	56.1%	48.4%
Feb.	36.8%	28.4%
March	25.1%	20.0%

way in national business with a 20% gain, and no region did worse than 9% to the good.

News from the Big Apple was even better. Total revenue was up 15.7%, the sixth consecutive month of double-digit growth, and year-to-date gains stood at 12.3%.

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Subscription Cost \$220.00

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Network radio gets 4 books

by Katy Bachman

Look for Statistical Research, Inc. to announce this week that it will measure radio networks four times a year beginning in June with RADAR[®] 57 (*RBR* 11/3/97, p. 3). RADAR 56, published in March, will mark the end of the 1997 reports; 1998 releases will be in June, September and December.

RBR has confirmed that American Urban Radio Networks, AMFM Radio Networks (see related story, p. 3), and ABC Radio Networks have all signed for four RADAR books. Westwood One, which manages CBS Radio Networks, had no comment.

That's good news for network radio, say agencies. "Four books will help the uneasiness of buying network radio," said **Leslie Sturm**, VP/Broadcast supervisor, The Media Edge.

AMFM adds 15% more inventory to network biz

by Katy Bachman

Radio got its first new RADAR[®] network in 20 years when Chancellor Media (O:AMFM) debuted AMFM Radio Networks last week on Jan. 5 (*RBR* 9/29/97, p. 3). Chancellor's 99 stations and 159 Capstar stations clear one minute of commercial time each hour 5A-Mid, Monday to Sunday on two networks, Adult and Youth.

While the radio business is enjoying record-breaking revenues overall, one segment of the industry, network radio, has been stagnant, with revenues up a mere 1.3% between 1991 and 1996, according to Veronis, Suhler & Associates.

AMFM is hoping to reverse that trend (*RBR* 10/10/97, p. 4). It is adding 15-16% new inventory to the marketplace and, when all Capstar and SFX stations are included in the network, network radio's audience reach will jump from 74.3% to 81% of the US population.

The Jan. 5 launch is only the beginning. Before July, AMFM plans to enter the syndication business by syndicating talent within Chancellor or by acquisition of existing shows or talent. It also intends to enter the news and information biz, maybe even looking to purchase major market AMs to round-out Chancellor's strength in FMs.

Advertising agencies welcomed the new radio network because of AMFM's unique relationship with its affiliates—it owns them. "Networks that own stations can have greater compliance in clearing commercials," said **Reyn Leutz**, SVP/Assoc. Director National Broadcast, Ogilvy & Mather.

What's more, those owned stations are top stations in top markets, most of which were previously unaffiliated. "It provides great top 30 coverage where network radio has a lot of holes," said **Leslie Sturm**, VP/Broadcast supervisor, The Media Edge. "It gives the marketplace a huge bump; new business will come from it."

"In the past, if you bought 100 points, your index was 80. Networks and syndicators aren't necessarily on the top stations in the markets," added Leutz.

Leading AMFM is **David Kantor**, SVP, Chancellor Media. Kantor is no stranger to the network radio biz, having only three short months ago exited ABC Radio Networks to paint a new network canvas "free of anything on it." In this exclusive interview with *RBR* p.4, Kantor explains why AMFM is good not just for advertisers, but for the radio business.

Casino ads okay for NJ, others wait

by Frank Saxe

A US District Court cleared the way Dec. 18 for casino advertising to take to the airwaves in New Jersey. The suit was brought by the New Jersey Broadcasters Association (NJBA) and casino-owner Players International, whose Native American competitors are legally allowed to advertise. The DOJ is appealing, although the FCC has given radio and TV stations the go-ahead to begin airing the spots.

How big an impact this could have for Garden State broadcasters remains to be seen, but most doubt it will mirror Nevada—where casinos are the number one source for TV and radio ad dollars. **Phil Roberts**, executive director, NJBA thinks it

could add up to several hundred thousand dollars in billings.

Meantime, broadcasters in Louisiana, Mississippi and Texas are awaiting a ruling from the Fifth Circuit Court of Appeals. The US Supreme Court sent back a decision barring casino ads to the Fifth Circuit in Dec. 1996, and a new ruling is expected early this year.

In a Sept. 4 ruling, the Ninth Circuit lifted a ban barring casino ads in eight western states, including California (*RBR* 9/8/97, p.4). DOJ is appealing that case. If the Fifth Circuit ruling conflicts with the Ninth Circuit, the case automatically will be sent to the US Supreme Court. If the Justices agree to hear it, **Don Cooper**, executive director, Greater New Orleans Broadcasters Assoc., is optimistic broadcasters will prevail. "I'm very confident this current Court would uphold it as commercial free speech."

Dunifer may continue broadcasting "Radio Free Berkeley."

Zeb Lee wins, appeals filed

The US Court of Appeals in DC says **Zeb Lee** should be allowed to operate an Asheville, NC radio station. In a Dec. 19 ruling, the Court ruled unanimously to reverse a FCC decision removing Lee's Orion Communications from the airwaves and ordered the FCC to allow Lee back on the air as quickly as possible. Lee's attorney filed a motion Dec. 22 asking the Court to order competing Biltmore Forest Radio Inc. off the air. The FCC is not opposing the petition.

Eisner on Radio Disney

Note to **Michael Eisner**: you don't own every Radio Disney affiliate. *RBR* couldn't help but notice the Disney (N:DIS) CEO says Radio Disney is "thriving on 13-ABC owned radio stations," in a letter to shareholders dated Jan. 5. Of the 13 stations carrying Mickey & friends, only five are owned or being purchased by ABC Radio—in LA, San Francisco, Atlanta, Seattle and Minneapolis.

RBR NewsBriefs

by Frank Saxe

Minority ownership concerns

Assistant Secretary of Commerce and NTIA Administrator **Larry Irving** says radio consolidation has gone too far, and it has hurt minority ownership. Citing statistics which show the top ten groups doubled in size from 1996 to 1997, while minority ownership slipped 10%. Irving supports increasing capital to minority owners—or else consolidation should be "stemmed or reversed."

FCC responds to Dunifer

In its response to broadcast bandit **Steven Dunifer's** legal fight to keep his pirate radio station on the air, the FCC told the court the Supreme Court has already ruled licensing radio stations does not violate First Amendment free speech rights. Dunifer has never filed for a license, so they argue he has no legal standing to fight the FCC. US District Court Judge **Claudia Wilken** has ruled that while the case is tied up in court,

Kantor's "net" move

by Katy Bachman



The first thing David Kantor did at AMFM was hire its management team, many of them ex-ABC'ers. Pictured here (L to R): Martin Raab, VP/Marketing & promotions; Karen Childress, VP/Affiliate marketing; David Kantor, SVP/Networks; Marla Bane, VP/Operations; Franklin Byrd, VP/Finance; and Lora Funderburk, manager, southwest sales. Not pictured: Rhonda Munk, VP/Advertising sales.

How did you put together the two AMFM networks?

What we've established initially is sales networks. We were able to construct these networks from scratch for the strength each network would provide in terms of demographic and market strength. Obviously because the other networks have been in place for so long, they haven't been able to do that. First, we went through every one of the Chancellor and Capstar stations to determine what was their demographic strength and assign them based on that; WKTU-FM New York is clearly youth-oriented; WLTW-FM New York is adult-oriented. To make sure these networks are balanced in each market—meaning you might have a market that is predominantly youth-oriented—we took some stations that either because of their formatic bent or because of their demographic bent, skewed both and assigned them to the network that would give us marketing balance.

Therefore, when you look at our networks, our youth network is really youth, it has almost no 55+ and our adult network is very much an adult network, it is very strong 25-54, with 35-54 as its primary demo.

How are you looking to grow your affiliations?

While we're initially starting with the Chancellor and Capstar stations, we will likely be negotiating with other groups, and less with single stations, to fill in some holes we have in some markets.

Why has network radio remained flat?

What has happened is that the number of

rating points available to sell in RADAR® network radio has dramatically decreased in the last five years. The networks have lowered the amount of affiliations they have and that has shrunk the inventory.

How will AMFM help turn network radio around?

We're adding a significant amount of new inventory to the marketplace. We're bringing in stations that were previously unaffiliated. We're bringing in a lot of youth and women audience, which had been problems of network radio because they were primarily driven by big AMs.

How about network radio's ability to compete with other media?

The added reach we are bringing to the market—80% of US population—is a huge benefit because what that does is allow [network radio] to beat other reach vehicles. With the exception of TV, it makes us much more competitive with cable and other media out there because now we are truly a national reach medium.

How are you positioning AMFM to advertisers and agencies? What are its unique strengths?

(1) Major markets. We index higher in the top 10 markets than we do on a nationwide basis. I don't think many RADAR networks do that.

(2) The ability to reach youth and women because of the strength we have with FM stations which the other networks don't have. We're filling a real hole there.

(3) We're delivering top-rated local stations. If you look traditionally at the RADAR networks, the top ten stations in the market previously had been unaffiliated. AMs have been, but most of the FMs have not been affiliated. Now that we've brought in our stations and CBS has brought in a lot of their stations, the majority of the high-rated stations in the top ten markets are now network affiliates.

Take Chicago as an example. With the exception of one station, WVAZ, none of the others were network affiliated. Now all of them are affiliated and that's adding tremendous reach in Chicago that was previously unavailable.

In the past, a lot of networks have met their DMA number through using suburban or secondary market stations that were within the primary DMA. We have metro stations and top-rated metro stations. So that's a real plus. It makes [AMFM networks] a lot more reflective of the national numbers versus a strong weighting outside the top ten markets. Over 75% of our audience is in the top 30 markets.

What kind of response have you gotten from advertisers?

Most of the major advertisers that have committed in upfront have committed to us. Most are very excited because of the top ten market coverage plus the added reach we're bringing to network radio. Those two things are an easy story.

Who are the target advertisers?

Our ultimate goal is to go to the advertisers that are not in network radio for whom radio network makes great sense, such as TV advertisers and packaged goods advertisers. Ultimately the goal for all of us, myself and my competitors, is to increase the number of advertisers that participate in network radio, not fight for the current network radio advertisers.

What are your financial goals?

[Chancellor CEO] **Scott Ginsburg** has told Wall Street that he expects to generate cash flow to the Chancellor stations in excess of \$20M in 1998 and in excess of \$40M in 1999. We expect to do that.

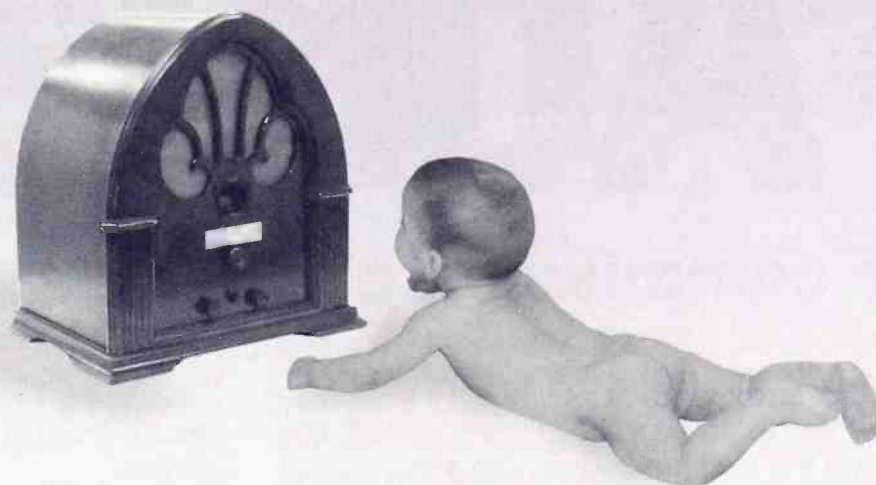
Total # stations at Jan. 5 launch	258
• with SFX stations (to be added in May)	329
• with all Chancellor & Capstar stations	420

	#stns	#mkts	median age
Youth	112	59	31
Adult	146	59	40

AMFM advertisers

Sears—Greyhound—Frito-Lay
—Telecard USA—Hershey's

Sources: AMFM Radio Networks, RBR research



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Chicago
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Radio

AdBiz

Radio advertising news, trends, strategies & stats for stations, syndicators, advertisers and agencies.

Higher commission quest fails

by Frank Saxe

Ad agencies 15% discount is a basic fabric of the business, but that fabric was stretched a bit last month, as NYC spot buying house Media Inc. tried to convince radio stations to cut them a deal including a 25% discount.

RBR was told by several sources Chock Full O'Nuts buyer Media Inc. told Katz and Interep it wanted 25% during an early December meeting with the rep firms. Sources inside the pitch meeting say Media Inc. also requested a one-to-one bonus for their coop spots—meaning for every :60 purchased, the station would give another :60 free of charge. While the bonus spots are a standard point of negotiation, the 15% is a "basic fact of the business" says one ad executive explaining why everyone was dumbfounded by the demand.

Media Inc. Account Director **Sarri Frey** denies the offer. "It's totally ridiculous to use us to try to upset the industry. It's not true, it's without merit and it's not something we want to respond to."

"They're our media buying service so I don't have anything to say," said Chock Full O'Nuts SVP **Anthony Fazzari**.

"It's not going to happen and they're embarrassed," was one NYC GM's take. The station was made the offer, and declined the buy. "Come on guys, this is New York," was their response.

Media Inc. has since come back with a cash/trade deal since reaction to the 25% offer was soundly rejected by radio stations.

A dangerous trend

Whomever you believe, the issue remains—broadcasters are seeing more strongarm tactics used by advertising agencies and spot buyers. "Money is limited and they're looking for a lot of results. There is clearly a lot of pressure," says one rep firm executive. Advertising agencies, like radio groups, are consolidating. That has many media buying services working on flat fees, so big accounts are no longer bringing in the big bucks they once did.

Also, several of the largest advertisers are putting all their business in one ad house, often demanding a volume discount from the agency—who in turn tries to pressure radio, TV and print. Procter & Gamble is the most recent example. This downward spiral of agency commissions is "not a healthy trend," says one rep.

"The one thing that has not changed in years is the fact stations pay the 15% commission," says one senior executive at a national rep firm. Their feeling is that if agency discounts go anywhere, it will be down.

Radio in the driver's seat

While Arbitron's latest study focuses on at-work listening (Arbitron added the "at-work" checkbox to the diary in Fall 1988), a new study by Research Director, Inc., **AdStats** reasserts radio's unique advantage to reach audiences in their cars. According to the study, which analyzed more than 349,000 diaries, more than two-thirds of a radio station's audience is reached in the car, contributing 31% of a station's total quarter-hours. In fact, the study found that there is a high correlation between in-car listening and the impact on the station's overall ratings performance.

In-car listening by format

Format	%diaries	%Qhrs	TSL	In-Demo
AC	64%	26%	12.1	68%
AOR	74%	32%	14.1	77%
CHR	67%	30%	11.4	73%
Cl. Rock	74%	31%	14.4	76%
Country	73%	34%	16.6	77%
NAC	65%	28%	13.3	67%
News/Talk	64%	37%	15.2	72%
Oldies	71%	36%	13.8	75%
ALL	68%	31%	14.0	72%

Station listening by location

(% of diarykeepers by no. of stations and listening location)

# Stns	At-home	In-car	At-work
1	35%	23%	50%
2	28%	25%	26%
3	18%	21%	13%
4+	20%	32%	11%

Source: Research Director, Inc.

Commute time by market

(one way; in minutes)

Atlanta (12)	26
Baltimore (19)	26
Boston (10)	24
Charlotte (36)	22
Chicago (3)	28
Cincinnati (25)	22
El Paso (69)	20
Houston (9)	26
Los Angeles (2)	26
Memphis (45)	22
New York (1)	31
Norfolk (34)	22
San Francisco (4)	26
St. Louis (18)	23
Washington, DC (8)	30

AdNews

by Frank Saxe

P&G ups radio presence

Procter & Gamble will use radio to launch its new home dry-cleaning product, Dryel. Starting in February, Dryel spots will air on radio and TV, with added print and outdoor support. P&G says radio will help it reach its target of working women 18-to-54. Agency: **Leo Burnett**, Chicago

Killian's sees red

Coors Brewing is using radio to relaunch its Killian's Irish Red brew. In a 42-market campaign, Killian's radio spots will tout the brew's red color as a way for consumers to stand out. Killian's has lost market share to new microbrews, and a radio and TV campaign last year dropped references to Killian's coppery red color. Coors is also planning a push on chain restaurants and bars. Agency: **Foote, Cone & Belding**, Chicago

True North buys Bozell

True North Communications Inc. (N:TNO) shareholders overwhelmingly approved its merger with Bozell, Jacobs, Kenyon & Eckhardt at a special shareholders meeting held Dec. 30 in Chicago. The all-stock \$440M merger creates the sixth largest ad holding company in the world, and billings of more than \$12B with annual revenues expected to top \$1.2B. True North, which now owns two ad agencies, **Foote, Cone & Belding** and **Bozell Worldwide**, will merge their corporate and media buying operations, with 300 job cuts expected. Shareholders have been told to expect a one-time write-off of \$120M, with up to \$55M for severance packages.

The vote came a day after a Delaware judge upheld a ruling which blocked the French advertising agency **Publicis SA** from an attempted hostile takeover of True North.

Burnett crosses the Atlantic

Chicago-based **Leo Burnett Co.** is planning to make a strategic investment in the London-based **Bartle Bogle Hegarty, Ltd.** Burnett will, over time, purchase for cash up to a maximum of 49% of privately held BBH shares. Burnett has been shopping for an international network, and BBH approached Burnett in 1994. BBH's international clients include Levi Strauss, Polaroid, Coca-Cola, *Time* magazine and Lego.

Drugs to radio, TV

In March, Pharmaceutical Research & Manufacturers of America (PhRMA) will launch a new campaign aimed at improving the industry's image. "Uplifting" is the buzzword being used. PhRMA is keeping its ad budget at \$16M but is shifting print spending to radio and TV. The network radio buys will lean toward a news angle, focusing on drug development. Agency: **Eisner & Associates**, Baltimore

Last gasp for smoke ads

New York, San Francisco and Seattle are joining the ranks of locales getting tough on tobacco billboard advertising. Outdoor

Testing testimonials

Be careful what your on-air staffers endorse, says **Paul Porter**, VP and COO, Automation, Inc.—which markets Clean Shower (*RBR* 7/97, p. AB3). Their successful product launch has many mimicking them, and Porter says that will open the door to personalities endorsing bad products or services. "Radio stations are not taking the time and care to assure themselves that the product really works," says Porter. Clean Shower's makers forced all its celebrity endorsers to use the product before making on-air mentions. "If radio stations begin to endorse products without proper research, it will hurt our radio campaigns, and deter us from using radio in the future," adds Porter.



Advertising Association spokeswoman **Kippy Burns** calls the bans "unconstitutional" and lawsuits are expected in NYC and San Francisco. Last week, NYC Mayor **Rudolph Giuliani** said he won't sign the ban until city lawyers review its Constitutionality. The Big Apple ban would eliminate 90% of tobacco ads in the city. San Francisco's ban would bar tobacco ads from all public places, although a loophole would allow billboards facing freeways to continue advertising tobacco. In Seattle, the King County Board of Health reached a voluntary agreement with AK Media/NW, which owns 1,079

faces in the Seattle metro. Other cities with similar bans include Albany NY, Baltimore, Chicago, Oakland, and Tacoma, WA.

Ad touchdown

It is not just TV that is drawing superbowl advertisers. "We are pacing ahead of last year—inventory is tight," says **Sam Benrubi**, EVP/Director of Sales, Westwood One. Benrubi says radio rates are higher than last year, but declined to give specific numbers. A spokeswoman refused to divulge the number of stations clearing the game.

AdBriefs

>Chrysler is cutting \$100M from its annual \$1B advertising budget. Still, Chrysler will lay out \$50M during CBS' February Olympics coverage. The biggest cuts will likely hit network TV. The money cut from media budgets may end up in customer incentives and rebate programs.

>McDonalds will increase ad spending this year, but company execs won't say by how much. Look for more money at the local level, for more radio and outdoor buys.

>Boston Market is cutting ad spending by \$40M for 1998. The ailing chain is trying to cut costs and streamline operations. Agency: **Suissa Miller**, LA.

>Stop and smell the biscuits. Cracker Barrel restaurants will steer more of its marketing budget toward outdoor and radio in '98, at the expense of TV. Five new radio spots are expected. CMR says Cracker Barrel spent \$5.2M in 1996. The chain has 322 restaurants in 33 states. Agency: **Cramer-Krasselt**, Chicago

> Arbitron has released a new and improved version of its quarterly Rating Point Planner. The new version is designed to match the local market reports. It also now features "Top 1" for each demo and daypart and a market accumulation page for the Top 100 markets.

>After losing several big accounts, **Leo Burnett**, Chicago, is opening a specialized agency targeting urban consumers. **Vigilante** leaves the gate with Johnnie Walker Black Scotch as its first client.

>"Win Nothing Instantly" is the mantra for Snapple's return to anti-corporate imaging. The Quaker Oats drink line will use radio and TV plus POP displays. \$30M has been set aside for TV. Also, new colorful Snapple labels will debut. Agency: **Deutsch**, NY and **The Marketing Continuum**, Dallas

>**Saatchi & Saatchi** has dropped the word "Advertising" from its name. A top exec says the old name was "too limiting." It's just another sign that ad houses are fending-off increasing competition from management consultancies.

Fax your agency news to AdBIZ at 703.719.7910 or e-mail to RadioBiz@aol.com

SyndicationNews

by Carl Marcucci

ProStar Entertainment opens for business

Yet another new syndicator is hoping to ride the demand wave for more programming. Clearing three programs, Alexandria, VA-based ProStar Entertainment opened for business December 12. Former Westwood One Senior Director of Affiliate Relations **Bob Dane** is the President and founder of ProStar.

Specializing in Talk programming, Dane's company is handling clearances for Burns Media Strategy's "The Dr. **Gabe Mirkin** Show," Sweet Talk Productions' "The Best of **Debbie Nigro**" and "The Debbie Nigro Show."

Look for the company's first syndicated launch in March or April.

Perry to OneOnOne

OneOnOne Sports hired **Damon Perry** to host the network's morning show (6-10A ET) on December 29. Perry comes to OneOnOne from a morning show slot at Sports Radio WDFN-AM Detroit, with previous experience at ESPN, KJR-AM Seattle and KNBR-AM San Francisco.



Damon Perry

New feature for SportsFan

Launching Feb. 2, "Just a Minute, With **Keith Olbermann**" will debut in the SportsFan lineup as a daily 60 second feature. Clear-

ance will be handled by Winstar Affiliate Sales. Olbermann is a member of the NBC News and Sports staff and currently hosts MSNBC's "The Big Show With Keith Olbermann," airing weeknights. "Just A Minute" is somewhat unique to SportsFan's programming in that the topicality is not limited to sports. "The folks at SportsFan have granted me a blank palette on which to paint every day," said Olbermann.

AMFM—the first RADAR®-rated radio network in 20 years launches. *RBR* interviews David Kantor, SVP, Chancellor. See page 4.

Planned syndication launches for 1998

Syndicator	Program	Planned Launch Date/Time
ABC	The Doug Banks Morning Show	March 2
AMFM	AMFM Youth Network AMFM Adult Network	Jan 5 Jan 5
ESPN	The Tony Kornheiser Show Play-by-play major league baseball Expansion of overnight prog. to 7 days	Jan 5/Daily 1-4P April Jan 5/Daily 7P-9A
Fisher Ent.	Long-form personality late even.	Jan
HG Radio	Home & Garden Network	Q1/20 Weekend hrs.
Jones Radio Ntwk.	Country Show	Q1/Daily 7P-Mid.
MannGroup	World Chart Show	Jan/Weekends
NBG	Hip Hop feature with top NFL wide receiver Sports & Fitness w/ Olympic gold medal gymnast Health & Fitness with high profile health guru Fashion feature hosted by top model Women's Issues with editor of top womens' mag.	Q1/Daily Q1/Daily vignette Q1/Daily vignette Q1/Daily Q1/Daily
Salem Radio Ntwk.	The Michael Medved Show	March/Daily 3-6P
SW Networks	Entertainment news network	Jan
Superadio	Retro Country USA	Jan 10/2hr Weekend
SportsFan	Daily vignette with Fox Sports' James Brown	Feb
Westwood One	NCAA play by play	Jan 10

American View acquires Ken Hamblin Show

"The **Ken Hamblin** Show," syndicated with Premiere since Sept. '96, has been picked up by newbie syndicator American View Jan. 1 on 99 existing affiliates. The show will continue as barter only, with ad sales cleared by Global Media.

Hamblin—author, *New York Times* columnist and three-year national talk show veteran, a.k.a. "The Black Avenger"—is well-known for speaking his mind on some very volatile racial and political issues. While some despise him, others consider him an American hero. "Everyone calls me a

hero and all I am is a pissed off American because I see the quality of our country going down the toilet. We're hurting—our kids can't read, the streets aren't safe," said Hamblin.



"Like all great personalities, Ken has something to say. He is magnetic, charming and very direct. I've heard him on the air many times, and have read his *New York Times* columns. How fortunate we are to have him," said **Kent Burkhart**, Director, AVI.

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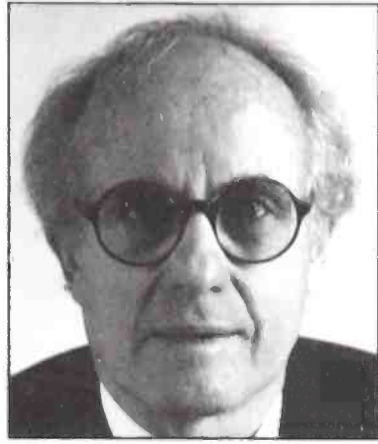


Recency comes to radio

by Frank Saxe

"Effective frequency is dead." So says **Erwin Ephron** of Ephron, Papazian & Ephron, just three years after he and Syracuse University professor **John Philip Jones** crafted the theory of recency. Its premise says advertising is most effective when it reaches a consumer just before they buy. "It's a time-specific theory of advertising," says Ephron, "When is as important as how many."

Radio has always tried to sell itself as the medium that consumers come into contact with last before making a purchase thanks to its mobility, but until now, it has not had a model of advertising to back that up. "Recency has taken over the business, it's not a theory anymore," says Ephron, admitting even he is surprised by the rapid pace in the change of mind set.



Erwin Ephron

"Always plan reach, not frequency—and frequency will take care of itself," says

Ephron. Professor Jones analyzed Nielsen panel data and it shows a single exposure to an ad can strongly influence which brand a consumer selects.

All this means a change in the way advertisers buy radio. Instead of hitting hard on a few radio stations, they buy more stations and higher cumes to increase reach. "What you have to do is get rid of the

relentless targeting," says Ephron. In planning a flight this way, your cost per thousand goes up, but cost per reach point goes down. Mitchell says General Motors has been buying deeper into its markets. "Adding more stations increases the reach of the schedules," Mitchell says.

Does this mean corporate America will start slashing its ad budgets? Ephron says no. Instead, recency suggests ad-

Instead of hitting hard on a few radio stations, advertisers buy more stations and higher cumes to increase reach.

General Motors' agency, Campbell-Ewald, has been implementing the recency theory for about a year. **Bob Mitchell**, EVP/Chevrolet Media Director, says it meant a change in the message they were giving the client. "For 15 years you needed to flight to concentrate your weight focus on frequency—this [recency] is 180 degrees from that." Mitchell says making the switch from frequency planning made sense. "It's just the direction that media planning is heading these days. Most media planners believe that this is the default theory."

What has led to recency's sweeping of the ad trade is the advances in research technologies. Household and people meters merged with scanner data has enabled researchers to track such information.

Short-term continuous reach is key to the recency concept. Since advertisers never know who is listening they need to reach as many as possible.

Advertisers cut the amount of focus on any one week, allowing more weeks to be added to a buy. An advertiser should not buy a week, but just the days of the week close to the time when a consumer is likely to make a purchase.

GM spends an estimated \$50M in network and local spot radio each year. "My experience has not been any reduction in budgets," and Mitchell says if it works, GM may spend even more.

"Their budgets increase if they become more successful selling cars." In the meantime, they are simply spreading their weight over more weeks. "When people are ready to buy a car, they suddenly see a lot of car advertising," says Ephron.

If a client becomes a devotee of recency, what happens if their competitor sticks with flighting? They steal away sales, for sure. But Ephron says the effect will be short term. "Since flighting wastes money on short-term frequency, getting the competition to flight is excellent strat-

egy." All the frequency in the world won't be worth a cent if a consumer is not in the market for a product.

Irrelevant for radio?

Not everyone is convinced recency is the way to go, especially for radio. **Steve Marx**, chairman and creative director, The Center for Sales Strategy, says promoters of recency have taken a piece of research and have globalized it to cover all kinds of advertising and marketing in every medium—including radio, even though the research was conducted using TV. "Radio works differently in the key areas of reach and frequency," says Marx. "It's tough to come up with a local client whose situation even comes close to the packaged-goods scenario for which recency was developed." In fact, he says recency is nothing more than institutional or image advertising given a new name.

Marx also believes few advertisers would be willing to write checks while waiting for the frequency to build over several months. "Common sense tells us that recency is simply irrelevant to the world we live in when we're selling local radio advertising," says Marx.

Brand image

To big-ticket companies like Whirlpool or General Motors, keeping the product name in the forefront of consumers' minds is critical. But GM does not feel it's giving that up to embrace recency. "Because you still have the same number of GRPs, your total frequency for those people who aren't in the market is not any different than with flighting," says Mitchell. "What does matter is that every week somebody is in the market to buy a car and with continuity you're talking to them every week." Ephron says brand consciousness could even be enhanced by the more continuous advertising.

It is too soon for GM to determine whether recency is making a difference at its showrooms, but Mitchell says they remain committed. "I think the number one weakness of the recency theory is the name. It has been touted that the most recent exposure is the most important, and I think that confuses the issue. The most important thing is that you're speaking to people that are in market."

January 7—RBR Stock Index 1998

Company	Mkt:Symbol	12/31/97 Close	1/7/98 Close	Net Chg	Pct Chg	1/7/98 Vol (00)	Company	Mkt:Symbol	12/31/97 Close	1/7/98 Close	Net Chg	Pct Chg	1/7/98 Vol
Ackerley	N:AK	16.938	15.750	-1.188	-7.01%	103	Harris Corp.	N:HRS	45.875	43.625	-2.250	-4.90%	2709
Alliance Bcg.	O:RADO	0.250	0.250	0.000	0.00%	0	Heftel Bcg.	O:HBCCA	46.750	43.250	-3.500	-7.49%	1024
Am. Radio Sys.	N:AFM	53.313	53.750	0.438	0.82%	4525	Jacor	O:JCOR	53.125	48.250	-4.875	-9.18%	2447
AMSC	O:SKYC	7.000	8.250	1.250	17.86%	669	Jeff-Pilot	N:JP	77.875	77.875	0.000	0.00%	1850
Belo Corp.	N:BLC	56.125	53.125	-3.000	-5.35%	1064	Jones Intercable	O:JOINA	17.438	15.500	-1.938	-11.11%	1327
Big City Radio	A:YFM	8.125	7.750	-0.375	-4.62%	212	Metro Networks	O:MTNT	32.750	35.250	2.500	7.63%	31
CBS Corp.	N:CBS	29.438	28.500	-0.938	-3.18%	14014	New York Times	N:NYT	66.125	65.625	-0.500	-0.76%	5041
CD Radio	O:CDRD	16.937	14.938	-1.999	-11.80%	2439	News Comm.	O:NCOM	1.437	1.688	0.251	17.47%	206
Ceridian	N:CEN	45.813	46.188	0.376	0.82%	1457	Otter Tail Power	O:OTTR	37.875	38.000	0.125	0.33%	291
Chancellor	O:AMFM	74.625	70.875	-3.750	-5.03%	7494	Pacific R&E	A:PXE	3.375	3.125	-0.250	-7.41%	7
Childrens Bcg.	O:AAHS	4.062	4.313	0.251	6.18%	463	Pulitzer	N:PTZ	62.813	62.938	0.126	0.20%	291
Clear Channel	N:CCU	79.438	74.000	-5.438	-6.85%	2777	RealNetworks	O:RNWK	13.875	13.875	0.000	0.00%	843
Cox Radio	N:CXR	40.250	37.750	-2.500	-6.21%	409	Saga Commun.	A:SGA	21.250	21.188	-0.062	-0.29%	5
DG Systems	O:DGIT	2.500	2.500	0.000	0.00%	334	SFX Bcg.	O:SFXBA	80.250	81.125	0.875	1.09%	2753
Disney	N:DIS	99.000	98.313	-0.687	-0.69%	14686	Sinclair	O:SBGI	46.625	44.063	-2.562	-5.49%	1382
Emmis Bcg.	O:EMMS	45.625	46.875	1.250	2.74%	172	Sportsline USA	O:SPLN	10.750	13.625	2.875	26.74%	828
Faircom	O:FXCM	0.843	0.875	0.032	3.80%	30	TM Century	O:TMCI	0.625	0.625	0.000	0.00%	50
Fisher	O:FSCI	120.000	120.000	0.000	0.00%	14	Triathlon	O:TBCOA	10.500	10.625	0.125	1.19%	137
Gaylord	N:GET	31.938	30.813	-1.125	-3.52%	548	Tribune	N:TRB	62.250	60.313	-1.937	-3.11%	1982
Granite	O:GBTVK	9.062	9.625	0.563	6.21%	173	Westwood One	O:WONE	37.125	32.375	-4.750	-12.79%	185
							WinStar Comm.	O:WCII	24.937	25.313	0.376	1.51%	7737

Chancellor Media splitting stock

Chancellor Media (O:AMFM) announced a two-for-one stock split, effective today (1/12). The split will leave the nation's second-largest radio company with more than 119M shares outstanding.

Emmis cash flow up 26%

Broadcast cash flow increased 26% to \$17M in Emmis Broadcasting's (O:EMMS) fiscal Q3 which ended Nov. 30, 1997. Net revenues gained 32% to \$36.3M and net income declined 12% to \$4M.

Heftel selling stock

Heftel Broadcasting (O:HBCCA), the nation's largest Spanish radio group, is selling an additional 4M shares of stock—about \$180M at current prices. An additional 700,000 shares are being sold by **Jean T. Russell**, **William E. Tichenor**, The **David T. Tichenor Trust**, **David Lykes** and **Jeffrey T. Hinson**.

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by Jack Messmer

Capstar finds new market in its own backyard

Santa brought **Steve Hicks** something he'd really wanted—some stations he can listen to at company headquarters in Austin, TX. Capstar is paying \$90M to acquire market revenue-leaders KVET-AM & FM & KASE-FM from KVET-KASE, whose Chairman is former Austin Mayor **Roy Butler**. President/GM **Ron Rogers** (former Arbitron Advisory Council chair) will join Capstar's GulfStar subsidiary as a Regional VP. An LMA is expected to begin soon.

Liu finds place for profits

Arthur Liu's Multicultural Radio Broadcasting is reinvesting some of its profits from the sale of WNWK-FM New York (*RBR* 12/8/97, p. 12). It'll pay \$54M to Douglas Broadcasting for eight AM stations. The deal will give Liu four Big

Apple AMs, adding WZRC-AM & WNJR-AM. He'll also get KYPA-AM & KWPA-AM Los Angeles, KEST-AM San Francisco, KSJX-AM San Jose, KXPA-AM Seattle and KOBO-AM Yuba City, CA.

Radio One into Motown

As we predicted (*RBR Mid-week News Brief*, 12/17/97), Radio One announced a \$34M deal to buy Bell Broadcasting's WJZZ-AM & WCHB-AM & FM Detroit. The heritage Urban operation, launched by the late **Mary Bell** in 1956, will give Washington, DC-based Radio One its sixth market, following fast on the heels of a \$22M deal to buy two San Francisco FMs (*RBR* 12/15/97, p. 12). Bell is currently headed by **Wendell Cox** and **Terry Arnold**. Broker: **John Pierce**, Force Communications

Regent cashes out Gammon

The last two jewels in what was once the Crown Broadcasting group, Ruby Broadcasting and Topaz Broadcasting, are being sold off as broker **Tom Gammon** exits station ownership. KIXW-AM & KZXY-FM Apple Valley, CA and KIXA-FM Lucerne Valley, CA are being sold for \$8M to Regent Communications, headed by **Terry Jacobs** and **Bill Stakelin**.

In a separate deal, Regent is paying \$3.55M to acquire KFLG-AM & FM Bullhead City, AZ from **David Peschau's** Continental Radio Broadcasting. Regent already owns several stations in the California and Arizona desert regions from its Park Lane Group acquisition last year. Broker: (for both deals) **Peter Handy**, Star Media Group

Going super in Evansville

Jeff Warshaw's Connoisseur Communications is adding its third FM in the Evansville, IN market. He'll pay \$6M for standalone WYNG-FM as **Philip Marella's** Pinnacle Broadcasting exits Arbitron market #152. Broker: **Paul Leonard**, Star Media Group

Mid-West Family adopts COW

Yes, you can expect us to milk this deal for every pun possible, even if it is rather cheesy of us. Rather than skim through, here's the whole story: WKLJ-AM & WCOW-FM La Crosse, WI aren't being put out to pasture, but they will be moving to a neighboring farm—a nice family farm. In fact, it's part of the Mid-West Family Broadcasting Group. They'll pay \$3.5M for the AM, FM and all milking rights from the **Rice** Family's Sparta-Tomah Broadcasting Co.

Mid-West Family already has a sizeable herd in La Crosse, two AMs and two FMs. Once the cream from the new additions is added, this will whip up into a delicious superduopoly. Brokers and/or milkmen: **Jack Minkow** & **Bob Heymann**, Broadcasting Asset Management

Steve Dodge, Chairman of
American Radio Systems

and

Joseph M. Field, President of
Entercom

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Inside Salem:

Religious mega-group unveiled

It's been no secret that **Ed Atsinger** and **Stuart Epperson** have had access to plenty of cash for acquisitions by Salem Communications, spending \$65.7M in just the past 12 months for nine new stations, including such big-market signals as KWRD-FM Dallas (cash & swap for an AM), WHK-AM & WCCD-AM Cleveland, WEZE-AM Boston and KTKZ-AM Sacramento. What has been secret, until now, was just how much the nation's largest Religious radio group was taking in from billings.

BIA's most recent ranking of the radio industry's top-50 groups listed Salem 37th with an estimated \$22M in station revenues (pro forma) for 1996. Don't fault BIA for trying, but with virtually all of Salem's revenues coming from sources outside the radio and advertising industries' mainstream, that educated guess was far, far off the mark. Try tripling that figure to get close to the real number.

In fact, Salem is easily in the top-20 for radio group billings—on par with Saga Communications (A:SGA) and Beasley Broadcast Group. With 43 stations in 28 markets, Salem bills an average of \$1.5M per station. It notes, though, that its top four revenue-producing stations accounted for 38.3% of 1996 revenues (nearly \$25M) and 36.1% of revenues for the first three quarters of 1997. Those big four aren't identified, but would appear to be WMCA-AM New York, KKLA-FM Los Angeles, KWRD-FM Dallas and WAVA-FM Washington, DC.

According to a December filing with the SEC, Salem's total 1996 gross revenues (actual, not pro forma) were \$65.1M, with net revenues of \$59M and broadcast cash flow of \$25.5M. The disclosure came as Salem filed for public trading of the \$150M in bonds that it sold on Wall Street in a private placement last September (*RBR* 9/22/97, p. 12). Below, straight from the horse's mouth, are Salem's key financial figures. Underwriters: Furman Selz, Smith Barney, BancBoston Securities, BNY Capital Markets

Salem Communications Financial figures (millions)	Full year '96	Jan.-Sept. '97
By segment:		
Block program sales	\$37.5	\$29.1
Local spot sales	\$17.4	\$15.0
National spot sales	\$4.1	\$5.1
Network sales	\$5.3	\$4.5
Company totals:		
Gross revenues	\$65.1	\$54.5
Net revenues	\$59.0	\$49.4
Net operating income	\$10.5	\$4.5
Net income/loss	\$12.8	-\$3.7
Broadcast cash flow	\$25.5	\$20.7

Source: Salem Communications SEC Form S-4

Terry out, Lowry in

Lowry Mays' Clear Channel Communications (N:CCU) has stepped in after time ran out for **Terry Jacobs'** deal to have Regent Communications buy WING-AM & WGTZ-FM Dayton from Great Trails for \$18.4M (*RBR* 7/21/97, p. 18) and LMA partner WING-FM from Capstar for \$3.55M (*RBR* 8/25/97, p. 12). No word yet on whether the \$21.95M price tag has changed for Clear Channel, which began LMAs Dec. 29.

Great Trails is exiting the radio business to concentrate on TV. It

already owns stations in Hagerstown, MD and Ft. Wayne, IN and is acquiring a third TV station in Billings, MT. Broker: **Joel Hartstone**, StoneGate Capital Group; **Gretchen Shugart**, Communications Equity Associates

¡Adios CBS, hola Blaya!

CBS (N:CBS) is selling its only Spanish station, KXYZ-AM Houston, to Blaya Inc., owned by **Joaquin Blaya** and Radio Unica, which recently launched an Hispanic News/Talk/

continued on page 14

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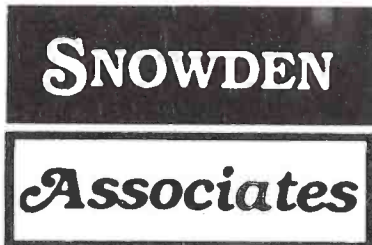
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by Jack Messmer

Merger to end name confusion

Name similarity certainly wasn't the driving force for this deal, but the tower business will be a little easier for everyone to keep straight once American Tower Systems (ATS) and American Tower Corporation (ATC) merge at mid-year. ATS is the tower subsidiary being spun off to shareholders by American Radio Systems (N:AFM) as its radio properties are sold to CBS (N:CBS). ATC is the Houston-based tower company partly owned (31%) by Clear Channel Communications (N:CCU).

Here's one final bit of name confusion: ATS will be the surviving corporation from the merger, but it will change its name to American Tower Corporation (New-ATC). The company will be publicly traded, although the exchange and stock symbol have not yet been decided.

Here's a step-by-step guide:

1) American Radio Systems spins off ATS as a separate company. ARS shareholders receive one ATS share for each ARS share, then sell the stripped ARS share to CBS for \$44.

2) ATS sells \$80M in new stock to company insiders for \$10 per share as announced last week (1/8).

3) ATS becomes New-ATC and the old ATC's shareholders exchange their shares for 35% of the total shares of New-ATC. Clear Channel will own slightly more than

10% of New-ATC. Old ATC CEO **Fred Lummis** and Clear Channel CFO **Randall Mays** will join the board of directors of New-ATC.

The merged company will be headed by the trio currently heading ARS and its tower subsidiary: CEO **Steve Dodge**, CFO **Joe Winn** and COO **Alan Box**. New-ATC will have approximately 90M shares outstanding and bank debt of approximately \$400M. It will own and/or manage more than 1,750 sites (towers and building tops) nationwide which provide transmitting facilities for radio, TV, cellular, PCS, two-way radio and other wireless communications users.

RBR observation: ARS' stock has been trading about \$9 above CBS' \$44 per share buyout of its radio assets. If that moves to about \$10 for the New-ATC by the time all the related deals close, the tower company would have about \$900M in equity and approximately \$400M in bank debt.

TeleCom adding 148 sites

TeleCom Towers LLC, a joint venture of Cox Enterprises Inc. and TeleCom Towers Inc., announced a \$40M deal to acquire 148 towers and sites from Arch Communications Group. The announcement identified Arch as the nation's second-largest paging company. TeleCom Towers now owns or manages 2,300 transmitter sites in 37 states.

hola Blaya

continued from page 13

Sports network. An LMA began last week (1/5).

Deal updates

We now know what's going to happen to WYCL-FM Pensacola, which was dropped from Clear Channel's (N:CCU) \$633M buy of Paxson Communications' (A:PAX) radio group to comply with ownership limits (RBR 12/1/97, p. 12). Capstar is going to buy the station under an option purchased from Clear Channel. The rest of the Paxson sale closed last month (12/12/97) for \$629M.

Recent FCC filings revealed:

•That Rex Broadcasting's purchase price for KTUC-AM & KSJM-FM Tucson (RBR 12/1/97, p. 13) is \$6.5M. **Broker:** Kalil & Co.

•That the purchase price for Marlin's buy of **Sy Dresner's** WCCC-

AM & FM Hartford (RBR 11/17/97, p. 12) was \$15M. **Broker:** Blackburn & Co.

•And that American General Media paid \$5.5M for Guardian Communications' two AMs and two FM's in the Albuquerque market (RBR 10/27/97, p. 13). **Broker:** Kalil & Co.

Pilot adds two markets

Jim Leven's Pilot Communications, which is part of VS&A Communications Partners II's Broadcasting Partners Holdings, is entering the Presque Isle, ME market with a \$5.15M buy of Martz Communications' WBPW-FM, WQHR-FM, WOZI-FM and WHRR-FM CP.

In a second deal, the Syracuse-based Pilot is buying Cayuga Radio Partners' WKRT-AM & WIII-FM in nearby Ithaca, NY for \$1.675M. **Broker:** (both deals) **Dick Foreman**, Richard A. Foreman Associates

Big City makes big splash

Moving quickly just before 1997 ended (12/19), Odyssey Communications changed its name to Big City Radio and sold 4.6M shares of stock in an IPO at \$7 per share. When the year ended just a week and a half later, the stock, which trades with the symbol "YFM," had gained 16% on the American Stock Exchange to close at \$8.125.

Big City is headed by Chairman **Stuart Subotnick** and President **Mike Kakoyiannis**. As described last August in *RBR* (8/4/97, p. 6-8), the company is using its Synchronized Total Market Coverage™ (STMC) to ring major markets with multiple FM signals on the same frequency. Big City has already implemented the simulcast strategy in the top three markets, New York, Los Angeles and Chicago, and is looking for acquisitions in other top ten markets.

According to its SEC filings, STMC has allowed Big City to enter markets at lower costs than competitors with coverage comparable to Class B FMs. Comparing its acquisitions to Class B prices, Big City said "achieving entry into the top three radio markets would have required an aggregate investment of between \$218.5M and \$823.0M, while the Company has entered these three markets with an aggregate investment of approximately \$56.9M." Big City said in its SEC filing that its objective is to cover in excess of 90% of Arbitron diaries in its target markets.

Here's a summary of Big City's financial figures for the first three quarters of 1997:

Category	\$(millions)	Gain
Net revenues	\$7.5	28%
Station operating expenses	\$9.8	1%
Broadcast cash flow	-\$2.3	N/A

Source: Big City Radio S-1/A filed 12/16/97

Big City launched its Y-107 L.A. New Rock trimulcast in March 1996 and its Y-107 New York Country trio in December 1996. The company acquired two Chicago area FMs on 103.1 MHz in late 1997, but has not yet debuted their new format. Underwriters: Donaldson, Lufkin & Jenrette; Furman Selz

1/12/98 RBR

Transaction Digest continued from page 16

Broadcasting Partners Inc. (Steve Hicks). The original contract to buy WERZ-FM & WQSO-FM (*RBR* 11/10/97, p. 12) for \$5.5M has been amended to include these two AMs and increase the total price to \$6M, with the escrow increased to \$300K, balance in cash at closing. **Superduopoly** with WTMN-AM, WHEB-FM, WERZ-FM, WQSO-FM & WXHT-FM. Broker: Media Venture Partners

\$330,000—KDBM-AM & FM Dillon MT from Beaverhead Madison Broadcasting Inc. (Larry M. Chaffin) to Dead-Air Broadcasting Company Inc. (Jo Ann Juliano). \$10K downpayment, additional \$31K in cash at closing, \$41K debt payoff, \$31K debt assumption, \$217K note.

\$300,000—KBYN-FM Arnold CA from Clear Mountain Air Broadcasting Co. (Don E. Leutz Jr.) to Golden Pegasus Financial Services Inc. (Nelson & Debbie Gomez). \$30K escrow, balance in cash at closing.

\$300,000—WJNC-AM Jacksonville NC from WJNC Inc. (Glenn Hargett) to Jacksonville-Topsail Radio LLC (Hoyle S. Broome Jr.). \$10K escrow, balance in cash at closing. Broker: Snowden & Associates

\$275,000—WZIQ-FM Smithville GA from IQ Radio Network Inc. (Donald L. Jones) to

Clarence T. Barinowski. \$275K in cash at closing.

\$175,000—WPMW-FM Mullens WV from Slab Fork Broadcasting Co. (John R. Wilcox) to Castle Rock Investments LLC (Michael Muscari, Jeff Halsey). \$1K escrow, balance in cash at closing.

\$150,000—KIMM-AM Rapid City SD from Thomas E. Ingstad Broadcasting Inc. (Tom Ingstad) to KIMM Radio Inc. (Matthew Ward). \$150K cash. Note: Ward is Ingstad's adult stepson.

\$80,000—KWYO-AM Sheridan WY, 100% stock sale of KWYO-AM LLC from David F. Palmerlee, Malcolm Wallop and Stan Huckaby to Cheryl Schellinger and Robert Grammens. \$5K downpayment, balance in cash at closing.

\$75,000—KGWA-AM & KOFM-FM Enid OK, 50% stock sale of Hammer-Williams Broadcasting Inc. from Hoby & Larry Hammer to Kyle D. & K.V. Williams (100% thereafter). Stock sale for \$75K cash and release of personal guarantees of corporate debt.

\$70,000—* KVAB-FM Clarkston WA from Helen Warkentin d/b/a Bi-State Radio to Clarkston Broadcasters Inc. (W. Gene Lawrence). Cash and debt assumption totalling approximately \$70K. **Duopoly** with KCLK-AM & FM Clarkston.

AMERICAN GENERAL MEDIA

has acquired

KBID-AM/KLYD-FM

Bakersfield, California

from

SOUTHPAW COMMUNICATIONS

for

\$1,500,000

The undersigned acted as exclusive broker in this transaction and assisted in the negotiations.



Kalil & Co., Inc.

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VERONIS, SUHLER & ASSOCIATES INC.

1998 RADIO OUTLOOK

- Veronis, Suhler & Associates forecasts total radio advertising to grow 9.3% per year to \$18.3 billion in 2001
- Radio owner/operators of all sizes are enjoying strong revenue growth and higher broadcast cash flow margins as a result of in-market consolidation
- Transaction volume is robust: more than \$25 billion worth of radio stations have changed hands in the last 18 months
- Debt and equity financing is readily available
- Financial players and public companies are entering the radio arena
- Valuations for private sale transactions are reaching all-time highs
- Reduction in capital gains tax is likely to spur additional activity

There has never been a more appropriate time for radio station owners to consider their transaction alternatives.



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TRANSACTION DIGEST™

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, Dec. 10 through Tuesday, Jan. 6. RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

\$15,000,000—WCCC-AM & FM Hartford (West Hartford-Hartford CT) from Greater Hartford Communications Corp. (Saul & Alfred Dresner) to Marlin Broadcasting Inc. (Howard & Alexander Tanger, Lisa Gallagher, Edward Young, Tom Davidson, Alta Communications VI). \$1M escrow, balance in cash at closing. Broker: Blackburn & Co.

\$3,800,000—* WJOL-AM, WLLI-FM & WJTW-FM Joliet IL, WKBM-FM Coal City IL and WKOT-FM Marseilles IL from Barden Broadcasting Inc. (Don Barden) to Pride Communications LLC (James H. Hooker, Don C. Johnston, Don Brinckman, Arthur McClain). \$250K escrow, additional \$3.25M in cash at closing, \$300K note. Existing **duopoly** in Joliet. Note: WKBM-FM has a contour overlap with WJOL-AM, but not with either Joliet FM.

\$2,650,000—WFRL-AM & WFSP-FM Freeport IL from Evening Star Media Group LLC (Michael Weckerly, Brian Bemis, David Painter, Michael Wagner) to Radio Works of Freeport Inc. (Ida L. Rhea). \$250K escrow, balance in cash at closing.

\$1,812,000—* KCCD-FM & KBCY-FM Abilene (Hamblin-Tye TX) from Big Country Broadcasting Inc. (Glen A. Hine) to Cumulus Licensing Corp. (William Bungereoth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$87.5K escrow, balance in cash at closing. Existing **duopoly**. Note: Includes LMA of and right to purchase KHXS-FM. Broker: Norman Fisher & Associates

\$1,500,000—* WJNE-FM Laurel DE from Samson Communications Inc. (William Sammons Jr.) to Great Scott Broadcasting (Faye Scott et al.). \$150K escrow, balance in cash at closing. **Superduopoly** with WSSR-AM & WZBH-FM Georgetown DE, WZSK-FM Bethany Beach DE and WOCQ-FM Berlin MD. LMA since 10/27/97.

\$1,350,000—* KIKR-FM Dubuque IA from KIKR Inc. (Philip Fisher) to Cumulus Licensing Corp. (William Bungereoth, Richard Bonick Jr.), a subsidiary of Cumulus Media LLC (Richard Weening, Lewis Dickey Jr.). \$67.5K escrow, balance in cash at closing. **Superduopoly** with WDBQ-AM, KLYV-FM, WJOD-FM & KGGY-FM.

\$1,067,945—* KKYN-AM & FM & KVOP-AM & FM Plainview TX from Radio Music Box Co. LC (Michael Fox, Don Williams) to Texrock Radio Inc. (Dain Schult, Equus II Inc. & others). \$40K escrow, \$817,945 (less escrow) in cash at closing, \$250K note. Existing double **duopoly**. Broker: Terry Greenwood, Patrick Communications

\$850,000—KNTR-AM Ferndale WA from Help Ministries Inc. (Richard & Leona Ellison) to Pearl Broadcast Corp. (Anne S. Tuttle & others) via two-step transfer. Living Stream Ministries is purchasing the assets from Help Ministries for \$30K escrow, additional \$520K in cash at closing, \$300K note. Living Stream is then transferring the license and certain business assets to Pearl Broadcast Corp. for \$500K. Broker: John Pierce, Force Communications

\$850,000—KNTR-AM Ferndale WA from Help Ministries Inc. (Richard Ellison) to Pearl Broadcast Corp. (Ann Tuttle, Reenie McCarthy & others). \$1K downpayment, \$29K escrow, additional \$520K in cash at closing, \$300K note.

\$667,000—KERV-AM & KRVL-FM Kerrville TX from Griffin Broadcasting Corp. (Richard D. Griffin) to Barbwire Communications Inc. (Kent S. Foster). \$50K escrow, balance in cash at closing. Broker: Whitley Media, Sunbelt Media

\$670,000—* WKXX-FM Attalla AL from Alexandra-Victoria Broadcasting Company Inc. (Kerry Rich) to Broadcast Media LLC (Pat Courington Jr. et al.). \$30K escrow, \$650K (less escrow) in cash at closing, \$20K under non-compete agreement. **Duopoly** with WAVU-AM & WQSB-FM Albertville AL. LMA since 10/22/97. Broker: Gordon Rice Associates

\$500,000—* WZNN-AM & WMYF-AM Portsmouth-Dover (Rochester-Exeter NH) from American Radio Systems License Corp. (Steve Dodge), a subsidiary of American Radio Systems (N:AFM), to Capstar

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