

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

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AMERICAN URBAN RADIO NETWORKS

#1

THE URBAN
RADIO LEADER



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Katz Interactive Sales division shutting down

More signs that streaming media is not getting enough ad buys: Katz Interactive Marketing/Streaming Media Sales Network has been shut down. Katz Media Group CEO **Stu Olds**, en route to RAB, was able to provide *RBR* a statement: "As of today (1/31), we have decided to discontinue our current efforts in streaming media through the operation of Katz Interactive Marketing (KIM). Our current revenue model does not show Katz Interactive Marketing delivering positive results in the foreseeable future. At this time, we are directing our efforts toward our core businesses in support of our radio and TV station clients. [KIM President] **Gerry Boehme** and his team are to be commended for their aggressive streaming media sales efforts."

According to one industry source, the edict came down straight from Clear Channel (N:CCU). "It's over. It's done. Clear Channel just nixed it—no money in it,

continued on page 2

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RBR RADIO

RBR's Daily Email

Radio News®

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bye. I got a call from someone who got emails from **Mike Agovino** [Clear Channel Radio Sales President] saying they were shutting it down because of money."

Interp's (N:IREP) Cybereps division is a direct competitor to Katz Interactive Marketing. We asked EVP **Graham Keenan** as to how this may affect his business: "Like the downturn in all the Internet hype is being overplayed now, it was just as much as it was on the upswing. Last year at this time it was ridiculous—companies worth half a billion dollars that have nothing but servers. And now, it's like because a couple of these guys went under, the whole thing is doomed. We're not changing our positioning, we're not closing the doors. Interp bought 50% of Cybereps (*RBR* 1/8, p.5) and these people have a lot of experience on the interactive side. We're out there doing the presentations—you've got to give people reasons to develop a budget."

Katz Interactive Marketing's biggest client, Netradio.com couldn't comment. Other KIM clients included Akoo.com, Everstream, The Loup, HitMusic.com and Audiencebank.com.—CM

Chrysler cutting ad payments

Cost-cutting at DaimlerChrysler will include elimination of the company's \$50 per vehicle rebates to local dealers for advertising. That amounts to an estimated \$450M-plus nationwide, although DaimlerChrysler itself won't comment on the price tag.

Eliminating ad payments is part of a package of dealer payment changes announced

It's back to basics in Buckley's view

Radio owners who didn't join the IPO parade in the 1990s may be feeling a little less stress these days than their public company counterparts.

At Buckley Broadcasting, President **Rick Buckley** says today's soft market is just a rerun of the past. "I think radio is going to be fine. We may have a little blip in some of the projections. It's no different today than it was in the early '90s, when everybody was buying radio stations on projected earnings. The difference is that in those days the banks took the hit and now the stocks are taking the hit."

With the economy tightening, Buckley is spared the problem many of his fellow CEOs have of trying to stay in Wall Street's good graces. Still, he notes that the big groups have an advantage over him in terms of bulk—being able to package together more stations (both top performers and mediocre) to appeal to cost-conscious advertisers.

Buckley says his stations never got much dot-com advertising, since his New York station, WOR-AM, didn't target the primary dot-com demographics and his other stations were in markets, such as Hartford, CT, outside the top 20—which got virtually all of the dot-com spending. The trickle-down effect on the industry, he says, though, is that radio won't grow double-digits in 2001. His projection is 6-8%.

The slowdown isn't all attributable to dot-com, either. "Auto is weak all over the country," Buckley said, noting that recent cuts by Chrysler and GM don't bode well for the US auto industry this year. "As far as advertising is concerned, they've got to figure out how to do some things differently to sell those cars."

Despite the ad market softness, Buckley says some of his markets will be up 5% in January. That's all due to local selling, with national spot soft everywhere. Network is also soft, which impacts negatively on his WOR Radio Network. Over all, though, his privately owned company is a little ahead of last January, which he notes was a record month.

"Projecting out, February doesn't look bad. It's just business back the way it was before," in Buckley's view.—JM

1/29 as the auto maker disclosed plans to eliminate 26K jobs, 20% of its workforce, to stem the flow of billions of dollars in red ink. The dealers are getting a new package which will pay them more cash if they meet monthly sales targets. Those who don't meet those targets will face higher overhead costs due to elimination of such things as the ad payments, 15-day interest free loans on new vehicle inventory and a free tank of gasoline for each new vehicle.

According to Detroit newspaper reports, the net effect of cutting the standard dealer payment package while paying more to top-performing big dealers is expected to be a \$600M annual reduction in DaimlerChrysler's costs.

Of course, TV gets the lion's share of broadcast ad dollars by the auto industry, but radio is also feeling the impact.

"I don't think the world is coming to an end with DaimlerChrysler," **Bill Burton**,

Russ & Olivia REALLY KICKED ASS!!

Monster Stats Everywhere:

- **WCDX Richmond**
Spring 00 Summer 00 Rank Adults 18-34
19.9 25.7 #1
* also number one in all demos.
- **WKYS Washington D.C.**
Spring 00 Summer 00 Rank Adults 18-34
12.8 13.2 #1
- **KMJJ Shreveport**
Spring 00 Summer 00 Rank Adults 18-34
15.9 25.0 #1
* also number one in all demos
- **WRXZ Albany, Ga**
Spring 00 Summer 00 Rank Adults 18-34
10.2 21.2 #2
- **WDTJ Detroit**
Spring 00 Summer 00 Rank Adults 18-34
3.7 6.2 #3

Aribtron; summer 2000

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President of the Detroit Radio Advertising Group, told *RBR*. But he noted that the auto industry had already been cutting back on ad spending. "I don't know of major cutbacks on radio, but [General Motors] just cut close to \$500M from network TV campaigns."

Making money may not be as easy in 2001 as it was in 2000, but Burton sees an opportunity for radio to expand its share of the advertising pie as companies try to get more bang for their bucks. (See related story, page 7.)

RBR observation: One key fact to note from DaimlerChrysler reworking its deal with dealers is that the most successful Chrysler, Dodge and Jeep dealers will end up with more money, while smaller dealers will have less. That means that radio salespeople should be pitching bigger budgets to big dealers—showing them how a targeted out-of-home media, radio, can literally drive customers onto their lots. Also, look for some of the smaller dealers to sell out or merge—yielding a new, more aggressive dealership that should be more open to creative ideas about how to sell cars.—JM

The Furchtgott-en FCC

FCC Commissioner **Harold Furchtgott-Roth** (R) caught many off guard last Wednesday (1/31) when he announced that he will not seek a second term. His first term expired on June 30, 2000 but was extended to the present under FCC rules allowing a sitting commissioner to serve additional time, no later than when Congress recesses in the year following said commissioner's term.

Furchtgott-Roth stated, "It has



been a great honor to serve for more than three years on the Federal Communications Commission. However, there comes a time when every free market advocate in government must fulfill his dream by returning to the private sector. For me, that time has arrived. Therefore, I have decided not to seek reappointment." Furchtgott-Roth's departure will leave two Republican vacancies to be filled by the new **Bush** Administration. The remaining three

commissioners are newly appointed FCC Chairman **Michael Powell** (R), **Susan Ness** (D), and **Gloria Tristani** (D).

NAB President/CEO **Edward Fritts** declared, "It is unfortunate that Commissioner Furchtgott-Roth has decided not to stand for reappointment. We look forward to working with him for the balance of his term, and we wish him continued success in whatever arena he next chooses."

Until an agreed upon "last day" is reached by the Administration and Furchtgott-Roth, he will continue to serve as an FCC Commissioner.—KR

Judge approves SMR buyout plan

A federal bankruptcy judge has approved (1/30) the buyout (*RBR* 1/15, p.2) of Strategic Media Research (SMR), naming a team of managers led by SMR

Polishing the Apple...

Radio's sales force is having some success whittling away at the rugged pacing numbers we've been seeing, lending credence to the theory that many media buys are coming closer to run time than last year when the dot-coms made air time a hot commodity.

Numbers for New York through 1/21 can now be compared to numbers a week fresher. There was marginal improvement for the month of January and significant improvement for February. March actually got even worse, but we predict those ugly negative numbers will shrink as well as time goes by.

	1/21 sample			1/28 sample		
	Local	Natl	Total	Local	Natl	Total
January	-10.6	-15.7	-11.6	-10.0	-15.5	-11.0
February	-25.3	-28.0	-25.8	-18.8	-25.2	-20.0
March	-24.3	-22.9	-24.0	-24.7	-29.9	-25.8

Source: Miller, Kaplan, Arase & Company

Breaking out in the Windy City

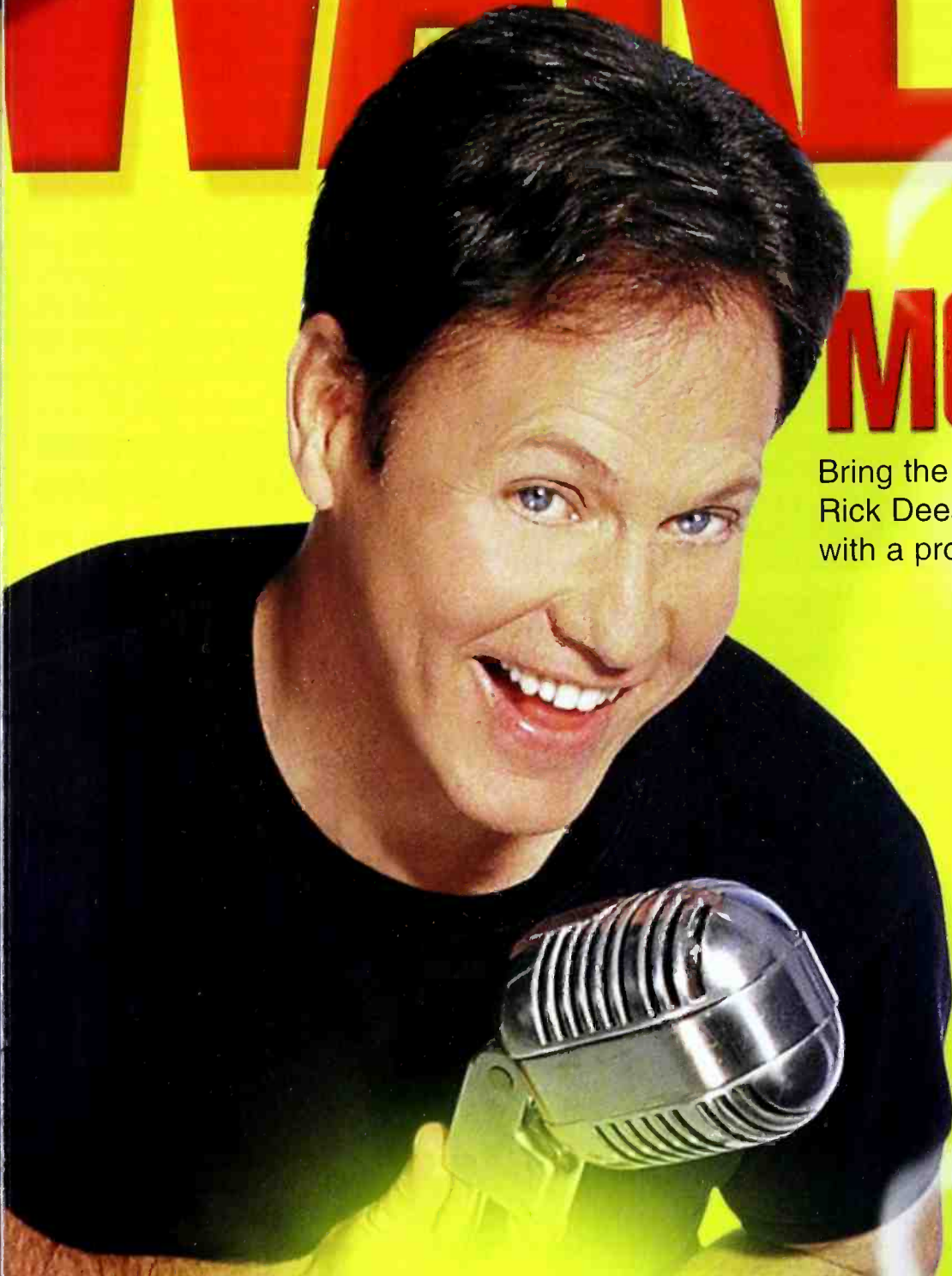
Hungerford Aldrin pacing numbers for the week ending 1/28 in Chicago have what has become a unique feature: a positive number! Local business for January is trending 5% ahead of last year, with total business up 1%. Our source, who will remain anonymous, noted that the problem has gone beyond the dot-coms. The slowdown in the overall consumer environment is taking its toll, with both automotive and retail categories suffering. Chicago broadcasters are hoping eco-guru **Alan Greenspan** can don his cape and fly in to the rescue.

	1/28 sample		
	Local	Natl	Total
January	+5%	-10%	+1%
February	-6%	-27%	-11%
March	-13%	-38%	-19%
April	-10%	-18%	-11%

Source: Hungerford, Aldrin, Nichols & Carter, PC, CPSs and Consultants

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SVP **Amy Vokes** as the official successful bidders. The current SMR is majority owned by Chartwell Capital, current SMR President/Founder **Kurt Hanson** is the second biggest shareholder. SMR is selling its assets to the new company that Vokes and the investors formed for a reported \$110K. Strategic filed Chapter 11 in early January, paving the way for the \$1M+ investment team of current and former radio execs—**Jimmy de Castro, Alfred Liggins, David Kantor, Jeff McClusky, Gary Slaight and Jeff Trumper**—to take the reins. Each receives a seat on the SMR board. Other managers participating in the management buyout include SMR execs **David Becker, Paul Kaiser, Phoebe Pierson and Kristen Ozenbaugh-Dale**.

And as to Hanson, "Our intentions are for me to stay on in some kind of management capacity. We're going to figure all of that out after closing [week of 2/5], but we're all hoping to work together. We've all agreed the right way to do it is to close first and then decide," he tells *RBR*.—CM

Uh oh...EEO

Following a federal court decision that struck down its EEO rules as unconstitutional (*RBR* 1/22, pg. 1), the FCC has suspended the rules while it assesses whether to appeal. That means that stations no longer have to submit reports to the FCC on their EEO outreach efforts.

FCC Commissioner **Gloria Tristani** issued a separate statement saying, "I concur in the pre-mandate suspension of the Commission's EEO rules because the filing requirements would have occurred between the court's opinion and the submission of any post-opinion petitions for rehearing." She continued with, "I write separately to express that it would have been more appropriate to suspend only the filing requirements, rather than the rules

themselves, pending disposition of any timely petition for rehearing."—KR

Campaign reform vote by Easter

It won't be the first item on the Congressional calendar as he had hoped, but Sen. **John McCain** (R-AZ) has been promised a vote on his Campaign Finance Reform bill before the Senate's Easter recess, which is likely to begin 4/7. Floor debate on the McCain-Feingold-Cochran bill is tentatively scheduled for 3/26.

While agreeing to give the measure an airing, Senate Majority Leader **Trent Lott** (R-MS) said he'd likely offer his own alternative to the McCain bill and that others would likely do the same. There are also expected to be lots of amendments offered. Less likely this year, though, is any filibuster by opponents to keep campaign finance from coming up for a Senate vote. There is less Republican opposition to any change in the campaign finance rules, but still lots of disagreement over what changes should be made.—JM

Clear Channel steaming about streaming fees

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go up very carefully. And we will be making decisions about whether we pull the streams or not for the next several weeks."

Clear Channel Internet CEO **Kevin Mayer** tells *RBR*, "The ruling makes things a little unsettled, no doubt about it. And we are going to look at any new streams that go up very carefully. And we are even going to start revisiting streams that are already up and seeing if we are overly exposed in some ways."

RBR observation: The Copyright ruling, which includes the potential for retroactive streaming performance royalties to be assessed, does nothing more than nip the profit potential bud of online streaming further. If any compromise could be offered, we would hope that online fees would be a percentage of online profits. At this early stage, with broadcasters still learning the Internet business, it is not the time to get greedy. The RIAA should not be trying to take blood from a stone.—CM

Disney gives up on Internet group

Tired of watching the money bleed, Disney plans to scrap its GO.com portal and convert all outstanding shares of Disney Internet Group common stock (N:DIG) into Disney common stock (N:DIS) 3/20. A ratio of 0.19353 is expected. If done 1/31, the DIG share price would be \$5.96 based on DIS \$30.82/share closing price.

DIG lost \$395M in '00 and expects to lose \$125M this year. While Disney plans to keep its Internet group operating as a scaled down unit, 400 of 3,600 staffers are expected to lose their jobs. The successful ABC and ESPN sites will continue operating—ac-

ording to Forrester Research, ABCNEWS.com and ESPN have both grown 50-75% in traffic and usage over the past year and a half. It has been reported that Infoseek, which Disney acquired for Go.com, will maintain the search engine for a couple months and then put it up for sale.

Disney says it will take a \$790M charge for the write-off of intangible assets and a charge of \$25M-\$50M for severance and fixed assets write-off.—CM

JRN partners with RadioResearch.com

Jones Radio Network (JRN) and RadioResearch.com announced a joint venture to launch (1/30) "The Jones Research Network," a syndicated Internet-based music and perceptual research system. Available for barter, the new service is aimed at medium and small market stations. "Even though Internet-based research for radio stations costs considerably less than traditional phone or auditorium methodologies, there are still many stations who don't have a sufficient cash budget to be able to afford it," said **Bill Troy**, RadioResearch.com President.

Jones Research Network affiliates receive regular weekly testing of titles, a much larger sample on a weekly basis than is possible with call-out research, results from each station's listening audience and pure listener research (no tie-in with record labels). The system also gives stations the option of referring to the weekly music testing as "participating in the stations listener panel," driving listeners to station websites. The look of the product is customized to fit the station's website.—CM

Tough times can open doors

Bar profits are but a memory— not just for dot-coms (actually, most never had any profits), but for all types of businesses. The soft economy has made every type and size of business reassess how its money is being spent. According to **Bill Burton**, known to many as “Mr. Be Fabulous,” this has opened new doors that have previously been closed to radio’s message.

I am the most put-upon that I have been in years with top executives wanting to see me, including the new marketing director of K-Mart, who comes from Pepsi Cola,” said Burton, who is one of the true veterans of radio ads and in recent years has been President of the Detroit Radio Advertising Group. “I’ve got a presentation coming up at K-Mart. I’ve just done Chevrolet. I’ve got DaimlerChrysler key executives next week. They seem to be more receptive than at any time in the past five years to listening to what we have to say about radio. My approach is, ‘Hey, guys, I’ve got something against you using TV and I want to introduce your new baby— but after it’s been out on the road and the baby looks like a lot of others, radio is the vehicle to drive it into the showroom.’ And now they’re all caught by the short-shorts and they don’t have money, so my pitch is ‘we might be able to steal your fanny!’—because we’re much more economical.”

Burton noted, however, that even if he succeeds in making the case for radio, not much will happen unless the executives get demanding with their agencies on creative that will work on radio. “That’s one of my biggest gripes,” he said—that an advertiser can be convinced to put a multi-million-dollar campaign on radio, only to have it fail because of mediocre creative and radio gets blamed. “But those agencies are making a living off of TV production,” Burton complained—and it’s up to company executives to be more aggressive and demand that agencies do a better job on radio.—JM

Radio AdBiz

Ad cuts likely in slowdown

Okay, is it out in the open yet? The possibility that the country is recession-bound? If the dreaded “R” word does take hold, ad spending is one area likely to be on the chopping block.

According to Fortune 500 executives from varied industries, reducing marketing and advertising expenses would be the third most popular tactic to be executed in the event of an economic slowdown. Bain & Company, a global strategy consulting firm, released the results of a new survey wherein 44% of the 100 senior executives interviewed said that cuts in marketing and advertising would definitely be carried out. The complete list of the actions that these executives are likely to perform during a recession is below.—KR

Likely reactions to recession

Reduce capital expenditures	55%
Push for price cuts from suppliers	48%
Reduce marketing/advertising	44%
Reduce sales and earnings targets	41%
Implement layoffs	39%
Reduce R&D spending	30%
Close facilities	24%
Make stock buybacks	21%
Make acquisitions in current business	20%
Diversify their portfolio of business	19%
Replace senior executives	17%

Source: Bain & Company

Radio Success Stories

New York Market Radio (NYMRAD) invited advertisers and agencies to speak to member stations about “Why We Use Radio” at a recent breakfast seminar. From L to R: Jack Cahill, GSM, WLTW-FM; Cindy Seebeck, SVP/Assoc. Broadcast Director, The Media Edge; Dick Tulimieri, Director, Marketing Services, NY Presbyterian Hospital; Meredith Smulian, VP/Associate Media Director, R.J. Palmer; Mary Beth Carey, Dean of Admissions, Hofstra Univ.; Rick Kundrat, Chairman/CEO, NuVim Inc.; Mike DeLuise, VP, University Relations, Hofstra; and Ed Keane, Regional SM, WABC/Radio Disney.—CM



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Tough times can open doors

Easy profits are but a memory—not just for dot-coms (actually, most never had any profits), but for all types of businesses. The soft economy has made every type and size of business reassess how its money is being spent. According to **Bill Burton**, known to many as “Mr. Be Fabulous,” that’s opened new doors that had previously been closed to radio’s message.

“I am the most put-upon that I have been in years with top executives wanting to see me, including the new marketing director of K-Mart, who comes from Pepsi Cola,” said Burton, who is one of the true veterans of radio ad sales and in recent years has been President of the Detroit Radio Advertising Group. “I’ve got a presentation coming up at K-Mart. I’ve just done Chevrolet. I’ve got DaimlerChrysler key executives next week. They seem to be more receptive than at any time in the past five years to listening to what we have to say about radio. My approach is, ‘Hey, guys, I’ve got nothing against you using TV and print to introduce your new baby—but after it’s been out on the road and the baby looks like a lot of others, radio is the vehicle to drive ‘em into the showroom.’ And now they’re all caught by the short-hairs and they don’t have money, so my pitch is ‘we might be able to save your fanny!’—because we’re much more economical.”

Burton noted, however, that even if he succeeds in making the case for radio, not much will happen unless the executives get demanding with their agencies on creative that will work on radio. “That’s one of my biggest gripes,” he said—that an advertiser can be convinced to put a multi-million-dollar campaign on radio, only to have it fail because of mediocre creative and radio gets blamed. “But those agencies are making a living off of TV production,” Burton complained—and it’s up to company executives to be more aggressive and demand that agencies do a better job on radio.—JM

Radio AdBiz®

Ad cuts likely in slowdown

Okay, is it out in the open yet? The possibility that the country is recession-bound? If the dreaded “R” word does take hold, ad spending is one area likely to be on the chopping block.

According to Fortune 500 executives from varied industries, reducing marketing and advertising expenses would be the third most popular tactic to be executed in the event of an economic slowdown. Bain & Company, a global strategy consulting firm, released the results of a new survey wherein 44% of the 100 senior executives interviewed said that cuts in marketing and advertising would definitely be carried out. The complete list of the actions that these executives are likely to perform during a recession is below.—KR

Likely reactions to recession

Reduce capital expenditures	55%
Push for price cuts from suppliers	48%
Reduce marketing/advertising	44%
Reduce sales and earnings targets	41%
Implement layoffs	39%
Reduce R&D spending	30%
Close facilities	24%
Make stock buybacks	21%
Make acquisitions in current business	20%
Diversify their portfolio of business	19%
Replace senior executives	17%

Source: Bain & Company

Radio Success Stories

New York Market Radio (NYMRAD) invited advertisers and agencies to speak to member stations about “Why We Use Radio” at a recent breakfast seminar. From L to R: Jack Cahill, GSM, WLTW-FM; Cindy Seebeck, SVP/Assoc. Broadcast Director, The Media Edge; Dick Tulimieri, Director, Marketing Services, NY Presbyterian Hospital; Meredith Smulian, VP/Associate Media Director, R.J. Palmer; Mary Beth Carey, Dean of Admissions, Hofstra Univ.; Rick Kundrat, Chairman/CEO, NuVim Inc.; Mike DeLuise, VP, University Relations, Hofstra; and Ed Keane, Regional SM, WABC/Radio Disney.—CM



Ryan to head 4As

FCB Worldwide CEO **Brendan Ryan** has been nominated (and with no one else expected to run, is pretty much a shoo-in) to be the next Chairman of the Board of Directors of the American Association of Advertising Agencies (4As). Sitting Vice Chairman **John Dooner** chose not to make the traditional move up, due to his expanded duties as Chairman/CEO of The Interpublic Group of Companies (N:IPG).

Ken Kaess, President/CEO, DDB Worldwide, has been nominated to become Vice Chairman.

Both Ryan and Kaess will stand for election at the 4As annual business meeting 4/18-21 in Naples, FL.

Members will also vote on the nominations of the following ad execs to fill ten regional director seats.

- East: **G. Brian Goodall**, President, Hampel/Stefanides; **Allan Kay**, Chairman/Chief Creative Officer, Corey, Kay & Partners; **Matt White**, President, E. James White Co.

- Central: **Jim Bergeson**, CEO, Colle & McVoy Inc.; **Steve Drongowski**, CEO, Fahlgren; **Mark Serrienne**, President/CEO, Northlich

- South: **Tim McClure**, Exec. VP/Chief Creative Officer, GSD&M; **Bill Fogarty**, Co-Principal, Fogarty Klein & Partners

- West: **Agneszka Winkler**, President/CEO, Winkler Advertising; **Carl Kravetz**, Chairman/CEO, cruz/kravetz:IDEAS

All are running unopposed.—JM

True North in play?

Shares of True North Communications (N:TNO) rose back above \$40 in late January on Wall Street speculation that the ad agency holding company was a takeover target. True North had been considered attractive to potential buyers after its stock price fell last November, following the loss of the DaimlerChrysler account by its FCB Worldwide agency.

Reuters reported 1/23 that it had confirmed talks between True North and Havas Advertising (O:HADV). At RBR's 2/1

Radio AdBiz



Consolidation, Friend or Foe?

by Amy Nizich

Much has been written about the evils of radio consolidation; less competition, higher debt services, less format variation, etc. Well, whatever we think, consolidation is here, and it is here to stay.

People have questioned if we should allow groups to consolidate. A more realistic question might be what could we gain from radio consolidation? The following are some ideas:

- In an age where speed is everything, having access to one group head in a market can get you information regarding policies, practices and help with any request faster than contacting individual stations.
- It is often better working with a group head who can look at the big picture and has the power to make better deals for all parties involved.
- When buying local radio on an unwired basis where turnaround time is crucial, consolidation can make it faster than ever. The rep firm can communicate your needs to a single contact rather than dozens of station people.
- You can get "must buy stations" to do more for you by incorporating other stations in the company. The most desirable stations for a particular client will be forced to play harder in order to gain a bigger share for the entire group.
- You can put together promotions across multiple markets and multiple stations within a market that will have better consistency and higher impact than working with individual stations.
- A "group" event within a market could be planned and sponsored by a client making a much bigger noise than a few small promotions might be able to accomplish.
- Many of the companies that own multiple radio stations also own other advertising outlets, such as outdoor companies, newspapers, Internet sites, television stations etc.—opening the door for cross-platform promotions.

As consolidation of stations continues, we may be able to look at making regional or custom market buys that will be even more efficient and targeted for our clients.

Consolidation has not stopped us from continuing to make buys the traditional way, looking at each station individually. On the contrary, rather than limiting us, in some ways it has expanded our options.

Amy is EVP/Director of Local Broadcast Negotiations at Initiative Media. She can be reached at 323-370-8490.

deadline, however, there was no deal announcement.—JM

Email marketing elusive

It sounded so simple. The Web would be a marketers dream by making it possible to communicate directly with consumers via email. The reality is somewhat different.

According to a nationwide

survey by Interpublic's (N:IPG) NFO WorldGroup, 41% of consumers have changed their email address at least once in the past two years—with 15% changing at least twice. Very few of those people, however—less than a third—bothered to go back to register the change with their regularly visited web sites, online newsletters and Internet discus-

sion groups. Even among those who did make an attempt to notify companies of their new email address, only 37% notified "regularly visited websites," 24% notified "websites where they make regular purchases" and a mere 16% notified discussion groups.

The survey was based on a sample of 1,912 Internet users, age 18 or older, nationwide.—JM

Show prep services: Not just a crutch anymore

by Carl Marcucci

It's 4:55AM and the morning show jock is just about to start his five-hour shift. Can he (or she) be expected to entertain and amuse singlehandedly for five hours...five days a week? Of course not. Because just about every Arbitron-rated market now has a format competitor (at the very least a competitor aimed at the same demo), thinking of a few funny lines and reading the paper prior to each show doesn't cut it like it used to. Therefore, for morning drive or any other shift for that matter, personalities need and deserve the best ammo at their disposal. That ammo is supplied by most of the major program syndicators, as well as a variety of private firms. Payment is usually barter in all but the smallest markets, but most will take cash or a mixture of both.

The show prep industry specializes in distributing the bits and bites, humor, information, facts and trivia that can turn the most mundane jock into a superstar. "It's the shows in smaller and medium markets who most need prep services. These poor guys are working mostly solo, with no budget, who wake up at 4:00 AM facing four or five hours on the air, followed by a couple hours of production, and they're expected to sound like a big time radio show," says **Keith Hughes**, President of Critical Mass Media, which produces "Morning Sidekick." "We've designed 'Morning Sidekick' not to take over a show, but to enhance what the DJ is already doing. We want to take the pressure off on the small things that make up a show and let him focus on the more important, local stuff."

Now in its 14th year to Hot AC, Country, CHR and Oldies stations, Morning Sidekick offers comedy prep daily prep via email and a website (MorningSidekick.com). It also puts out a bimonthly CD of song and commercial parodies, movie and TV drops.

Also delivered via email, NBG Radio Network offers six prep services. The most famous of which,

"The Complete Sheet," is 20-25 pages delivered daily by **Johnny Vega** and **Bryan Crain**—the former producers for **Rick Dees** and KLOS-FMLA's **Mark & Brian**. "A prep service has to do more than simply give a quick overview of everything worth talking about in the news. Any radio personality can obtain that type of information if they want to take the time to do their own prep, says **Craig Whetstine**, affiliate relations for NBG Radio Network. Adds Vega: "For example, when **Al Gore** announced he's conceding to **George W. Bush**, it's not enough for a show prep service to just report on that story. There's no value there, as the story is available on every major news site. But there is value when the service offers a witty commentary, along with a few easily-delivered punch lines to help the personality bring the story to life."

Other NBG prep services include: Dr. Don for Country (10-12 daily pages); Bitman (one-liners and bit starters); The Daily Aardvark (a comedic take on current events); The Wireless Flash (from Fisher Entertainment); and Tortilla Soup, NBG's daily eight-ten pages of news, bit starters and one-liners for Spanish formats.

"All stations and shows need some kind of prep, though they don't want to all admit it. Everyone from the small market guy who has no producer, no intern, no help and no time...but wants a big-market morning show—all the way up to a top ten market guy who has all the resources and money and manpower he demands, but still needs that one extra thing that nobody else can get for him that will give him an edge over the competitor," says **Larry Morgan**, SVP Programming, Premiere Radio Networks, who offers a full spectrum of prep

to 2,000 mainstream-format affiliates: comedy audio (parody songs, bits, characters and production elements), written show prep, TV drops, celebrity interview bites and online prep access. The company's featured products include "The Shipper Report," "The Girly Sheet," "Prime Time Prep," "The Scoop," "Premiere Rock," "Premiere Country," "Morning Wood" and "Custom Music."

Premiere's show prep team utilizes 50 contributors that provide material for the 12 different services. Delivery is weekly CDs with audio, daily faxes, web-accessible prep pages or daily audio from the Prepburger.com site.

Most agree the biggest consumer of show prep is morning drive. Coffee isn't enough for most

listeners to get them jazzed for the daily grind, no pun intended. "Morning shows usually need prep the most as it takes quite a while to gather information from all different sources to provide to your audience, which is often dif-

icult to do at 3 AM," says ABC News Radio Director of Entertainment News/Programming **Heidi Oringer**. "Our services are comprehensive, so a radio station can look at one of our prep services and have everything they need to do a complete four-hour morning show without requiring newswires, newspapers, etc. Many of our affiliates are the top morning shows in their respective markets. We primarily work with the PDs and the morning hosts, although many times the prep services are used by all dayparts."

ABC has six market-exclusive show prep offerings, infused with up-to-the-minute entertainment and hard news delivered each morning: "Morning Show Prep," "Wake-Up Call," "The 411," "Nashville Notes," "Talk Show Prep" and "Show Prep Today." These

services also contain jokes, comedy bits and history files—some with audio delivered via satellite.

ePrep is ABC's newest prep service, Internet-delivered. Market-exclusive, e-Prep offers music, entertainment and hard news, birthdays, history and a magazine section. Audio is delivered via Real and MP3. Oringer, in charge of ePrep, oversees 18 producers: "We give affiliates exclusive interviews, cover 200 entertainment and music events each year and offer arrivals, backstage and party information on all of them. ePrep is also pushed at 4:15am each morning, so the latest breaking information is available to the morning jock. We are the only prep service, to my knowledge, that has an overnight staff."

ePrep also has exclusive agreements with *SPIN* and *Maxim* magazines to provide interview audio. ePrep site formats include CHR/Hot AC, Country, Active Rock, Classic Rock, AC and International.

Westwood One prides itself on being the largest show prep provider in the industry, covering most of the commercial formats. The list includes **Dennis Miller**, "Hollywood Flash," "Rock Report," "Celebrity Shorts," "Country Prep," "Today in History," "Urban Entertainment," Oldies, Pop and Alternative Reports, "Health Source," "News You Can Abuse," custom station coverage, breaking news and "Backstage at the Grammys." For morning shows, Westwood offers "The MTV Morning FACTS" for Alt./Rock, CHR/Pop and Urban/Hip Hop formats. "The VH1 Morning Prep" for Rock/Classic Rock and Hot AC; "The 'E!' Radio Network" for multiple formats (25 daily sound bites from film and TV stars, the latest from E! Entertainment gossip reporters); "The Fax" (the latest buzz from music, film and TV in an eight-page fax for Alternative and Active Rock formats); "The CBS Morning Resource" (provided weekdays to CBS Network affiliates); and Westwood



Whetstine

One Prep, a two-page digest for AOR/Classic Rock, Country, AC/Oldies and Alternative/CHR, exclusively for Westwood One Networks affiliates.

Jones Radio Network is the largest provider of 24-hour formats with more than 500 affiliates from groups like Clear Channel, Infinity, Citadel, Entercom, Saga, Radio One and more. To that end, JRN offers prep services to complement them: "The Pure Country Fax", "The Facts Fax" and "The Rock & Roll Fax." Says **Jon Holiday**, Director of Contemporary Programming: "All of our prep staff has been on-air talent at one time or another. So, I guess you could say our services are written by radio people for radio people in an on-air 'friendly' style and format as opposed to say the way a newspaper is written."

MediaAmerica, a sister company of JRN, offers LA-based Launch Radio Networks product to 850 affiliates. Formerly SW Networks, web-delivered Launch delivers content for AC, Alternative, CHR, Country, Modern AC, NAC, Oldies/Jammin' Oldies, Classic/Album Rock, Urban and Talk formats. In addition, "Launch offers a guest booking service and 'Gossip To Go,' **Flo Anthony's** personality-driven live entertainment reports for Urban radio," says MediaAmerica VP Program and Affiliate Relations **Frank de Santis**.

Boston-based Superadio positions three of its offerings somewhere between prep and content: "We consider ourselves radio content providers as opposed to show prep," says Superadio President **Gary Bernstein**. "For instance, we produce a product called the Mini-Mixx which is composed of electrifying song hooks all blended together such that the listener thinks it's one song. Stations air it like a recurrent record and it easily is the most requested feature on several leading radio stations like WGCI-FM Chicago, WHQT-FM Miami and WJHM-FM Orlando."

Mini Mixx has three versions: The Upper-demo targeted, Old Skool, the younger demo-targeted, New Skool and the Classic Jam Mini Mixx

that is aimed at both demos.

Another Superadio offering, "**Wendy Wheaton's** The Hollywood Scoop," is a hybrid vignette of Hollywood gossip and entertainment news targeted at the Urban AC format. Affiliates include WALR-FM Atlanta, KJLH-FM LA and WDMK-FM Detroit. Superadio's "The 80's Time Capsule" is also a daily vignette. Hosted by WALR-FM Atlanta's **Melissa Sommers**, content focuses on 80s trivia and sound bites/clips. Says Bernstein: "Stations who need programming that's sales as well as programming-driven are in dire need of this type of service. For instance, the 80's Time Capsule was so well received in Middays on WALR that it had to be added a second time daily just to accommodate the sales demand."

AP Radio is successfully overcoming the stigma that news is all that's on the menu. "The industry knows AP Radio as the news and information source, but what the industry does not realize is that AP Radio has probably one of the richest content of show prep material for just about any format in radio," says **Thomas Callahan**, GM, AP Radio. "A recent group that I spoke to recommended AP Radio based upon the strength, not of our news, but of our prep service, which they felt was far superior to anything out there. Our entertainment division that feeds 98% of all newspapers and 95% of all TV stations, all supplies that same information to us."

Offered for cash only, AP Radio delivers "Watercooler," bits of humorous information; "Power Prep," a tailored-to-format audio and text service for morning music stations; "Prime Cuts," a live

actualities service offering bites from the last 72 hours of news and events and "Soundbank," a web-delivered audio actualities service leveraging a huge archive over eight decades deep. Delivery is all via the Internet, but text-based prep can be delivered over AP's Ku-dish satellite service.



Holiday

Show prep and the Internet

The Internet has brought show prep to a whole new dimension of topical choices and timeliness of delivery. The net has also grown the business and increased competition. And for delivery method, fax, overnight CD and tape delivery are now complemented or are being replaced all together by the internet. Most services now email their show prep, making it up-to-the-minute for talent, and that includes audio cuts. Says Hughes: "From a delivery standpoint, the Internet means goodbye fax machine and the receptionist who forgot to replace the paper; goodbye satellite and the overnight jock who forgot to record the feed."

And as soon as the first service leveraged the net's efficiencies, "It has increased the competition among services ten-fold," Oringer explains. "It has made the information much more readily available to the end user and much easier to deliver for the prep producer. MP3 audio can be loaded right into the studio board and played for the audience in record time. Also, jocks can be set up in the studio with Internet access and use the service while they're on the air instead of leafing through papers to find the stories they want to talk about."



Ferro and Kid Rock

MP3 audio can be loaded right into the studio board and played for the audience in record time. Also, jocks can be set up in the studio with Internet access and use the service while they're on the air instead of leafing through papers to find the stories they want to talk about."

It's all good news for radio—because of the net's easy accessibility, show prep services have been forced to become better and better to remain essential. Confesses Morgan: "With so much access to information at your fingertips we've really had to become more creative and innovative about what we offer."

Westwood One's show prep operations are hubbed 24x7 in NYC, LA and Phoenix. The systems are fully redundant with the distribution controlled directly from affiliate relations. "We have been delivering prep on the internet for a long time," says Westwood One Programming GM **Thom Ferro**. "Starting three years ago with the Grammys, we have made selected components available on the net. In addition to net access, the Metro merge has made available the unique Metro Source platform for distribution. All of our products will be net and Metro Source available by the Summer of 2001."

Because show prep is a brain trust of humor and information, the net can also act as a platform for sharing—the more the merrier, so to speak. "The Internet has made it possible for radio personalities to exchange information with each other more easily than ever before. Elite networks of some of the brightest and most talented air personalities are emerging in cyberspace," says Whetstone. "MegaPrep (from The Complete Sheet) is one such network where the top personalities in radio converge daily to exchange bit ideas, phone topics, and contacts for guest bookings. When a major event happens, such as the election debacle in Florida, members can quickly exchange information. In the days immediately following November 7, MegaPrep members had the names and telephone numbers of election officials, politicians, so-called "vote machine" experts, and even the numbers of pay phones outside of the buildings where votes were being recounted."

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Looking into Lowry Mays' crystal ball

Wall Streeters breathed a sigh of relief after Clear Channel (N:CCU) issued financial projections for 2001 which show after-tax cash flow per share rising 15% to \$3.16. That was what analysts wanted to hear and several reiterated "buy" recommendations.

As the chart, right, shows, revenues are expected to rise only about 7.4% from a pro forma \$7.4B in 2000, including acquisitions and divestitures, to \$8.1B. Clear Channel did not break out its radio, TV and outdoor units in the 1/30 guidance to Wall Street. The company won't report its final results for 2000 until next week (2/13).

Media Markets & Money™

by Jack Messmer

Clear Channel's projections for 2001

Here's what Clear Channel Communications (N:CCU) has told Wall Street to expect for 2001, assuming that there are no acquisitions or divestitures (which is not very likely) to adjust for as the year goes along. *RBR* has included for comparison Clear Channel's actual results for Q1-3 of 2000 and estimated Q4 and full year 2000 numbers from Banc of America Securities analyst **Tim Wallace**. The final column has Wallace's estimate of pro forma numbers for 2000, including full year results for acquisitions such as AMFM and SFX.

Clear Channel Communications (N:CCU) 2001 vs. 2000 (all \$ in millions except after-tax cash flow per share)

Category	Year	Q1	Q2	Q3	Q4	Full Year	Pro forma
Net revenues	2001	\$1,540	\$2,241	\$2,326	\$1,975	\$8,082	—
	2000	\$783	\$966	\$1,577	\$1,831	\$5,156	\$7,527
Cash flow	2001	\$462	\$811	\$850	\$800	\$2,923	—
	2000	\$263	\$403	\$514	\$692	\$1,872	\$2,605
After-tax cash flow	2001	\$320	\$543	\$576	\$549	\$1,988	—
	2000	\$193	\$273	\$339	\$473	\$1,278	\$1,806
Net income/(loss)	2001	(\$273)	(\$52)	(\$22)	(\$46)	(\$393)	—
	2000	(\$39)	\$31	\$449	(\$107)	\$333	(\$501)
ATCF per share	2001	\$0.51	\$0.86	\$0.91	\$0.87	\$3.16	—
	2000	\$0.51	\$0.73	\$0.72	\$0.75	\$2.75	\$2.85

Source: Clear Channel Communications Inc. news release 1/30/01; "Broadcasting Monthly," Banc of America Securities, 1/22/0



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Clear Channel gains on 2001 outlook

Investors bid up the price of Clear Channel's (N:CCU) stock following the company's release of 2001 financial projections, despite some confusion in press reports.

As the chart above shows, Clear Channel projected that its Q1 after-tax cash flow (ATCF) would be 51 cents per share. AP and Dow Jones said that fell short of the 63 cent "consensus" of analysts polled by First Call/Thompson Financial, while Reuters emphasized that the number was flat with last year. It turns out that the so-called consensus was based on a single analyst, since everyone else was waiting for final 2000 numbers before making 2001 estimates. The Street was generally pleased with Clear Channel's projections. Analysts had generally been looking for full year 2001 ATCF totaling \$3.15-3.16 per share—and that's exactly what **Lowry Mays** and company set as their target.

At Deutsche Banc Alex. Brown, analyst **Drew Marcus** noted that Q1 is Clear Channel's toughest comp, "due to the soft ad market and three cents per share [ATCF] of seasonal dilution from the SFX acquisition."

Marcus had been expecting ATCF of 48-51 cents per share, so he was pleased to see the company set its target at the high end of that range. He was among the analysts who reiterated a "strong buy" recommendation. Clear Channel's stock price rose \$2.51 to \$65.21 on 1/31, the first trading day after the 1/30 release.

Stocks fell on Merrill Lynch warning

Radio stocks had fallen 1/26 (before Clear Channel's guidance) along with other media stocks, as Merrill Lynch warned of softness in ad spending. In particular, analyst **Jessica Reif Cohen** noted weakness in the auto sector and said it appeared General Motors (N:GM) has cancelled up to half of the primetime TV ads it had booked months ago. (See page seven for further confirmation.) The analyst repeated her concerns about broadcasting as a guest (1/26) on PBS's "Wall Street Week with **Lewis Rukeyser**," citing Viacom (N:VIA, VIAb) alone as a broadcasting stock she's recommending.

Viacom buying back stock

Sumner Redstone and **Mel Karmazin** obviously think Wall Street is still undervaluing their stock. They and other Viacom (N:VIA & VIAb) directors have authorized a new buyback of up to \$2B of the company's public stock. Viacom's most recent buyback, which totaled \$1B, was completed in early January.

Radio One sheds Dallas AM

After acquiring a second FM in the Dallas market, Radio One (O:ROIA) CEO **Alfred Liggins** decided he didn't need an AM after all—so, the company is spinning KJOI-AM (formerly KLUV-AM) to Clear Channel (N:CCU) for \$16M. That's the same price Radio One paid Infinity (N:INF) for the station just a few months ago (*RBR* 5/22, p. 20). An LMA began 2/1.

Radio One and Emmis (O:EMMS) have signed a definitive contract for their reshuffling of Indianapolis radio (*RBR* 1/22, p. 13 & 1/29, p. 13). The total cash changing hands is, indeed \$8.5M. Radio One will pay \$8M for WTLC-AM and the intellectual property of WTLC-FM. Each company will then donate \$500K to promote educational opportunities for minority youth in the Hoosier capital.

Mid-West Family grows in Springfield

Illinois, that is, since this group also has a superduopoly in Springfield, MO. Mid-West Family, which in this case is operating as Long-Nine Inc., is paying \$3M for **Richard**

& **Patricia Van Zandt's** WLGM-FM Petersburg, IL. Mid-West Family already owns one AM and two FMs in the market. **Broker:** H.B. LaRue Media Brokers

RBR observation: This is a Class A on 97.7 MHz which already has a CP to move 10.2 km south of its current transmitter site. That will give it city-grade coverage of downtown Springfield.

Another Utah buy for Devine/Buzil

Bruce Buzil and **Chris Devine** are continuing to buy up every signal they can find that is within spitting distance of the Salt Lake City metro. This time their Mag Mile Media LLC is paying \$2M for KMXU-FM Manti, UT. The Class C on 105.1 is located southwest of SLC. Seller Sanpete County

Broadcasting, headed by **Doug Barton**, will keep its other station, KMTI-AM. **Broker:** **Greg Merrill**, Media Services Group

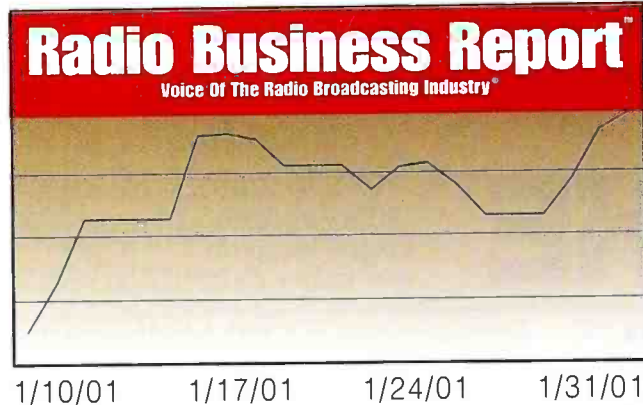
Epperson adds an AM

Nancy Epperson's Chesapeake-Portsmouth Broadcasting Corp. is moving up the James River from the Norfolk market. Her \$950K purchase of WHRP-AM Claremont, VA from 4M of Tidewater will take Chesapeake-Portsmouth halfway to Richmond. The Religious group owner already has two AMs (plus an expanded band station) in the Norfolk market and has been LMAing WHRP since 12/29/00. Epperson is also a major shareholder of Salem Communications (O:SALM), which her husband co-founded.

The Radio Index™

The Radio Index™ gained 7.892 for the week, closing 1/31 at a year-to-date high of 179.133.

180
170
160
150
140



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Transaction Digest

by Dave Seyler & Jack Messmer

The deals listed below were taken from recent FCC filings.

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.

\$5,000,000 WJET-FM Erie PA from NextMedia Licensing Inc., a subsidiary of NextMedia Group (Carl Hirsh, Steve Dinetz, Skip Weller) to Regent Licensee of Erie Inc. (Terry Jacobs, Bill Stakelin), a subsidiary of Regent Communications (O:RGCI). \$250K letter of credit as escrow, \$5M in cash at closing. **Superduopoly** with WXKC-FM, WXTA-FM & WRIE-FM. **Broker:** Media Venture Partners

\$2,200,000 WHAI-AM & FM Springfield MA (Greenfield MA) from Haigis Broadcasting Corp. (Ann Banash) to Saga Communications of New England Inc. (Ed Christian), a subsidiary of Saga Communications (A:SGA). \$2.2M cash. **Duopoly** with WLZX-FM, but no contour overlap with Saga's other Western Massachusetts stations.

\$1,650,000 KOTB-FM Evanston WY, 100% stock sale of Rocky Mountain Radio Network Inc. from David B. Smith & Jimmy Ray Carroll to Evanston Broadcasting LLC (Bruce Buzil, Chris Devine, Robert Neiman, Aaron Shainis, Andrew Barrett). \$82.5K escrow, balance in cash at closing. Notes: Co-owned KEVA-AM will be transferred to a new Smith/Carroll entity before closing. No contour overlap with the stations that the buyers have acquired in the nearby Salt Lake City, UT area. **Broker:** Greg Merrill, Media Services Group

\$1,750,000 KMET-AM Riverside-San Bernardino CA (Banning CA) from Delphi Communications Inc. (Marc Tow) to World Shopping Network (O:WSHP, headed by John Anton, John Moore, Gary Fox & Martin Bloomenstein). Exchange of assets for 7,415,254 shares of stock, valued at \$1.75M. Note: Tow's 100% owned Pelhan Associates will own 7.75% of WSN after this transaction and Delphi will own 19.25%.

\$1,250,000 KAKU-FM & KBMF-FM Springfield MO (Springfield-High Point MO) from American Family Association (Donald Wiildmon) to Community Broadcasting Inc. (Richard & Sherley Bott, Charles Warkins), part of the Bott Broadcasting group. \$10K downpayment, balance in cash at closing.

\$275,000 WXGJ-FM Apalachicola FL from John H. Wiggins to Staton Broadcasting Inc. (Cecil Staton Jr.). \$50K escrow, balance in cash at closing. **Broker:** BuySellRadio Online

\$600,000 WXIN-AM Louisville KY (New Albany IN) from Cross Country Communications Inc. (George Zarris) to Mortenson Broadcasting Co. (Jack Mortenson). \$50K escrow, balance in cash at closing. **Superduopoly** with WLLV-AM & WLOU-AM.

\$149,500 KCMC-AM Texarkana TX from KCMC Inc. (Walter Hussman Jr.) to ArkLaTex LLC (Harold Sudbury Jr., Linda Cate). \$10K downpayment, balance in cash at closing. **Duopoly** with KTFS-AM, KXAR-FM & KFYX-FM Texarkana-Hope AR.

\$510 WKBF-AM & WHTS-FM Quad Cities (Rock Island IL), 51% stock sale of Hit Radio Inc. from William Dudley III to Mercury Broadcasting Company Inc. (Van Archer III), leaving Mercury as the 100% owner. \$510 cash.

N/A WCPN-FM Cleveland from Cleveland Public Radio Inc. (Kathryn Jensen, Pres.) to Media Inc. (Jerrold Wareham, Pres.). Merger of Cleveland Public Radio and Educational Television Association of Cleveland, owner of WVIZ-TV (Ch. 25, PBS), into a single entity, Media Inc.


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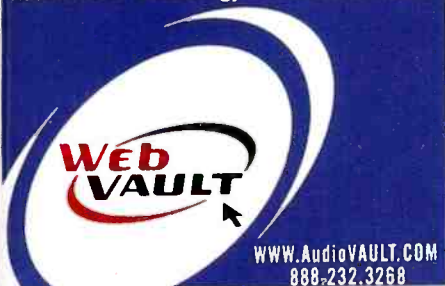




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- Bill Hampton of Dave Ramsey
- Kris Bobo of Comrex
- Jeff Kimmel of Wicks Broadcast
- George Bundy of BRS
- Rob Drucker of MediaAmerica
- Jeff Keith of Telos



In a move designed to help busy executives keep up with the fast-changing radio business, *Radio Business Report* in the Spring of 2000 became the first radio trade publica-

tion to launch an Internet radio station." Radio news is breaking at an incredibly fast pace and just can't wait for the morning faxes," said Ken Lee, Associate Publisher and General Manager.

In addition to posting news on its Web site, www.rbr.com, RBR is also streaming 24 hours a day.

The "format" consists of a newscast of radio-specific business and industry

news, interviews and commentaries, plus classic radio bits, jingles and Mercury Award-winning spots (with real paid spots to come). Veteran newscaster Jack Messmer, now Executive Editor of RBR, is back behind the mike for the audio updates.

The new RBR Web "radio station" is still early in its development and radio executives are encouraged to provide input on what they'd like to hear. (Please don't ask for Britney Spears, though!) You may email klee@rbr.com so we can build the radio station you want.

"Another exciting aspect of the Internet radio station for RBR is that we can now offer advertisers a cross-platform vehicle to help to market their products," noted Lee.

"Advertisers can now run audio spots

on our Internet radio station, bundled with banner messages on the www.rbr.com web site, along with click-through messages on our daily email service, plus traditional advertising with Radio Business Report and MBR."





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