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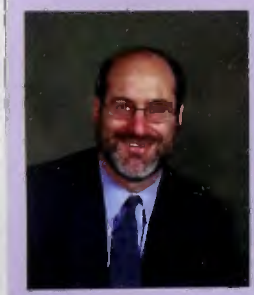

RBR Profiler

Steve Goldstein airs out Saga's programming strategy

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Rep bosses see signs of improvement

The heads of radio's two mega-reps say there are signs of hope that national radio ad spending is improving, although both Interep (O:IREP) CEO **Ralph Guild** and Katz Media Group CEO **Stu Olds** say buys are still coming in late and they have very limited visibility.

"Actually, the first quarter is looking pretty good," Guild told *RBR* as he and Olds were preparing for a joint appearance at RAB2002 in Orlando (2/8). "We're up certainly in the 2-4% range for the first quarter, with January being on the low end of that and the end of the quarter being higher. However, that's as far out as we can see, with the next three quarters still being pretty vague—about where the first quarter was this far in advance last year."

Stu Olds

"Probably for the entire year we're going to be looking at a week and a month at a time," said Olds. "In the past you could look out and have clear visibility—is the year going to be good, bad or indifferent? Business is breaking so late now that there are really higher than normal percentages of dollars that are being booked 30 and 45 days out—and the in-month business is bigger than what we had been used to looking at. The guys who were a year ago or two years ago spending year-long money are buying it on a quarter. The guys who used to buy it on a quarter are now buying it on a month. The guys who used to buy it on a month are buying by the week. So I think it is going to be a tough year to project all the way out because it's breaking so late that you can't see it [ahead] very clearly. If we all looked at second, third and fourth quarter pacings now, we'd all be a nervous wreck. The first quarter, however, is looking pretty good. I've got a fair amount of optimism that we're coming out of this [ad recession]. Telecom dollars are up, auto has started to break—Volkswagen just spent a ton of money—the professional services category has been up all year, fast food has been up, travel has been up, beverages have been up."

Guild also noted that several major sectors are showing much more activity. "The Verizons of the world are the really hot ones—telecommunications—also fast food restaurants, airlines are picking back up again, domestic auto, cable networks are buying—entertainment generally, cable networks and movies—and financial services companies are among the ones that are growing at a pretty good pace," the Interep CEO said.

Ralph Guild

"The guys who have spent money in the first quarter really are the traditional spenders that typically are spending every month and every quarter," noted Katz's Olds. "So the fact that they've spent in the first quarter and the quarter looks like it's going to end up somewhere between minus 1-2% to plus 2-3% is a pretty good sign."

The next step is to strengthen pricing and the two reps say there are early signs of that happening.

"We're starting to get marketplaces now that are very tight on inventory," said Olds. "Tampa's tight, Washington's tight, Charlotte's tight. You're starting to see, in a demand-driven business, that inventory

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Indecency? Someone call the Copps

FCC Commissioner **Michael Copps** (D) used the 2/4 edition of *USA Today* to launch an attack on indecency in broadcasting. He called for the announcement by Easter that a voluntary code of conduct will be written and adopted by the radio, television and cable industries.

The previous NAB Radio and TV codes were dropped in 1983 due to antitrust problems. Copps insists that only small portions of the old codes were at odds with antitrust law, but the NAB has steadfastly refused to re-enter the arena unless Congress grants the industry an antitrust exemption.

"The race to the bottom is never pretty," he wrote, "but it seems especially ugly when it involves broadcasters saying they must push the limits on decency in order to compete against the often prurient offerings of other channels."

TV networks ABC and NBC were singled out, NBC for liquor ads and a Playboy Playmate episode of "Fear Factor" aired opposite the Super Bowl halftime show, ABC for a lingerie show during November sweeps.

Edgy radio show hosts in general received special mention. "That shock-jock mentality once was restricted to a few late-night talk shows. Now it is commandeering broadcasting's corporate suites, where the question is not whether to tolerate an occasional indecency, but how to push the envelope to fatten shareholder return—notwithstanding the statutory obligation every broadcaster has to serve the public interest."

His concluding remarks threatened government action if the industries are unable to control themselves.

***RBR* observation**: The FCC came out last year with brand new, supposedly definitive guidelines on indecency, and then was immediately embroiled in one of the most widely publicized indecency controversies ever—the infamous **Eminem** "The Real Slim Shady" episode. Not even the FCC has any idea where the line really is. An industry code would just be one other document containing another fuzzy attempt to define the indefinable.

The other factor in this equation is the Constitution—the right of free speech puts a limit on what regulators can do. Your best protection is still available, however—the station dial.—DS

AURN inks co-branding deals with Pepsi

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On The Down Lo with Wendy Williams from Pepsi

Radio Business Report
Voice Of The Radio Broadcasting Industry

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RADIO NEWS

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News Briefs

Phil Hendrie signs TV deal with NBC

Phil Hendrie, host of Premiere Radio Networks' "The Phil Hendrie Show," has signed a deal with NBC Studios to develop a primetime series, it was announced by **Ted Harbert**, President, NBC Studios. "Quite simply put, Phil is a genius when it comes to creating characters—and hit characters are what make hit television shows," said Harbert. "We can't wait to bring his sophisticated brand of comedy to television."—CM

SNR live from Salt Lake

Sporting News Radio announced it will broadcast extensive live programming from Salt Lake City and provide hourly reports throughout the Olympics as part of the network's Winter Games coverage. SNR will also air over 350 live reports on the games at the bottom of each hour 2/9-2/24.—CM

Mercurys set for June 6

The 2002 Radio-Mercury Awards luncheon and awards ceremony has been set for Thursday, June 6. The awards for the previous year's best radio spots, including a top prize of $100K, will be given in the Starlight Roof Room of the Waldorf-Astoria Hotel in New York.—JM

RADIO NEWS®

Attendance down at RAB2002

As expected, the RAB2002 confab in Orlando experienced a drop in attendance. RAB President/CEO **Gary Fries** announced that 1,400 had made the trek to **Mickey Mouse**'s eastern home town, as compared to 2,200 attendees the year before. The rugged advertising environment and the events of 9/11 each played a role in the decrease.

RBR's **Jack Messmer** talked to super-rep honchos **Ralph Guild** and **Stu Olds** prior to their joint session at the meeting (see cover story). More in next week's *RBR*.—DS

Viacom feud may be on hold

Chairman & CEO **Sumner Redstone** and President & COO **Mel Karmazin** are apparently trying to make the best of things, following the 1/30 board meeting where other directors—led by **Ivan Seidenberg**, President of Verizon, and **David McLaughlin**, retired President of Dartmouth College—sought to defuse the rift between Viacom's (N:VIA & VIAb) top executives (*RBR* 2/4, p. 2). The two appeared together, unexpectedly, at a Bear Stearns investor dinner 1/31 and one person who attended, but didn't want their name used, said the two seemed to be on friendly terms at the gathering. "It appeared genuine, as genuine as it's always been between them," that source said.

Under pressure from all quarters, Viacom finally addressed widespread press reports that Redstone was seeking to oust Karmazin. The company's brief announcement was issued 2/1:

"Mr. Karmazin's contract with Viacom extends through the end of 2003. Mr. Redstone and Mr. Karmazin, who have successfully and productively worked together for more than two years since the announcement of the CBS merger, have publicly and repeatedly indicated their strong mutual desire to continue that relationship through the contract term. Despite speculation to the contrary, neither Mr. Redstone nor Mr. Karmazin have stated their intentions beyond the end of the contract. With nearly two years remaining until the end of the contract term, both Mr. Redstone and Mr. Karmazin do not plan to address the issue any sooner than the end of 2002."

Variety reports that the dueling execs are "...keeping up their efforts to convince Wall Street that everything's kosher in Viacom's executive suite." The two are planning to appear together at an investor meeting, set to coincide with the company's earnings report 2/13. More at RBR.com.—JM, CM

Ad agency to pay US $1.8M for overcharging

The US Department of Justice announced 2/4 that WPP Group's (O:WPPGY) Ogilvy & Mather North America has agreed to pay the government $1.8M to resolve claims that the ad agency overcharged the US Drug Czar's office. Under the settlement, O&M will refund nearly $690K in cash and reduce its outstanding bill to the government by $1.15M. O&M didn't admit to any wrongdoing and it still has its contract for producing anti-drug ads through March. The contract is worth about $15M annually and O&M is expected to be one of the bidders to handle the government account for the next year.—JM

FCC takes a breather on AM expansion

The FCC has put a freeze on new applications for expansion into the expanded upper region of the AM dial, including frequencies 1610 kHz through 1700 kHz. Originally established to give stations with severe interference problems a new home, not to mention nighttime operation, the Commission identified 88 stations eligible to make the move, and during 1997 and 1998 65 received CPs to do so.

A second window opened 12/5/00, and proposals have been coming in. Some of them are requesting not only a new channel, but a new city of license, sometimes a substantial distance from the station's existing location. The freeze will give the FCC time "to study novel and complex AM expanded band licensing issues, including protection standards, facility classes and eligibility requirements...A freeze will preserve the rights of potential applicants for new AM expanded band stations and the opportunity to use competitive bidding procedures to award the authorizations."—DS

Eastlan expands with market six-pack

Fast-growing ratings service Eastlan Resources is adding six more markets to its lineup. All are slated for first measurements during the Spring 2002 survey. With the new survey areas, the company furthers its eastward expansion from its western base.

None of the areas are in Arbitron territory, although one, La Crosse WI, was measured by Arbitron within the past five years.

Among the others: Quincy IL, which is on the Mississippi River in the west central portion of the state, and not far from Hannibal, MO; Everett, WA, which is just north of Seattle; Henderson/Oxford, NC, which is just north of Raleigh-Durham; Paris TX, well to the northeast of Dallas; and Yuma AZ, tucked into the southwest corner of the state near the borders with California and Mexico.—DS

WHTA becomes a wide receiver?

Atlanta Journal-Constitution reports One's (O:ROIA) WHTA-FM Atlanta, which plays Hip-Hop, can be heard on any and every electronic device in the home of **Ken Weinhardt**.

Weinhardt's home is located quite near Hot 107.9's transmitting site and is experiencing a CE's nightmare: RF Interference. The story says the station's signal has infiltrated the televisions, telephones, answering machines, stereos, computers, CD players and radios of many of his subdivision's residents.

WHTA moved dial positions and started sending its more powerful signal from the tower there in October. Residents are fed up and want the station to fix the problem by weakening its signal or even moving to a new tower.

Wayne Brown, Radio One VP, tells the *Journal-Constitution* the station is working with the neighborhood's residents to fix the problem by sending technicians to install free RF filters on televisions and other electronic devices.—CM

FCC ready to separate Peninsula from its licenses

Peninsula Communications Inc. has had the licenses of seven FM translators revoked by the FCC and was assessed a fine of $140K, all for operating them beyond the parameters of their licenses (RBR.com 5/22, *RBR*9/30/01, p.4). In a nutshell, the stations were used to transmit original programming, rather than being used strictly as repeaters. The translators are all in small towns in Alaska.

This illegal operation was found to have begun in 1994, and despite FCC efforts to correct the situation in 1997 (in the midst of a deal to sell the translators which eventually fell through), Peninsula persisted in its programming practices. The fine and license forfeitures were imposed last summer.

However, Peninsula is still running the stations exactly as it has in the past, saying it will continue to do so until a ruling from a D.C. Circuit judge to whom it has appealed the FCC's action is in.

The FCC has pointed out that a pending court case does not give a licensed entity the right to ignore an FCC order, and the agency is now planning to hold hearings on the revocation of Peninsula's other licenses.

Now in jeopardy are four more translators, also in small-town Alaska, plus the licenses of four full-power Alaskan stations: KGTL-AM & KWVV-FM Homer, KXBA-FM Nikiski and KPEN-FM Soldotna. Date of the hearing is as yet undetermined.—DS

Phone folly costs WEZB-FM New Orleans $4K

Entercom's (N:ETM) WEZB-FM in New Orleans has been hit with an FCC Notice of Apparent Liability for Forfeiture (NALF) for airing a phone call without the caller's knowledge, much less permission.

The caller, attempting to call the parents of one of her son's acquaintances, got the station instead by mistake. There, an on-air personality kept her on the line and recorded the conversation. Although the personality believed it was obvious to the caller that her conversation was being recorded for use on the air, she was never explicitly informed of this fact. Said the FCC, "We believe that the complaint clearly shows that the complainant was understandably confused during most of the call and she did not intend to call a broadcast station. Moreover, we find that this should have been evident to the on-air personality by the time he finished the call and broadcast the recording."—DS

Leykis wins emotional distress case

Westwood One's **Tom Leykis**, after being sued (RBR.com 1/29) for "post-traumatic stress" by a Juneau, AK woman who campaigned to get his show cancelled from KJNO-AM there, was cleared 2/5, the *Juneau Empire* reports. **Karen Carpenter** had threatened KJNO with a boycott in 1998 unless the station pulled the show; KJNO did drop the program, but on its last airing in the market, Leykis read her letter to KJNO and called her a "moron and cretin."

Carpenter charged that a caller to gave Leykis her fax number on the show, resulting in harassing faxes and causing psychological distress.

Westwood One was found at fault for destroying or concealing the tape of the broadcast, which was wanted as evidence. The jury awarded Carpenter nothing for emotional loss and $5K of the claimed $16,500 for economic losses and medical expenses. The jury is meeting to decide and punitive damages against Westwood.—CM


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By Carl Marcucci

AdLab partner, author Barry Cohen speaks at RAB

Barry Cohen, Managing Member of Clifton, NJ-based Adlab Media, spoke at the RAB2002 conference in Orlando 2/9. He recently signed a book distribution agreement with the RAB for his "Ten Ways to Screw Up an Ad Campaign" and will provide some instructional highlights out of the book at his RAB workshop.

In addition to agency work, Cohen gets his message out as frequent public speaker. "Basically the book grew out of speeches—the tail wags the dog. I've been out speaking to chambers of commerce and small business expos for the last several years giving the same workshop, which kind of developed into the book," Cohen tells *RBR*. "What it's really about is the biggest mistakes that most smaller businesses make in their advertising and how to avoid them. How to out-advertise the competition and outspend them. And that includes everything from how to hire advertising counsel, how to interview agencies and find the one that fits well because the key here is don't try this at home. Our message really is for the client to concentrate on their business—the one that they know best—instead of spending all their time trying to be Shakespeare or trying to meet with media people."

Barry Cohen, principal of AdLab Media Communications, and author of Ten Ways to Screw Up an Ad Campaign

Cohen's advice is steeped in industry experience. Before launching AdLab, he was the GM for WKCW-AM Warrenton, VA and an AE for WPAT-A/FM and WOR-AM NY. "We're real radio people. We both came out of radio and we place 99-100% of our dollars in radio and we actually have our own in-house production facility."

Other facets of Cohen's message was everything from legal pointers—how to stay out of trouble by avoiding some of the common mistakes in violating advertising law—to promotions, to techniques in measuring advertising success.

Cohen details four measuring devices: 1) Make a specific offer in the one medium alone that does not appear in other ads. "Here's a way to get attribution to say, radio. You know it's working because how else would they have heard that offer." 2) Dedicated phone number. "If that phone number doesn't appear in other advertising and that phone starts ringing off the hook, guess what, radio's working for you." 3) Look at addresses—zip codes specifically. "If all of a sudden they've started seeing people from the outlying areas, bingo—we know you're on this 50,000-watt boomer, good chance that's bringing them in." 4) Looking at the demos of who's responding when you're running a campaign. "If your traditional customer profile was older white males and all of a sudden you start seeing younger minority females, and you just happened to go on an R&B radio station, guess what?"

Other topics included aided vs. unaided recall and promotion. "We call it creating larger than life advertising. There's actually a little formula in the book that I use in general for people to kind of check their campaign against," explains Cohen. "I put the formula into the words, right price + right product + right time + right audience = right results."

"Ten Ways to Screw Up an Ad Campaign" carries endorsements from **Ray Hoffman** of Business Week magazine, **Rieva Lesonsky** of Entrepreneur magazine, **Ken** & **Daria Dolan** of the WOR Radio Network and **Joe Connolly** of WCBS News Radio, New York. The paperback is available on Amazon.com, (Barnes & Noble) bn.com, Borders.com & the RAB's "RAB Store" (RAB.com).

AURN scores big with Pepsi

At Interep's Power of Urban Radio seminar (2/1), industry sources say that AURN announced two of its major syndicated shows are now co-branded with Pepsi. It's believed to be the first multi-year commitment—and largest commitment in general—to the Urban genre in the history of Pepsi Cola's Urban marketing.

The first program, "SUPERJAMS from Pepsi" with **Skip Cheatham** (left) and **Wendy Williams** (right), offers two hours of the weekend's 20 top Hip-Hop and R&B tunes.

The second program, "On the Down Lo from Pepsi" with Wendy Williams, is a personal, inside look at the lives of music legends and how they've impacted American culture.

AURN's Urban Knight Award winners announced at RAB2002

American Urban Radio Networks presented its Urban Knights Award winners at RAB2002. "The Urban Knight Awards are being initiated to honor the valiant efforts of those in local Urban radio sales who have carried the banner of improving the marketing of the African-American consumer market in their local areas," AURN President **Jay Williams** tells *RBR*. "We are proud to acknowledge their contributions to the Urban radio industry and hope inspire others to reach the excellence that these individuals have shown."

The first Urban Knight Hall of Fame Lifetime Achievement Award goes to **Bernie Howard**. Says Williams: "We are most honored that our first lifetime achievement award goes to Bernie Howard, who before others ever did so, carried the banner of Urban radio nationally to advertisers."

The other inductee into the Urban Knight Hall of Fame was **Tony Washington**, VP/Corporate Sales, Radio One, "who in his valiant leadership of Radio One's properties continues to lead the way for their phenomenal growth as a radio group," Williams adds.

Urban Knight Award recipients include:

- **Kernie Anderson**, GM, Inner City Broadcasting's WBLS-FM, WLIB-AM, New York
- **Raul Lahee**, Director of Sales, WBLS-FM, WLIB-AM
- **April Johnson**, Local Sales Manager, Clear Channel's WJBT-FM, WSOL-FM, Jacksonville, FL
- **RoNita Hawes-Saunders**, President/GM Hawes-Saunders Broadcast Properties' WROU-FM, Dayton, OH
- **Kevin Webb**, VP/GM, Inner City Broadcasting's WKXI-AM/FM, WJMI-FM, WYJS-FM and WOAD-AM Jackson, MS

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Is national coming back? Honchos see help on the horizon

is starting to tighten up in these places, which means that cost-per-points are going to go up."

Guild said stations are now holding the line on rate cutting. "It seems to have bottomed out and they're becoming more confident in their pricing," he said.

"That is just starting," Olds agreed. He explained that stations were aggressive in trying to get business in January because no one wanted to get the year off to a slow start. "Now what we're starting to see is that inventory is starting to tighten in these marketplaces," he said. "I think we're starting to see pricing start to move."

Both rep bosses are becoming more confident with their projections for national spot sales this year. Guild had been expecting 2% growth. "I now think it's going to be greater than that, barring any traumatic occurrence in the country and in the economy," he told *RBR* 2/6.

"Our original projection was for the industry to be somewhere between flat to plus 2-3%, because we really didn't know what we were going to be faced with," Olds recalled. "I now believe that's going to be a pretty good number. I think we'll come out of first quarter with a plus against where we were a year ago—which is real good news. If the second and third quarters follow a similar pattern—and if the economy continues to improve and the pricing does go up—then we'll see gains on top of that."

January is in the plus column—a rarely used column in recent months. February is looking good for national but a little soft for local due to TV stations not spending during the Olympics, but March looks stronger. "I think we're going to be OK. I'm not sure I would have said that a month ago," Olds said 2/6.

What are the reps doing differently this year?

"It's not a lot different, but we're putting a lot more pressure on our agency sellers to go for share of the market—the existing business—and we're having our new business people concentrate not just on accounts that haven't been in radio in the past, but some of the moderate users—to get them to increase their share [of spending directed at radio]," Guild said. "While it's not increasing the universe, it is dealing with people who've already decided that they want to use radio and we think by putting our developmental people against that segment, that will give us faster growth."

Of course, reps only make a sale when their client—the local station—accepts the deal negotiated with a would-be advertiser. So, we asked, what can stations do to improve their chances of getting those national buys?

"Be instantly responsive to any contact from their rep, because there's very short turnaround time and no opportunity for the luxury of saying 'I'll get back to you this afternoon.' When you get a call, have your answers ready and be prepared to make your first offer your best offer," Guild suggested. Also, he added, a station has to be willing to add some sort of promotion if yours is not the dominate station for the advertiser's target audience.

"Stations have to recognize that business is being planned and budgeted based on a multiple number of markets. Some markets are much tighter than others," said Olds. "What we're trying to do at this point is encourage advertisers to spend money and we can't go in there [with high rates] and block them from getting on the air. At the same time we have to start moving pricing up—we all realize that—but we surely don't want to discourage people from spending at this point. We want to get them back into being regular spenders and people who depend on being able to get in and clear national spots and get on the air."

To sum up the advice from both reps in two words: be flexible.—JM by Dave Seyler and Jack Messmer

The Saga program: Local autonomy, big market mentality

n general, we try to bring the major market sophistication to e smaller markets," said **Steve Goldstein**, Executive VP and roup Program Director for Saga Communications (A:SGA).

Goldstein's longevity with Saga—he's been with the ompany since its inception in 1986—is remarkable in this ay and age. "I was one of the original partners when we urchased the company from ICM. We bought the comany in '86—there were five partners, and three of us are ill with the company, [President/CEO] **Ed Christian**, nyself and [Milwaukee President/GM] **Tom Joerres**, and e took it public 10 years ago."

Goldstein runs programming operations with Programning Coordinator **Michelle Novak** out of a Westport, CT ffice. Most stations have their own program director lthough stations are doubled under one PD where rmatically it makes sense to do so), and most clusters ave an Operations Director holding things together.

Additionally, Saga has elevated three of its top PDs to ormat Specialist. Says Goldstein, "We've taken some very right programmers and have been able to hold on to them y growing them." The threesome includes **Bob Bellini** of VKLH-FM Milwaukee (Classic Rock-Hits), **Keith Hastings** f WLZR-FM Milwaukee (Active Rock) and **Tim Fox** of IOA-FM Des Moines (Oldies).

"They act as consultants, and quality control," explained oldstein. "I'm pretty proud about that—we started that. I ink we started it anyway, before Clear Channel (N:CCU) volved their regionals—it's been good for me, its been great or the stations, its been great for the format specialists emselves, and we can hang on to some very strong people."

So how are programming decisions made? "It's really a ombination of things—we try and stay as decentralized as e can, but the reality is that there are some decisions that hould be made corporately, so we try to balance it. I think 's a very democratic process. We do the research, we pick e format that we think will work the best in each market."

2001 format flips

aga made a number of moves during 2001. Perhaps the iggest were in Milwaukee and Springfield IL.

In Milwaukee, Classical WFMR-FM and Urban AC WJMR-M ("Jammin'") swapped dial positions, with the Classical tation moving from 106.9 mHz in Brookfield to 98.3 mHz n Menomonee Falls, and vice versa for WJMR. On the face f it, it was a non-move—both stations are 6 kw Class As.

Steve Goldstein

"We switched the signals because the transmitter locations are very different, and Jammin'...is now on the frequency that covers the parts of the city that we need to cover better...the other one is more of a suburban signal, so we made the big decision so we could maximize Class As in a big metropolitan area."

In Springfield IL, Saga blew up Country WYXY-FM and installed in its place an AC format with new calls WMHX-FM. Saga programmers brainstormed this move. "We all made that decision. We made the decision because the station wasn't performing nearly up to the level we wanted it to, and we also had the notion that we could better demographically protect our cluster by putting on a station to flank our CHR, WDBR—in other words, go after a wall of women rather than have this Country standalone."

As far as formats go, Saga will use whatever works in a given location—there is no attempt to create redundancy from one market to the next. "Like most companies, we feel better with certain format than others, but if you look at it, it's pretty diverse. We have most formats covered."

Live and local

Saga does its own programming. In many cases, you'd be hard pressed to find any kind of feed. Like its approach to formatics, acquiring programming from outside sources is done on a case-by-case basis.

"We do have some affiliations with certain stations on the AM side, like the networks for news like CBS, but by and large we're not big network users. Most of our stations are not affiliated with networks. We do take syndicated feature programming, but in terms of long form networks, we have very few—a couple of the AMs are taking Westwood service or Jones service. Most of the programming is customized and organic."

This includes overnights and weekends. Saga, for the most part, fills its own time during those hours as well.

There is one universal guiding principle which Saga follows wherever its stations are. "Market to market, we are big on big, local morning shows, and in every market we're in we dominate," said Goldstein.

Putting Saga on the spot

Ed Christian told *RBR* in last week's Profiler that one of the unique features of his company is that its top programming exec decides how much advertising each station in the group will run (*RBR* 2/4, p. 9-11).

True enough, confirmed Goldstein. There is no hard and fast number, however—spot loads vary from market to market and from station to station.

"It depends on the market and the situation. Typically we're 10 to 12 minutes [per hour]. Where we can we'll bring it up beyond that, but we've tried not run it up to the limit."

Goldstein is acutely aware that there are channel buttons on all car radios, and that there are other options on the dial less than a second away for impatient listeners.

"With my background in programming, I'm very sensitive to the needs of the audience. I think there are many broadcasters out there who are going to pay dearly for the commercial loads they've installed on their radio stations. We hope to avoid that."

Competing with the 1,200-pound gorilla

The unprecedented size and growth of one radio company has brought it into competition with nearly every other group of any size at all. Clear Channel is present in eight of Saga's 11 Arbitron-rated markets. No other radio group is in more than one. So what is it like going up against radio's 1,200 pound (roughly one pound-per-station) gorilla?

"I think the advantage that we have is we're very nimble and we're very quick. We don't have any bureaucracy. We are not overly centralized, so we're able to move quick."

Many people have opined that the increasing consolidation in radio ownership ranks has led to a loss of quality, to cookie-cutter stations, to loss of localism. In the case of Clear Channel, Goldstein is not necessarily of that opinion, and finds that the mega-group understands very well that radio is a local business.

"I should point out that they do a really good job of making the most of their situations," he said, "I never want to underestimate them—that's dangerous."

In Columbus, OH, Clear Channel is the only company with a serious, full-scale superduopoly. Saga has been shut out of even the duopoly ranks, operating an old-fashioned AM-FM combo. However, Saga doesn't really care, because it's doing just fine with what it has.

"That's been a tough market for us to acquire more stations. Sunny (AC WSNY-FM) is a very dominant property, and I'd like to think that we are not unlike [legendary independently owned standalone] WBEB in Philadelphia in that sense. We've built a really strong franchise, and while it would be nice to have other radio stations, it has not impeded our ability to run a dominant station."

Saga Rocks

Saga Communications is one Rockin' outfit. Although Adult Contemporary is where its overall greatest strength lies, it is particularly strong in the Rock and Classic Rock/Classic Hits categories, and is still well above average when it comes to broadcasting the roots of Rock in what is now the Oldies category.

The following chart show the approximate format strength on several different levels. In all cases, ratings are adjusted for market size, and below-the-line and lost listening totals are ignored. First are totals for all US stations in Arbitron-rated markets except Puerto Rico. The second column gives format use for all stations in the markets in which Saga operates, and the third column indexes that total back to the US figure. Note, for example, that the Spanish-Ethnic format is all but nonexistent in Saga markets, while the Rock format does spectacularly well (which, as we shall see in a moment, is largely due to Saga's programming proclivities).

The fourth column treats the Saga stations as its own small universe, showing how the group programs its stations and the results it gets, weighted by market size. That number is indexed to the US total in column five, and the Saga market total in column six.

An index value of 100 means that the category is exactly equal to the base catagory. 200 means the format's ratings value is double that of the reference number; 50 means it is half the value.

Saga's Rock index, compared to the US as a whole, is a whopping 391, meaning the company gets four times more value from the format than an average group. Classics are right there too, with an index of 370.

	US Fmts	Saga mkt Fmts	Index SMkt/US	Saga Fmts	Index S/US	Index S/S mkt
News-Talk	15.9	14.6	92	**4.0**	25	27
AC	14.0	20.1	144	**23.7**	169	118
CHR	11.3	7.0	62	**1.7**	15	24
Country	11.0	12.8	116	**5.4**	49	42
Urban	10.5	11.1	106	**4.0**	38	36
Spanish	6.6	0.3	5	**0.0**	0	0
Classic	6.0	7.0	117	**22.2**	370	317
Oldies	5.4	3.9	72	**8.6**	159	221
Rock	5.3	9.3	175	**20.7**	391	223
Alternative	4.2	3.0	71	**0.0**	0	0
Standards	3.1	4.1	132	**5.7**	184	139
Religion	2.6	3.5	135	**1.3**	50	37
Smooth Jazz	2.5	2.5	100	**0.0**	0	0
Classical	1.4	0.7	50	**3.0**	214	429
Other	0.1	0.0	0	**0.0**	0	0

A walk through history with Saga Communications

If you start with Saga's Rock stations, you can journey back through time listening to its stations. (Of course, after a certain amount of time, you will be entering the zone before the advent of Rock). Let us sign up H.G. Wells and his Time Machine (or Peabody and Sherman and their Way-Back Machine) and do an Oldies voyage with Saga.

Format	Translation	Index
Current	Rock	391
Fresh Oldies	Classic Rock-Hits	370
Older Oldies	Oldies	159
Really Old Oldies	Standards	184
Extreme Oldies	Classical	214

Please note that **Beethoven** had long hair, tons of attitude, often used a big beat with a strong bass line and played in large venues before adoring throngs, much like the Rock stars of today.

Saga format distribution by station

This chart show's Saga's format usage regardless of market size, and including stations in unrated markets.

News-Talk-Sports	12
AC	10
Country	7
Classic Rock	6
Oldies	6
Standards	5
Rock	4
CHR	2
Urban	2
Religion	2
Classical	1

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Rather, he says, "Be respectful of your listeners and don't insult them by over-commercialization. Don't raise the spot loads. We're one of the only companies I know where the inventory load of each station is determined by **Steve Goldstein**, our Executive Vice President for Programming. Steve Goldstein sets the inventory load for each radio station—you tell me another company here that happens."

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Millennium gets $20M investment

Alta Communications has committed $20M in preferred equity and subordinated debt to **Charlie Banta**'s Millennium Radio Group LLC. Alta, which has been an investor in many radio and TV groups, joins Millennium's two initial backers, Mercury Capital Partners LP, an investment group run by Banta, and UBS Capital Americas LLC. Star Media Group served as financial advisor for the transaction.

Pinnacle extends forbearance, may seek Chapter 11

Pinnacle Holdings (O:BIGT) says its senior lenders have extended the tower company's forbearance agreement to 3/8, but also warned that it may have to file Chapter 11 in the coming weeks. It's the second extension of the forbearance agreement, which Pinnacle and its lenders entered into 11/16/01 after the company fell out of compliance with its loan covenants. But while Pinnacle's bankers are staying at bay, the forbearance agreement restricts the company from using its cash to make an interest payment on its convertible bonds that will be coming due 3/15. If that default is not remedied within 30 days, the bondholders could demand payment in full, so Pinnacle warned today (2/6) that it may be forced to file a Chapter 11 petition under the federal bankruptcy code to restructure its debt.

***RBR* observation:** The tower business, once a go-go sector, was hit hard by the sudden economic decline, which put a halt to the rapid expansion of the wireless telecommunications industry, which had been leasing new tower space as quickly as the tower companies could put them up. Pinnacle is the most highly leveraged and precarious of the big tower players, but it's not the only one facing financial troubles. Will it be the only one to go Chapter 11? Maybe, but don't bet on it.

Entercom reports down Q4, but up January

To no one's surprise, Entercom (N:ETM) reported that Q4 net revenues were down 8.8% to $83.7M, broadcast cash flow (BCF) declined 12.1% to $35.5M and after-tax cash flow dropped 5% to $24.1M (53 cents per share vs. 56 cents). On a same-station basis, the company said revenues were down 9% and BCF down 14%.

The good news, though, came from President **David Field** in the company's conference call with Wall Street analysts. "I am pleased to report that Q1 pacings have improved significantly in comparison to Q4. While there remains a lingering uncertainty and lukewarm confidence among advertisers, business remains fairly active and pricing has been firming moderately. It is also noteworthy that national pacings are showing signs of life in Q1. Turning to the numbers, for the month of January Entercom's same-station total revenues were up 5%. We achieved positive growth in both local and national advertising in January, with national actually stronger. While we are obviously encouraged by these developments, I would urge continued caution on setting expectations. While the climate has improved, it remains choppy and far from robust. Furthermore, industry performance in Q1 will be constrained by a soft February, due to significant cutbacks in TV advertising in this Olympic year. While March does look more promising, it is still very early to call."

Later during the Q&A period, Field told analysts that ad orders are still coming in late. "We're still seeing a pretty late flurry of activity on buying. In fact, there are still annuals I'm told that are floating out there and being placed as we speak," he said. "We would anticipate that if momentum continues to build that might shift, but as of now we have not seen a material change in the timing yet."

For the current quarter, Q1 of 2002, Entercom said it expects to have net revenues of $72.5M and BCF of $25M.

Entercom's financial results ($ in thousands)

	Q4 2001	Pct. change	Full year 2001	Pct. change
Net revenues	$83,680	-8.8%	$332,897	-5.4%
Broadcast cash flow	$35,460	-12.1%	$131,640	-9.5%
After-tax cash flow	$24,085	-5.0%	$87,084	-2.9%

Source: Entercom press release, 2/5/02

Entercom exits KING-FM JSA

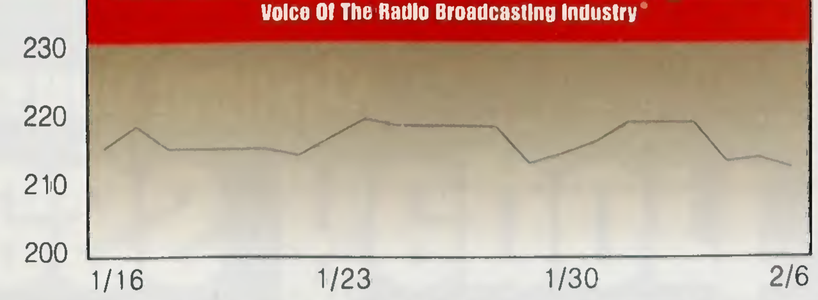
Entercom announced 2/6 that it was ending its JSA agreement with Beethoven, a Nonprofit Corp., the owner of Classical KING-FM Seattle. Although KING doesn't have any sales staff of its own, it quickly found a new partner in cross-town Fisher Communications (O:FSCI), which owns KOMO-AM & TV, KVI-AM & KPLZ-FM.

"The agreement had become burdensome for us, as it provided no economic return and chewed up a significant amount of management and staff time which could be more properly reallocated," said Entercom President **David Field** in his quarterly conference call. "In addition, KING did not add strategic value to our Seattle operation, so we were able to work out a mutually satisfactory termination."

"We have signed with Fisher Communications," KING-FM GM **Jennifer Ridewood** told RBR, with the change taking place 3/1. "It's a good fit because of the local ownership and community ties," Ridewood said of Seattle-based Fisher. "The demographics are a good fit too," she added.

The Radio Index™

The Radio Index™ fell to a year-to-date low of 212.419 on 2/6 in lackluster trading. That was down 1.976 from a week earlier.



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Noting that Entercom is seeking damages of $10M in the state court suit, Stolz said he would have to post that entire amount as bond in order to appeal, should the state court award Entercom the full amount. Stolz said Royce doesn't have that kind of money available. "The Chapter 11 stay is needed because Royce has no other real way of providing a bond to prevent its own dismantling," he argued.

Millennium gets $20M investment

Alta Communications has committed $20M in preferred equity and subordinated debt to **Charlie Banta**'s Millennium Radio Group LLC. Alta, which has been an investor in many radio and TV groups, joins Millennium's two initial backers, Mercury Capital Partners LP, an investment group run by Banta, and UBS Capital Americas LLC. Star Media Group served as financial advisor for the transaction.

Pinnacle extends forbearance, may seek Chapter 11

Pinnacle Holdings (O:BIGT) says its senior lenders have extended the tower company's forbearance agreement to 3/8, but also warned that it may have to file Chapter 11 in the coming weeks. It's the second extension of the forbearance agreement, which Pinnacle and its lenders entered into 11/16/01 after the company fell out of compliance with its loan covenants. But while Pinnacle's bankers are staying at bay, the forbearance agreement restricts the company from using its cash to make an interest payment on its convertible bonds that will be coming due 3/15. If that default is not remedied within 30 days, the bondholders could demand payment in full, so Pinnacle warned today (2/6) that it may be forced to file a Chapter 11 petition under the federal bankruptcy code to restructure its debt.

***RBR* observation:** The tower business, once a go-go sector, was hit hard by the sudden economic decline, which put a halt to the rapid expansion of the wireless telecommunications industry, which had been leasing new tower space as quickly as the tower companies could put them up. Pinnacle is the most highly leveraged and precarious of the big tower players, but it's not the only one facing financial troubles. Will it be the only one to go Chapter 11? Maybe, but don't bet on it.

Entercom reports down Q4, but up January

To no one's surprise, Entercom (N:ETM) reported that Q4 net revenues were down 8.8% to $83.7M, broadcast cash flow (BCF) declined 12.1% to $35.5M and after-tax cash flow dropped 5% to $24.1M (53 cents per share vs. 56 cents). On a same-station basis, the company said revenues were down 9% and BCF down 14%.

The good news, though, came from President **David Field** in the company's conference call with Wall Street analysts. "I am pleased to report that Q1 pacings have improved significantly in comparison to Q4. While there remains a lingering uncertainty and lukewarm confidence among advertisers, business remains fairly active and pricing has been firming moderately. It is also noteworthy that national pacings are showing signs of life in Q1. Turning to the numbers, for the month of January Entercom's same-station total revenues were up 5%. We achieved positive growth in both local and national advertising in January, with national actually stronger. While we are obviously encouraged by these developments, I would urge continued caution on setting expectations. While the climate has improved, it remains choppy and far from robust. Furthermore, industry performance in Q1 will be constrained by a soft February, due to significant cutbacks in TV advertising in this Olympic year. While March does look more promising, it is still very early to call."

Later during the Q&A period, Field told analysts that ad orders are still coming in late. "We're still seeing a pretty late flurry of activity on buying. In fact, there are still annuals I'm told that are floating out there and being placed as we speak," he said. "We would anticipate that if momentum continues to build that might shift, but as of now we have not seen a material change in the timing yet."

For the current quarter, Q1 of 2002, Entercom said it expects to have net revenues of $72.5M and BCF of $25M.

Entercom's financial results ($ in thousands)

	Q4 2001	Pct. change	Full year 2001	Pct. change
Net revenues	$83,680	-8.8%	$332,897	-5.4%
Broadcast cash flow	$35,460	-12.1%	$131,640	-9.5%
After-tax cash flow	$24,085	-5.0%	$87,084	-2.9%

Source: Entercom press release, 2/5/02

Entercom exits KING-FM JSA

Entercom announced 2/6 that it was ending its JSA agreement with Beethoven, a Nonprofit Corp., the owner of Classical KING-FM Seattle. Although KING doesn't have any sales staff of its own, it quickly found a new partner in cross-town Fisher Communications (O:FSCI), which owns KOMO-AM & TV, KVI-AM & KPLZ-FM.

"The agreement had become burdensome for us, as it provided no economic return and chewed up a significant amount of management and staff time which could be more properly reallocated," said Entercom President **David Field** in his quarterly conference call. "In addition, KING did not add strategic value to our Seattle operation, so we were able to work out a mutually satisfactory termination."

"We have signed with Fisher Communications," KING-FM GM **Jennifer Ridewood** told RBR, with the change taking place 3/1. "It's a good fit because of the local ownership and community ties," Ridewood said of Seattle-based Fisher. "The demographics are a good fit too," she added.

The Radio Index™

The Radio Index™ fell to a year-to-date low of 212.419 on 2/6 in lackluster trading. That was down 1.976 from a week earlier.

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TV properties still hot in soft market

For all the tales of gloom and doom for the TV industry, you might guess that no one would want to buy a local TV station at anything other than a fire-sale price. Your guess would be wrong.

Broker **Frank Kalil**, President of Kalil & Co., says no matter how small the market, network-affiliate TV stations are still commanding a floor multiple of 12-13 times cash flow—and there are plenty of willing buyers. "I don't see any market selling for 10 times cash flow," he said, no matter how small.

While he sees 12-13 times as the floor for smaller markets, Kalil won't even venture a guess at how high the bidding could go for a top property in a major market.

"With interest rates as low as they are, the multiples should be higher, not lower," Kalil insists.

You may have heard that no one is in the market to buy TV stations, but Kalil says that is a self-serving rumor being circulated by some of the buyers. "It even infected us in our office," he said. But when Kalil called a staff meeting to discuss the "no buyers" problem, he and the other brokers quickly came up with a list of buyers actively seeking TV properties. "We stopped at 100," he recalled.

"The deal flow has slowed—that part is true—and there is a gap between the price that sellers want and the price buyers want to pay," Kalil told *TVBR*. "But that gap is narrowing. The fact of the matter is the people who have money—and there's more on the sidelines now than perhaps in the history of the world—those people are not satisfied getting 1-2% on their money—they want to get back to where the action is."

Frank Kalil

Some of those would-be buyers, Kalil noted, are people who sold TV stations in recent years for big wads of cash. "They miss the fun and excitement of the business and they don't like earning 1-2% on their residual funds," he said.

"Network-affiliate relations are getting better—the pendulum is swinging again," Kalil said. "The affiliates are once again doing things with network comp that a few months ago we didn't think we'd see again."

That's right. Network comp isn't dead. On the other side of the equation, Kalil said, affiliates are doing such things as improving clearance of network spots.

"Duopoly is going to become more and more a factor," Kalil said. In addition, he sees demand for TV properties going even higher if, as expected, the ban on owning newspaper and TV properties in the same market is eliminated.

"The only thing wrong with duopoly is it seems to focus on the major markets. In fact, it's the smaller markets that really need the ability to duopolize. They're the ones that are hurting the most," Kalil noted.

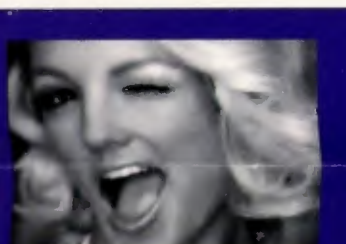
The FCC's TV duopoly rule requires a minimum of eight operators (commercial and non-commercial) to remain in the market following any duopoly acquisition, which effectively blocks any duopoly combinations in many smaller markets unless the station to be bought is a "failing station."

In Kalil's view, it is inevitable that TV ownership deregulation will follow the same course as radio dereg and that duopoly will be extended to all markets. "I can't understand why everyone in the world doesn't see this as clearly as we do," he said. "If you own a television station, sooner or later the other guy is going to try to buy it from you. It's not any more difficult to understand than that. The newspaper is going to try to buy it from you or your competitor is going to try to buy it from you."

Kalil says national spot revenues are becoming a smaller share of total ad dollars in small markets, so TV operators have to focus on driving local sales—just like radio. "That begs the television stations to maybe double their current sales staffs," he suggested. "There's no such thing as too much in that area."

While the cost of converting to digital is, percentage-wise, a bigger budget item for small stations than for large ones, Kalil thinks all of the "whining" about having to pay for DTV conversion will, in retrospect, seem like a repeat of the 1960s conversion from B&W to color. He predicts that once viewers get hooked on DTV, local television will become an even better business. "There's just no doubt in my mind that DTV is going to be a huge, huge boom for the television industry," Kalil said. In addition, he expects licensees to find many ways to make extra cash from their excess spectrum, since not all will be needed for DTV broadcasting.—JM

Another Super Bowl win for Pytka



This year's Super Bowl game finally lived up-to the quality of the the commercials as Madison Avenue continues to use this premium event to capture the attention and imagination of millions. Again Joe Pytka has seemed to capture top creative buzz with the Pepsi Generation's look back at decades of Pepsi commercials with pop icon Britney Spears as time travel hostess.

Gene DeWitt named new SNTA President

Gene DeWitt

Soon departing Chairman/CEO of Optimedia USA **Gene DeWitt** has been appointed the new President of The Syndicated Network Television Association. He assumes the position in early March.

This comes on the heels of the recent controversy in Vegas (*TVBR* cover 2/4) over TV syndicators not getting enough out of the recent NATPE convention. After 50 syndicators opted to join Warner Bros. Domestic TV Distribution President **Dick Robertson** in setting up an alternate "show" (RBR.com 1/24) at the Venetian Hotel, a new conference idea for syndicators, closer to the TV upfront buying season has been getting some play in the industry. An alternate March show in NYC altogether was the consensus.

"My goal at SNTA is to take the wrappings off syndication for advertisers and media planners and buyers," DeWitt tells *TVBR*. "What I mean by that is that there's a phenomenally strong medium there that may be under-appreciated. It's certainly under-appreciated as a brand, and as a category of television. I think it's fair to say it's been under-marketed. You need a national company to put a brand overlay over the individual sellers. And that's really what SNTA is going to do."

As to launching an alternate show just for syndicators, DeWitt says the idea will be put forth, but not at NATPE's expense: "NATPE is a really important event and organization, and I don't think SNTA is going to walk away from NATPE. I think what's being discussed is that NATPE also needs repackaging, and perhaps reconfiguration. Any event, product or service needs occasional refreshing and updating because the world changes. I will tell you that a whole new menu of marketing, communications and events tools will be deployed for the syndication community, and that could be events in other venues."—CM

Univision revenues dropped 8%

UNIVISION.com

Hispanic media may be hot, but not hot enough to make Spanish TV giant Univision (N:UVN) immune to the soft economy. The company reported that Q4 net revenues declined 2% to $233.8M and EBITDA was off 21% to $77.1M. For the company's core TV group (excluding its online and music businesses and non-Univision stations), net revenues were down 8% to $219.8M and EBITDA dropped 15% to $92.3M.

For the full year, revenues rose 3% to $887.9M and EBITDA gained 8% to $300.5M.

"During the fourth quarter, as we expected, we experienced a weakened advertising market as a result of the horrible events of September 11," said EVP **Andrew Hobson** in a Wall Street conference call. "Despite the poor advertising environment and the fact that all media companies are experiencing the softness of that market, we believe the impact on Univision has been, and will continue, to be less severe."

Univision's stock rose Wednesday (2/6) as the company reported a strong start for its new TeleFutura network, which is aimed at a younger demographic than its established Univision network. The company reported that since TeleFutura launched 1/24, combined prime time ratings for its two networks grew by 13%, or 1.3 rating points. Much of that was new viewing, or viewing taken away from non-Spanish networks, since Univision's ratings slipped by only 0.1 points and rival Telemundo was down 0.3 points.

For 2002, Univision is predicting that TeleFutura will post revenues of $100M (out of a total $1.05-1.08B) and break-even EBITDA. For Q1, the upstart network is projected to have revenues of $13-14M and negative EBITDA of $12-13M.—JM

Liberty keeps BCF drop in single digits

LIBERTY CORPORATION

No one likes to see their broadcast cash flow decline, but while most groups are dropping by double digits, Liberty Corp. (N:LC) managed to keep its BCF decline to 8% for Q4, ending with $21.4M. That brought in the full-year 2001 BCF decline at 9%, to $68,4M.

"The past year has been one of challenges," said CEO **Hayne Hipp**. "It began with what is now a well-documented, nationwide advertising recession and ended with the economic fallout related to the events of September 11. But despite these events, our stations have performed as well as any television group. We come into 2002 with a debt-free balance sheet that will allow us to continually focus on our core operations and acquisition opportunities."

Liberty's Q4 revenues were down 3% to $48.1M, but full-year revenues gained 3% to $178.4M.

Greenville, SC-based Liberty owns 15 network-affiliated TV stations (eight NBC, five ABC and two CBS); CableVantage Inc., a cable advertising sales subsidiary; Take Ten Productions, a video production facility; and Broadcast Merchandising Company, a professional broadcast equipment dealership.—JM

LPTV station crunched by Paxson DTV reallotment

Pity the woeful little LPTV station. It is truly the second class citizen of broadcasting.

Paxson Salem License operates KPXG-TV Channel 22 Salem, OR in the Portland market. Its DTV allotment was for Channel 20. However, Paxson engineers determined that if they moved to Channel 4 instead, they could co-locate the new DTV station with the tower of KOIN-TV, which belongs to Emmis Communcations (O:EMMS).

The only thing standing in Paxson's way is KWBP-LP Reedville, OR, which occupies Channel 4 under the license of ACME Television Licenses of Oregon. ACME, which also owns KWBP-TV Salem, OR, argues that the Reedville station carries unique programming from the WB Network to many in the market who cannot pick up its full-powered Salem station, and that it has poured over $250K into the LPTV station.

However, the FCC is encouraging co-location in a time when demand for communications towers is on the rise while potential tower sites are dwindling. It further notes that, as an LPTV, KWBP-LP is entitled to very little protection, and that ACME is not even entitled to any reimbursement from Paxson. Paxson was ordered to submit a CP for its new DTV Channel 4 berth, replacing Channel 20. KWBP-LP will simply cease to exist.

There was a surprise winner in all this, besides Paxson. Out of the ashes rises K20DD, an LPTV out of Albany OR that now has a new lease on life.—DS