

Radio Business Reporttm

Voice of the Radio Broadcasting Industry®

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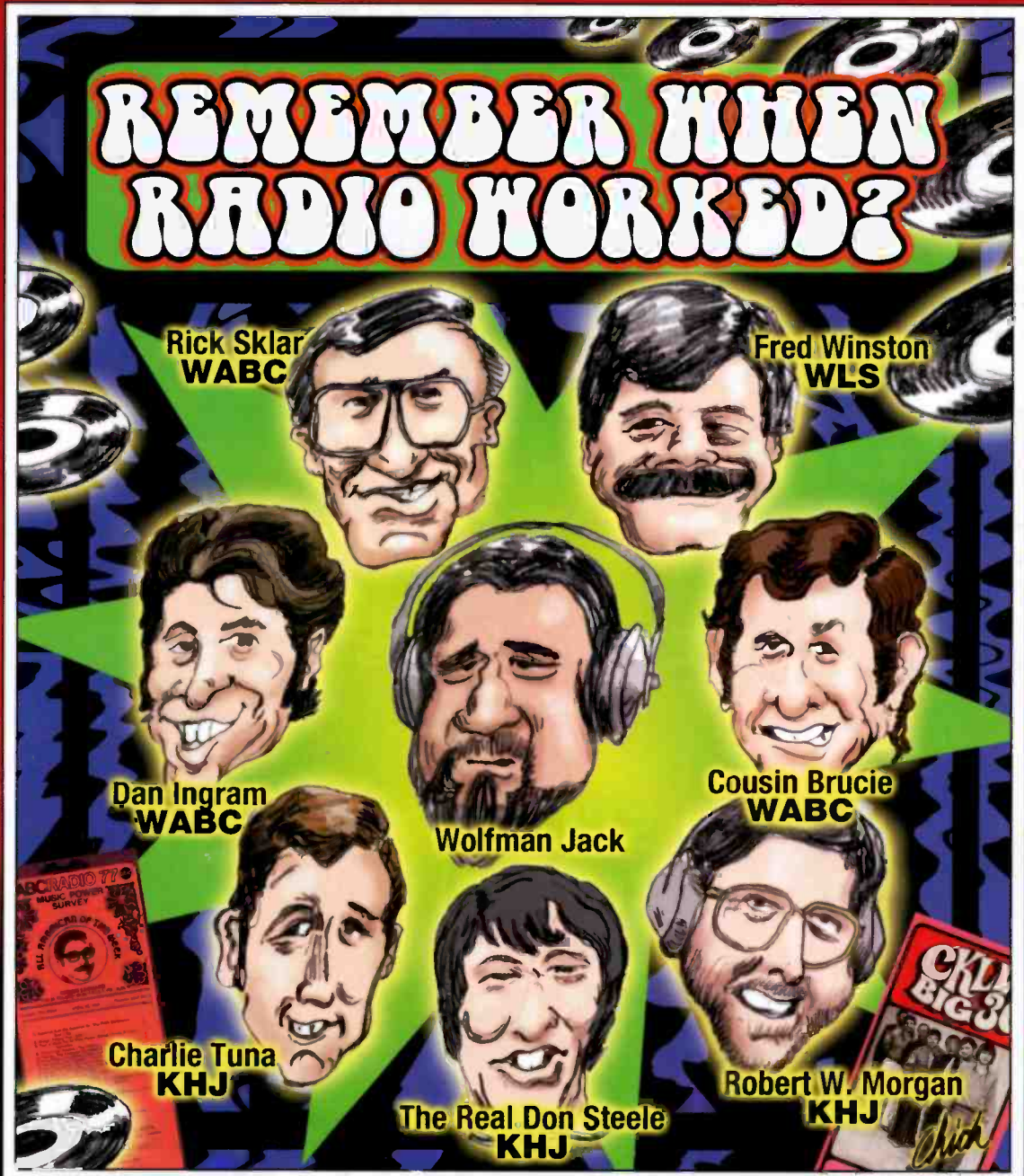
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YOU CAN HEAR THE DIFFERENCE



RBR observation: Filling Eisner's shoes

By Jack Messmer/jmessmer@rbr.com

Can you imagine **Mel Karmazin** at a photo op with an actor dressed in a Mickey Mouse costume? Neither can we. Yet Mel's name is one of the first to come up on everyone's list of who's likely to be considered as the board of directors searches for a new CEO to run The Walt Disney Company (9/22/04 RBR Daily Epaper #185). Of course, Disney President & COO **Bob Iger** is on that list to succeed **Michael Eisner**. But who else? Let's look at the possibilities.

Many on Wall Street might like the idea of sending Karmazin, the former Viacom President, in to take names, kick butts and fix the parts of Disney that are broken. But the corporate culture clash is obvious. How well would Mel, a hard-driving sales guy, do in a company where the current CEO addresses employees as "fellow cast members"? We just don't see it happening.

News Corporation President & COO **Peter Chernin** looks like a good fit, but does he want the job? He's flying high at News Corp. and is even paid more than his boss, CEO **Rupert Murdoch**. But with two junior Murdochs lurking a rung below him on the corporate ladder, Chernin knows that he will never get the CEO title—so his contract has an out which allows him to leave to become CEO of a major media company. Is Disney the challenge that could make him exercise that clause?

What about **Steve Jobs**, the CEO of both Apple Computer and Pixar? Getting him onboard would certainly go a long way toward healing the rift between Eisner and Pixar that has cost Disney a chunk of change and, some believe, jeopardized its future success in movie animation.

Jeff Bewkes, Chairman of Time Warner's Entertainment Networks Group, is almost certainly going to be approached by Disney's headhunters. His resume looks good.

We're surprised to hear speculation that **Les Moonves** may be a contender. He certainly deserves a lot of the credit for making CBS the number one network and could start the process over again at ABC. But he's only been Co-President/COO at Viacom for a few months, so there's not much of a track record to look at on whether he has what it takes to run a giant media company.

Early speculation included Yahoo! CEO **Terry Semel** and eBay CEO **Meg Whitman**, but both have made it clear they aren't interested in the Disney job.

A long-shot candidate would be **David Stern**, the Commissioner of the National Basketball Association. He rescued the NBA from near bankruptcy, but before his current job he was a practicing lawyer—a very successful one—and has no media experience, except for negotiating contracts with media companies.

If you're looking for synergy, there are potential candidates who spent part of their careers inside Disney, but now head other companies. Those would include Comcast COO **Steve Burke**, Gap Inc. CEO **Paul Pressler** and Hilton Hotels CEO **Stephen Bollenbach**. And how about **Bob Callahan**? Heck, he's disproved the Peter Principle time and again, so why not bring him back to run all of Disney? The former head of ABC Radio and then the O&O TV group is currently Chairman and CEO of Ziff Davis Media.

KVI-AM Seattle brands as Fox News station

By Carl Marcucci/cmarcucci@rbr.com

KVI-AM Seattle and Fox News have partnered to provide the first Fox News branded radio station in the country. As you'll read, it's not an affiliation, but an INTEGRATION. On 9/22, KVI Talk Radio began featuring Fox News' top personalities and Fox News Radio news updates, in addition to its own line-up of local stars. The station's new moniker is "KVI Talk Radio 570... Fox News and talk radio."

We spoke with Fox News EVP **Jack Abernethy**:

How many other stations may this be happening with in the near future? Is this simply a test to see if future stations should be similarly branded?

No, it's not a test, and we plan to continue to do this. It's just that it takes a long time, because this is not an affiliation. This is an integration. So we had to work very closely with them on developing marketing, on integrating the programming, and getting it right. So it's not something that we're going to roll out to 100 different stations in the next three weeks. But we are speaking to others and we have plans to roll more out over the next six months.

Are you planning on cross-promoting KVI with Fox News Channel on TV?

Yes, but only if you're in Seattle. Because the most efficient way to market KVI is on Fox News Channel in Seattle via local spot cable, and that's what we're going to do. That's a plan we're also going to roll out with all new stations as they come on line. For us to talk about KVI nationally is not all that efficient as a marketing vehicle. We have produced creative working very closely with the people at KVI and our creative people, in the same room, developing those TV commercials; developing print, developing message.

What is your overall strategy in "integration" vs. affiliation?

An affiliation is a salesperson sending a contract to a PD and then programming, going down the line, off the satellite to that person, same as it goes to everyone else. What's different about this is to say, "How can we customize what we're doing—not just the programming but the marketing, the press, the message and individual programming elements in such a way that truly works for the local station?"

So when KVI does research that says 76% of their listeners are Fox News fans, then we can provide for them elements such that KVI 570 is integrated and it feel like Fox News Channel, or it has the best elements of Fox News Channel while maintaining the identity of KVI so it's Fair and Balanced.

Let's say station X calls you and wants to do this? What are you going to tell them?

Well, first we've got to make sure that they have enough of our product out there. You can't brand a station Fox News station without a minimum of Fox News product and they have to be a subscriber. And KVI has four of our products. So the new guy would have to make sure they had enough of our product and to make sure that they were doing fair and balanced news and that there was an overlap as the ratings at KVI showed, between their listeners and our listeners. And a willingness to replicate this. But at the end of the day we also have to line up our objectives. Our objectives were the same as KVI's—winning.

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Bouncebacks abound!

A lot of hot issues have hit RBR's Daily Epaper as of late—from both recent news items and items in our recent print issues.

September 17

We are honored by feedback like this.

I have never bothered to contact you and express my appreciation for the super job that is done to keep me (all of us?) so informed as to broadcasting situations and events. For that, I apologize, because admittedly, I have used information gleaned from your reports many times. Thank you for the great job and great service that is provided.

Sincerely,
Bob Shive

WEDJ 107.1FM & WSYW 810AM
Hispanic Radio for Indianapolis

September 15

The FCC has finally released the list of applicants for the new FM channels in Auction 37. Well... sort of. The way the Public Notice is written, it can take hours of research just to find out how many applicants filed on a particular channel. Why couldn't they put out a list by market showing the applicants? And why is it that almost half of the applications are listed as incomplete? Could it be that the auction process is so convoluted that even high-priced D.C. attorneys can't figure it out? My application was listed as incomplete because it had a post office box. But that's the only addresses we have in American Samoa. There are no street names and no numbers. I guess I could put down "next to the big coconut tree", but that's not a deliverable address either. There has got to be a better way to do this!

Larry Fuss, President
South Seas Broadcasting, Inc.
KKHJ-FM & WVUV-AM
Pago Pago, American Samoa

September 10

The Super Bowl wardrobe malfunction was one of the most enduring topics in short history of the RBR Bounceback section. Now that it's back in the news, we have another commentator.

The \$550,000 fine the FCC is imposing against CBS O&O's for the Super bowl fiasco sounds like a lot of money to a small market broadcaster, but it should be viewed in perspective. If you look at it from Viacom's point of view, they made more than that on each network spot during the broadcast. That would be the same as fining my stations \$9.00 for such an offense.

OK, so maybe that's not quite fair. After all, the fine is levied against the local CBS O&O's. For purposed of discussion let's say there are 10 of those. Then generously assume they get an average of just \$11,000 for a 0:30 in the super bowl. That makes the fine equal to the cost of five spots on each of the ten stations. That would be like fining my stations \$45.00.

Any way you slice it, CBS and Viacom got a tremendous amount of publicity for a pittance. There is a down side, however. Many of us are convinced that there was no wardrobe malfunction. What did happen was programming as usual for MTV. What else did CBS expect from their sister company?

Many of us have lost what little respect we had for the "we'll do anything for a buck" management of Viacom. Many of us still remember Emmis and Samuel Adams Beer for the Opie and Anthony travesty in Saint Patrick's Cathedral. These companies are paying a price beyond money for their steadily declining standards. Because that price is paid slowly over many years, the managements may have not yet assessed the real costs. As you consider adding Opie and Anthony, I ask: are you Sirius?

Jay Austin,
General Manager
KIOD/KSWN, McCook, Nebraska

Editor's note: Emmis had nothing to do with Opie & Anthony. They, too, were in the Viacom stable.



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YOU CAN HEAR THE DIFFERENCE

Cutting radio and television inventory: Are you reducing inventory in your market? If you reduce inventory, are you going to raise rates? What are the effects?

By Carl Marcucci/cmarcucci@rbr.com



Tom Bender, GM,
Greater Media/Detroit

We've always kept our inventory levels within strict limits, and we've always kept to our supply and demand pricing. All three of our properties are known as premium properties. I don't expect to have to change anything about the way we operate. There will be a marketplace effect when salespeople

are asking for rate premiums that have no real benefit for advertisers. They're going to have to prove that they are worth more.

Chad Brown, VP/GM of WCBS-FM New York

Commercial inventory management is something we evaluate on a continual basis. Recent adjustments to our spot loads have allowed us to play more music creating better flow and continuity and the early feedback from listeners and advertisers has been positive.



Mike Mazursky, GM,
4M Communications/Richmond
We don't plan on cutting inventory because we never went up to more than 12 minutes per hour on any of our formats. We are in four formats News/Talk, Spanish, Adult Standards, Urban Gospel.

We don't subscribe to Arbitron, but we do subscribe to Scarborough. We know we can't compete with FM music stations

and the big public companies that operate here in Richmond can outspend us in marketing and do! We are happy to provide excellent programming to smaller niche audiences and we operate under the radar screen shall we say. Our loyal audiences will stay with us even if we did add some inventory I believe. We don't have the inventory problems the big public companies have and our advertisers feel like we are a good buy to begin with. Our average rates are in the \$40 range, we try to increase 10-15% on renewals and we have a strong retention rate. We also sell block programming and even though it's not great for ratings, our audiences don't change the dial because of loyalty to the format. I do think it's great for the industry for the big players to cut inventory and raise rates. I have always lived by the philosophy that better programming will win so that's we focus on. I believe we looked at Richmond and then put on programming that would make us successful. We continue to have record months in sales and our audiences love us, we must be doing something right.

Larry Wert, President/GM,
NBC/GE's WMAQ-TV Chicago

[Is this also a TV issue? How are you maintaining your revenue if you are cutting back on your commercial loads?]

The same goes for TV, but with daily ratings (in major markets) they have been less guilty, as TV could more readily see audience defection. (Never saw a TV station with over 1/3 ads in an hour). In other words, if a television program adds commercial minutes, and sees the very next day in overnight ratings that there was tune out, they would be less likely to continue. In radio, management can't see daily ratings. Even though they can look at monthly trends, by that time many other variables may be introduced, and they can be more in denial about the impact of additional commercial inventory.

TV stations, for the most part, have become mature business models, and are challenged to show growth now. Viewers continue to have more viewing choice. Broadcast, cable, satellite, non-linear recorded), Internet, etc. This also means advertisers have more choice, too. And the top billing category for TV, Automotive, is also struggling in this economy. Costs of programming continue to grow, as distribution outlets increase. The digitization evolution is costly. Ratings methodology is moving digital, and becoming a 24/7 52-week event.

All that said, broadcast TV remains the greatest, high reach programming and advertising vehicle on the planet. Quality programming, trusted local and Network brands (I repeat, LOCAL), digital pictures and sound, new and effective advertising platforms, new digital channels, innovative selling/marketing, etc., will successfully bring us into the new media world.

Also, when radio companies went public in the 90's and became stock price rewarded for quarterly earnings, more of a short-term mentality crept in. Add consolidation, resulting in elimination of some competitive battles in certain formats and you have strong temptation to add inventory to grow revenue.

In the mid 90's when radio was deregulated and owners drove quarterly earning and short-term stock surges...inventory was added, and cost was taken out. At some point growing clutter collides with growing consumer choice (satellite, cable, Internet, etc) and audience declines gain momentum. It was necessary to re-prioritize content and sell the values of the audience and medium to drive sales.



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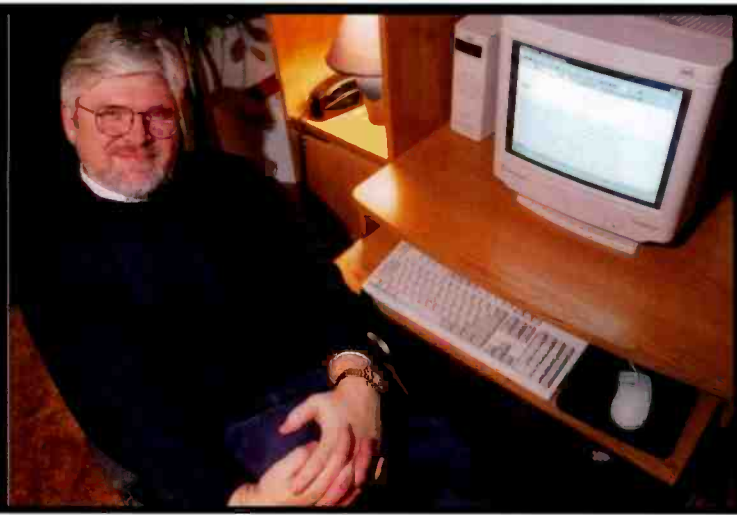
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"If you were in radio when it worked"

By Don Keith

Nostalgia is a weird bird. The veil of time has a knack for smoothing off the rough edges of the bad stuff and putting a generous application of pancake makeup on the mediocre. Everything that happened back then seems...like the boys and girls of Lake Woebegone...to be above average. It is certainly that way if you have been in radio for a while. You newcomers ever get tired of hearing the old hands talk about "the good old days?" But was radio ever *really* "the way it used to be?"

Down through history, the medium has necessarily been one resilient critter. Radio would never seriously compete with newspapers. Television...radio with pictures, no less...would slaughter audio only. First the LP album, then eight-tracks, then cassettes, then CDs, each with no commercials or disk jockeys or static, would render the death knell. Now the poison includes satellite radio, streaming, iPods, or whatever the next miraculous gizmo is that comes down the chute.

I'm not the only one who thinks radio has been carpet-bombing itself lately. Gosh knows she's got her problems, self-inflicted or not. Listenership down. Still getting only 8% or less of the total ad pie. Fragmented to hell and back. As a veteran of over thirty years in the business but now viewing it from the outside, I can't help but conclude that good old over-the-air broadcasting really is in danger of going the way of those 45s and eight tracks. That, or it's about to be so totally re-invented that we curmudgeons won't recognize it once HD signals hit the anvils, stirrups and hammers of whoever's left out there in radio land.

That's the kind of thinking that got me to pondering how each decade of the medium's recent history has been different. How each enemy has been vanquished with a different offensive strategy. And that's how, in a moment of inspiration, when I should have been doing something constructive, I came up with a list of things a radio person would likely remember if he first broke into the biz during each decade since the sixties.

It goes a little something like this:

You were in radio before 1970 if you...

- Remember Joe Pyne and "Mooo-tual News!"
- Threw away the transcription disk players to put in Tapecaster cart machines.
- Can name the Conelrad frequencies...or even remember what Conelrad was.
- Worked at a campus radio station that used carrier current transmission...on AM.
- Managed to pass your FCC "third phone" and took meter readings every thirty minutes during your on-air shift...or at least faked them.
- Think Wolfman Jack or Clint Eastwood in "Play Misty for Me" is the greatest disk jockey of all time.
- Can name the first record you played by Elvis or The Beatles.
- Wouldn't put a song on the air if it had "damn" or "hell" in the lyrics.
- Got your start in the biz doing anything that had to be done at a daytime AM in Bum****, Egypt.
- Had an opening and closing theme song for your show.
- Know what Don Imus did before WFAN and CNBC.
- Carried a rate card with only two prices...one for thirties, one for sixties.
- Got your first real job in radio on a classical music FM with a total cume audience of six people.
- Know who Arthur Godfrey was...and probably ran board for his show somewhere.
- Worked at a station where somebody who got fired loosened the bolts on the tower guy wires.
- Scratched up tracks with a screwdriver on an LP or the "B" side of a 45 so your jocks couldn't "accidentally" play them on the air.
- Quoted ratings from Pulse and Hooper.
- Stopped "spinnin' the hits" to join CBS News "at the top of the hour."
- Worked at a station where the weekend guy was always named Johnny Holiday and the night jock was named Dan Dark so the jingles didn't have to be changed when the jock ultimately got canned.
- Got your on-air "chops" practicing in the production room after midnight and dee-jaying record hops.
- Brought records from home to play on your show.
- Got "hot-lined" while you were on the air by the owner...or the owner's wife.
- Ever tried to hoist your station banner to the top of the competitor's tower.
- Sent an air check to a prospective employer on reel-to-reel tape.
- Had a show on the air that didn't fit the station's format at all...just because some sponsor had been buying that slot for years.
- Air-checked your show on the big Ampex in the production room.
- Tried to look up your old on-air staff and found some of them selling spots for the competition.



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MARKET REPORT

You were in radio before 1980 if you...

- Ever had a client tell you that rock or country music would never make it on FM...and had an owner or GM who agreed.
- Did a promotion to give away FM car-radio converters.
- Put a quarter on a tone arm so it wouldn't jump off a warped demo 45 you just had to play...and it was the only copy the station got.
- Could remember the intro time and the color of the record label on every song you played...but couldn't recite any of the lyrics except the first and last lines.
- Know what PAMS were.
- Ever sped up the turntable to get more songs in during an hour and to make the competition sound "draggy."
- Worked at a campus radio station that was on FM but ran less than ten watts of power.
- Started a 45 RPM record at 33 1/3 or vice versa...and didn't notice because you were on the phone with a listener of the opposite sex.
- Air-checked your show on a boombox beneath the console.
- Wouldn't put a song on the air that had any of George Carlin's famous words in it...but pretty much anything else went.
- Sent an aircheck to a prospective employer on a cassette swiped from the sales office or newsroom.
- Worked at a station that *had* a newsroom!
- Can remember the first record you played by The Doors or Janis Joplin or the Allman Brothers.
- Got your start in the biz running preacher tapes on Sunday morning.
- Think either Scott Shannon or that guy in the movie "FM" is the greatest jock of all time.
- Accidentally let a listener say something obscene on the air because you didn't really have a delay.
- Got your on-air "chops" doing a 3 AM-to-5:30 AM shift for minimum wage.
- Worked at a station where somebody got fired and, on his way out, ran a magnet up and down the commercial-cart rack.
- Got "hot-lined" by the PD.
- Had a customized jingle with your name in it.
- Once pretended to (or maybe really did) smoke a joint on the air.
- Got your first real job in radio...doing mid-days on an AM easy-listening station with a total cume audience of six folks.
- Took a trip to a "showcase" at record company expense and never actually got around to hearing the label's act perform.
- Worked the overnight shift and had to wake up the morning guy (who was sleeping off a bender on the lobby couch) so he could do his show.
- Arranged to meet people of the opposite sex that you talked to on the request line, but some place where you could see them before they could see you.
- Did a remote with a mic amp and a pair of alligator clips connected to the telephone mouthpiece.
- Included the words "FM Stereo" as part of your legal ID.
- Watched your music director put colored dots on each record shuck to tell you which category they belonged in.
- Paid money for air checks of Don Imus, Don Steele, Cousin Brucie or other big market jocks so you could emulate their style.
- Assumed that syndication meant "King Biscuit Flower Hour" and "Earth News."
- Tried to look up your old on-air staff and found them working for an FM station somewhere.

You were in radio before 1990 if you...

- Had to re-dub a seven-minute song to cart because you forgot to run it through the splice finder first.
- Recorded spots on half-inch multi-track.
- Ran an EBS test off cart and forgot to punch the tones button on the unit in the rack.
- Could take a job at the big rival station across town without being afraid your old station would buy them next week.
- Had a "jock shout" jingle with your name.
- Quoted ratings from Birch.
- Worked at a campus radio station that played music nobody in the frat houses had ever heard of...but that was so-o-o cool to you and your friends.
- Know what Lee Abrams did before satellite radio.
- Got "hot-lined" by the consultant...from poolside at his place in Malibu.
- Had your girlfriends/boyfriends aircheck your show at their places so the processing would make your voice sound better.
- Can remember the first record you played by George Strait or Madonna.
- Never worked for a station that was actually licensed to the city where the main studio was located.
- Thought all records came from the label rep with cash or a small baggie of controlled substance shoved inside the sleeve.
- Think Tom Joyner, "The Greaseman," or Dr. Johnny Fever is the greatest jock of all time.
- Worked at a station where somebody who got fired put sugar in the gas tank of the station van.
- Made sure your music director did a music log on the computer every day...but he sometimes forgot to leave the print-out in the control room for the overnight guy.
- Ever worked for a station that proudly proclaimed its format to be "Soul," "Underground," "Countryopolitan," "Easy Listening," "Disco," or "Hot Hits."
- Got your on-air "chops" doing a weekend shift.
- Got your first real job in radio...as promotion assistant, washing the van, delivering registration boxes to sponsor locations, and sorting tee shirts by size.
- Ever had an FCC inspector walk in and tell you to turn the transmitter off and then back on using the remote control.
- Quoted ratings from Accuratings.
- Thought "Clear Channel" was an AM frequency that had only one station in the whole country licensed to it.
- Try to look up your old on-air staff and find them doing talk radio somewhere.



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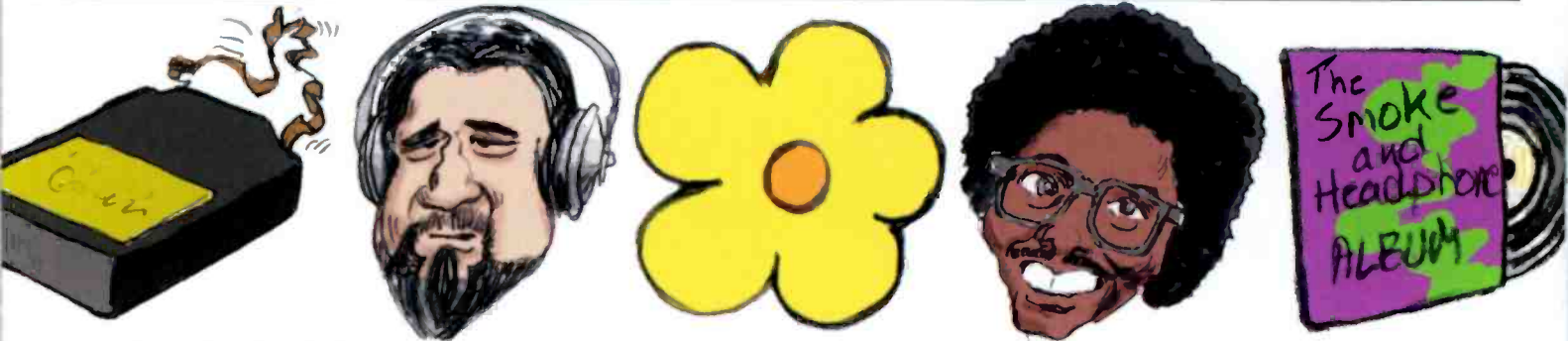


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You were not in radio until AFTER 1990 if...

- The only kind of "vinyl" you know about is the material covering the walls in the sales lounge.
- You think a 45 is some kind of new spot length the corporate guys want you to start selling so they can get more units in a break.
- Tape, turntables and cart machines, so far as you know, are only to be found in the Museum of Broadcasting or non-rated Arbitron markets.
- You ever airchecked your show from the station's Internet stream.
- You tell people your morning show's live...and so what if it does come from Charlotte, Dallas or LA?
- You worked at a campus radio station that ran commercials and had a sales staff.
- You worked at a station where somebody who got fired re-formatted the hard disk on the Audio Vault computer on his way out.
- You can tell clients with a straight face that listeners are more than happy to sit through twelve commercial units so they can be around for "another long set of the best music from the 80s, 90s and today."
- Your station has a "voice guy" from some other market, an exclusive "promo rep," and almost as many sales "managers" as sales "people."

- You know the names and alma maters of all the Mays family.
- You instructed a prospective employer to download your aircheck from the Internet as a WAV or MP3.
- You know which investment firm handled your group's IPO.
- You think Howard Stern is the greatest jock of all time.
- You got "hot-lined" by the cluster manager or regional VP of programming.
- Your music director does a music log every day but never prints it...it goes straight to the digital storage computer.
- You got your on-air "chops" in the production room after midnight.
- You can remember the first song you played by Eminem or Mariah Carey.
- You stop by the station at night and there are six on-air studios...and not a soul in the building but you.
- You got your first real job in radio...as morning show "producer," dubbing laugh tracks, fetching coffee, and streaking the mayor's prayer breakfast.
- You try to locate your old on-air staff and find most of them are selling cell phones from a kiosk in the mall.



What does this decade hold for radio? I'm always the optimist and the consummate radio guy. That being said, I do believe the medium, as we have known it, is in grave danger. First, we have to start putting as much juice into our on-air product as we do relations with our stockholders and Wall Street. What else do we have to sell, for God's sake? Secondly, we have to get one-to-one with listeners again or the fickle so-and-sos will find a medium that does, even if it's beamed down from space or out of the computer box. Listeners can tell if the voice belongs to a real person or not. Radio was once the most personal medium. It still can be. Finally, we have to better serve advertisers or they, too, will find other outlets to throw their cash at...outlets that actually move product and don't treat their ads as an almost intolerable evil. I know. I buy media now. Radio is not influencing consumers the way it once did. It's so background most of the day that it might as well be wallpaper. After the fourth or fifth unit in a 12-unit break, the message might just as well be in Swahili. Nobody's going to hear it unless they've done a 360 and are returning to the first station, driven back by somebody else's 12-unit break. Cume doesn't sell stuff. TSL and frequency do. And listeners are so dispersed that I'd have to buy six or seven or eight deep to get critical mass. I can do that better and cheaper and target more effectively

with cable. Sorry. That's just the way it is. It's enough to give an old radio guy a sour stomach.

Okay, that's merely the beginning of the list of ways to once again pull radio's butt out of the fire. Maybe I'll expand on it someday and bless the industry with my insight and wisdom. Or maybe I'll just go switch on one of those voice-tracked stations and when they play a drop and start a song, I'll impress my cats and dog with how skillfully I can talk up the record over the intro, say something clever and relatable, and then hit the post every single time.

Don Keith has been an award-winning radio personality and journalist, a program director, manager, owner and consultant. He also worked with Tapscan and was an executive for four years with Arbitron. He now teaches media and advertising at Virginia College in Birmingham, Alabama, and runs a full-service advertising agency. Keith also has twelve books in print, including eleven novels. His latest works include FINAL BEARING, a best-selling submarine thriller co-written with a former nuclear sub skipper, and GALLANT LADY, the true story of one of history's most remarkable naval vessels. His second novel, WIZARD OF THE WIND, was set in broadcasting. Keith's website is www.donkeith.com and his email address is don_keith@bellsouth.net.

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:60s vs. :30s:

The pros and cons of "shortening the standard"

By Carl Marcucci/cmarcucci@rbr.com

Part of CC Radio CEO **John Hogan's** "Less is More" (LIM) initiative to reduce commercial clutter includes a push to reduce the standard :60 spot ad length down to :30. :30, of course, is the standard length for TV spots and network radio. The thinking is listeners' attention spans are shorter and radio should strive for messages that fit with listeners' fast-paced lifestyles. It's billed as an effort to respond to client and agency feedback on commercial clutter and issues of concern. CC Radio wanted to find some creative solutions to the clutter issue, without charging exorbitant rate increases in 2005 and still maintain revenue structure to keep Wall Street happy.

Through a combination of reduced spot loads, pricing incentives for shorter commercials, premiums for first position in a pod and in-program product placements, they hope the move will help achieve all these objectives.

Buyers are starting to agree—especially those that buy network radio and feel that their :30s are getting buried inside large pods of :60s. "It may be time to reevaluate :60s on radio—maybe the length is too long for today's consumer who very rarely (or never) gets exposed to :60s in any other medium and may have no patience for these long ad messages," says **Natalie Swed Stone**, US Director, National Radio Investment, OMD. "Imagine if the ad is not for you—and you can't get over it quickly. At least if it were short (:30s or :15s), you'd know it wouldn't be lasting much longer and you'd be on to the next one. If the pods are long, then perhaps shortening length will help—if the pods are short one or two minutes or islands, then :60s are more viable."

To implement more :30s and less :60's across the board, CC Radio is asking for more than 50% for the price of a :30 second spot. In fact, Hogan has suggested that the price for a :30 could be as high as 70%-80%. Hogan has said to implement LIM, they will not need to increase rates dramatically to offset the loss of revenue for the



Bill Burton

reduced number of commercial units they will now have to sell. Why? There was always some unsold inventory that has been factored into their plan. And also bear in mind, LIM is not a mandate that CC will no longer accept :60s. All CC stations will be running a combination of both spot lengths. They are merely looking for some conversion to the shorter length.

Bill Burton, President/Detroit Radio Advertising Group, thinks cutting down inventory loads is an absolute must. "One of the memos I've sent out in the last 30 days is every automotive executive that I've been eyeball to eyeball with typically trades out cars every 90 days or so. And in

about all of them they have the satellite radio service. They all think it's fabulous. I think Hogan's Less is More is right on target. All the automotive people say 'fabulous.' The buyers say 'fabulous, but I dare you to charge me more.' I think cutting commercials and raising the rates are the right way to go. I also think that we need to take our business back from Wall Street. The radio industry may have to tighten their belt for a period of time, but it's still one of the great cash flow businesses of the world."

But will they pay more?

Is it fair play to ask more money for less than what they've been getting in :60s? Will the buyers accept it? The marketplace will decide.

Says Swed Stone: "If they do not price at 50%, the transition will take longer—advertisers will not support the change as readily."

"That is the \$64,000 dollar question that is on everyone's mind," says **Kim Vasey**, Senior Partner/Director of Radio, mediaedge:cia. "I've been told, and what has been announced in the press



Kim Vasey

is that a :30 will be 75% of a :60 but, in the end, it will all be a negotiation. I don't think they can get away with charging 75%. That formula doesn't even exist in TV today. I'm told that the 'major TV properties' charge about 65% and the 2nd

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tiered TV properties charge 50%.”

She adds, “I expect that CC will look to drive rates in 2005—as most broadcasters will. However, rate increases across any of the groups will be dictated by the health of the marketplace. If the market remains soft, none of the groups will benefit from increases in rates. This is a supply and demand business and when there is limited supply all broadcasters raise their rates. Rates can swing dramatically under the prevailing market conditions at the time of entry into the marketplace. From the buy side, we push to hold rates or get the lowest possible increases, while the sell side pushes for higher rates and double digit increases. That’s the name of the game. As we move forward into 2005, we will be tracking our rates, as we always do, from all broadcast groups and continue to negotiate to maintain rate integrity for all of our clients. I believe that through a combination of the elements of the LIM program that CC hopes to maintain revenue shares without walking into the agencies and saying, ‘Okay, we’ve responded to your pleas to reduced commercial clutter now we need a 30% increase in rates.’ They know they can’t and shouldn’t do that.”

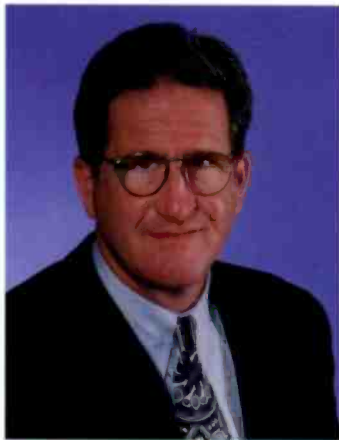
Hogan tells *RBR*, “We cannot unilaterally ‘raise rates.’ If we could, we would have done it already and skipped the whole LIM initiative. The market and buyers determine the rates, based on their demand. And our use of Tradewinds (inventory and yield management system) should provide the most attractive, predictable rates in the industry. Currently, :30s are sold as either the same price as a :60 (unit pricing) or at 80% of a :60. 75%, which is what we have recommended to our stations, is not that high and in fact is a discount from current prices. The issue is not one of price—it is one of what is the most effective length for a radio spot. We believe that a :60 is not inherently better than shorter length spots. In the fast-paced competitive world consumers/listeners live in, a shorter, better spot with more frequency will likely produce better results.”

“Fortunately or not, ‘fair’ has very little to do with it,” adds **Matthew Warnecke**, VP Mgr Network & Local Radio, MediaCom. “We all operate in the media marketplace and fair is often not a word that anybody uses. Which is not to say that we’re all stabbing each other in the back, but we operate in a marketplace daily, and if you can get what you want for less because the marketplace allows it, great. But it doesn’t always happen that way because the marketplace doesn’t allow it. And that’s really what I’ve been saying to buyers who’ve

expressed uncertainty about what this means. We’re still operating in a marketplace that requires negotiation, and it’s incumbent upon local stations who are part of the Less is More program to demonstrate that value. We understand what the ‘Less’ is—they need to be able to demonstrate the ‘More’. What’s the advantage to an advertiser in paying 25% more for 50% less in that :30 versus :60 scenario? OK, first pod position? That’s something that might have value.”

He adds, “The fact that there are fewer commercials on this radio station as compared to the others in the marketplace that serve a given demographic—that also has some value. Those are soft differentiators. But radio buyers have been differentiating stations based on those sort of qualifications for a long time. This is not TV where early fringe does a 3.5 in Wheel and Jeopardy and that’s all she wrote. Radio requires, frankly, a much more savvy negotiation.”

Is there a creative solution to using :30’s vs. 60’s, like buying two :30s in a pod? Swed Stone says not if the model is unit count. What does Hogan have to offer? “There are many solutions and we are encouraging our advertisers to let us help identify those solutions for them. Bookends, island positions, product placement and other opportunities are all part of LIM and advertisers are encouraged to be creative, as will we.”



John Hogan



Matthew Warnecke

What about the clients?

What will advertisers think of transitioning :60s to 30s? Warnecke thinks overall it’s a smart way to incentivize clients who are used to a :60 vocabulary: “How do you get an advertiser to chop their message in half when it’s difficult to get agency creative folks excited about radio in the first place? You incentivize them by offering the discount that goes with the shorter length, and the advantageous pod position.”

He adds, “The bulk of the units in local radio will still be :60s. And there is a place for those :30 spots in the clients’ roster. But television advertisers have had a mixture of :30s, :15s and :10s for some time. Why would it suddenly freak you out to have a mixture of :30s and :60s as an advertiser, understanding that 10% of your GRPs are going to be :30s, or whatever that number is? It’s a concept that they’re used to dealing with, so if they can sign on to the idea of a :30 and its advantage (which is still to be completely demonstrated), then I don’t see a big problem.”

“Change is never easy—clients who are used to having :60 seconds for messaging will need to see the value of :30s—

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costs and cost comparisons will be important to review," explains Swed Stone.

"I think those national advertisers who have both a :30 and a :60 will find it easy to transition and perhaps gain, in the end, by taking advantage of the pricing differential for the reduced cost of the :30 on the spot radio side," says Vasey. "I'm sure there will be some advertisers that will be quite content to reduce the length of the spot in favor of the increased price efficiencies. Or they could reduce spot length and take advantage, for the full price of the :60, to be the first commercial break in the pod. (This begs the question about fair and equitable rotations.) I would expect that they [CC] will have greater success in converting advertisers to the shorter length at the local level first. At the national level, most agencies have encouraged our clients to run a full :60 because the price for a :60 is the same as a :30—so why not take advantage of the longer spot? Now, we will have to re-educate our clients and get them to change long established thinking processes. So this will take some time."

Vasey thinks another upside could be stronger commercial ads that are targeted to the consumer in fewer words but with greater impact: "I believe that CC plans on hiring some strong creative copywriters to help advertisers with commercial copy. I think that is a crucial and essential element to their plan—especially for their local advertisers. I don't know how many other broadcast groups will buy into CC's new "Less Is More" philosophies—I've heard mixed opinions about it [Emmis and Radio One both recently said they're watching CC's move closely]. But whether or not some or all of the other broadcasters come on board with a pricing differential between a :30 and a :60 many group heads applaud CC's initiatives and acknowledge their courageous attempt at finding some creative solutions to some of the problems."

Speaking of impact...

Do buyers feel the message impact of moving :60s down to :30s may be lost or reduced? "Not if commercials become more effective overall—i.e., less channel switching," says Swed Stone. "I believe if the cost is appropriate, the advertiser can figure out a way to produce effectively."

"It's not a question of the best length for national," she adds. "If local is all :60s, shorter national lengths may lose impact—the question is about commercial lengths on radio and what the listener can bear."

Could shorter ad lengths radio's effectiveness some brands? Says Warnecke: "I'm not worried about this reducing radio's effectiveness. I think this is a move to show that radio

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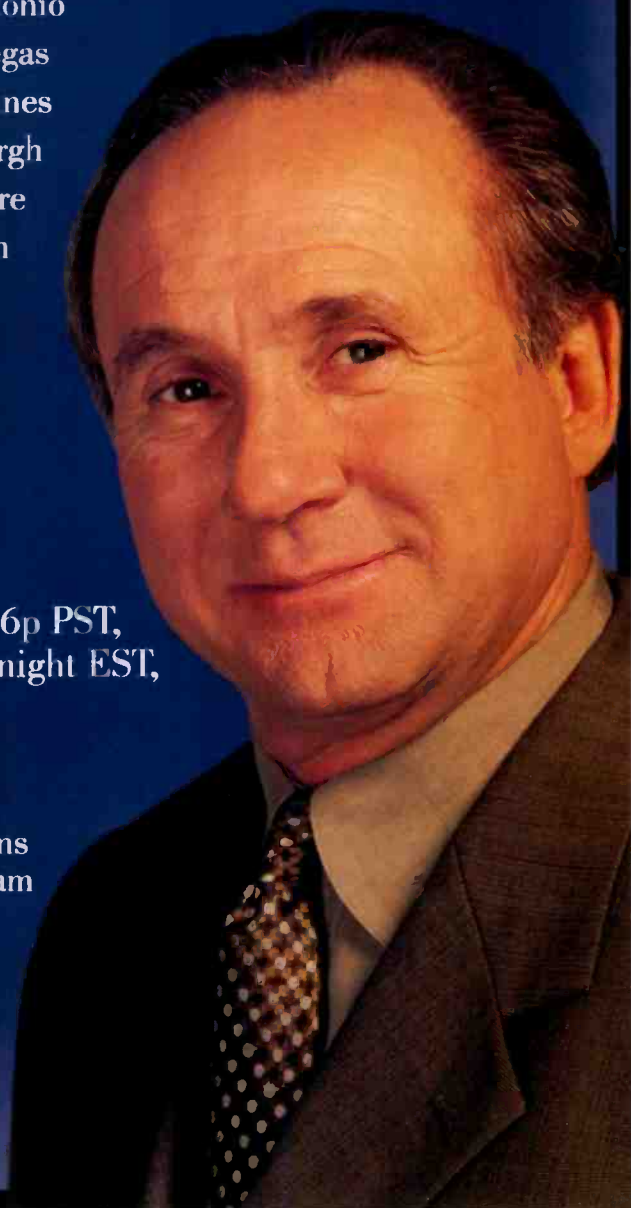
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can continue to be effective, especially when listeners aren't turned off by all this extra noise. But in the short term, when clients expect more for less and that equation changes, that will be an interesting path walk."

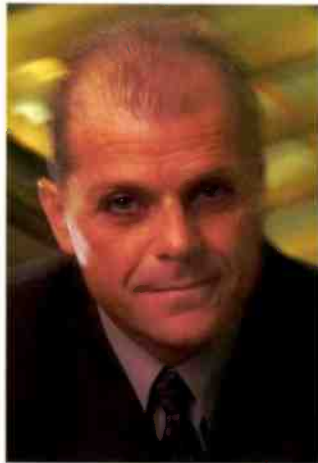
Agrees Hogan: "I absolutely do not feel the impact is diminished by using shorter length. It's all about the quality of the message, not the absolute length. How many really bad :60's have you heard?...Stay tuned on the creative question."

What about automotive, pharmaceutical?

National advertisers, many of whom produce a :60 for spots and a :30 for network, could save some money, because they wouldn't have to produce two different versions. However, for many advertisers, especially those that rely on :60s to get details across that TV can't, it could be a problem, particularly if they get into automotive leasing, being handcuffed and having to air disclaimers. GM's new VP/Marketing and Advertising **Mark LaNeve** tells *RBR* all cars right now are fairly safe, have fairly good performance, and have good quality. "So the differences are finer, and it's tough to explain those on a :30 second TV ad...you can get on a :60 radio ad and pretty efficiently explain differences."

"I think we look to the :60 for radio, because quite often we use radio to explain an incentive offer or we use it to become more detailed from a television offer," agrees **Pat McNew**, PHD's EVP/Local Media Network Director of Operations, who buys for Chrysler Group. "If we can get radio working in conjunction with print, Internet and television, we think we've really got something going. And radio is a great way to reach somebody, by and large, in the car and give them valid bullet point points."

For categories like pharmaceutical and automotive, Warnecke's a bit frustrated with the need for too much time in getting the complete message out: "Please, advertisers are saying, 'We need :90s,' which indicates that creative is developed away from radio's strengths. You ought to be able to get a message out in :60 seconds. I see DTC and pharmaceutical ads on the television all the time which are :30s. Just because there's a woman running through a field of daisies with her children that you can't see on the radio doesn't mean that you can't come up with a :30 creative that communicates fair balance. I will say that it's a difficult task to execute effectively."



Mark LaNeve



Pat McNew

Creative targeting

Burton points to another way to increase effectiveness in radio spots—narrow targeting. "Look at the 18-34 demo. An 18-year old is some kid who may not know where his college dorm is and a 34 year old may be the marketing director at Chevrolet. So in targeting and what commercials you're using, you may need a commercial that targets 18-22, 22-27, 27-35. That, and documenting results—if we could walk it with a coupon that has the right creativity—all of these people would be willing to pay much more."

Warnecke says some stations are already narrow targeting to sub-demos: "They're giving favorable pod position to those pieces of creative that fit best with their audience and their format. I mean if there is a great Anheuser-Busch spot or a great McDonald's spot, to use two big advertisers, that suit the format and style of the station, that station is giving that spot the best position because it sounds most like their on-air sound. It serves as a better transition to the rest of the break. So being smart about generating great creative will automatically, I believe, get you in a favorable position with your radio stations. This isn't happening everywhere, but smart stations are doing it."

What about creative and planning?

Are creative and planning on board with this possible move down to :30s for local spot? Since most creative and buying agencies are now separate, it will take some serious communication for any concerted effort to transition :60s to :30s.

Swed Stone tells *RBR* unless the case is made strongly and well, planners and clients "will not change what they are doing and there is nothing to tell them."

So how do you get everyone on the same page? "That requires the best kind of communication between media shop and client decision-maker. Whether you're in the creative business or the business of buying media, you want to have a great relationship with your client," says Warnecke. "That way, when you've got great ideas, you've got access to a receptive ear. Nine times out of 10, your ideas are great, but for a variety of reasons they don't work—whether it's creative message or flighting or budget or fiscal year concerns. But you want to have that availability so that when the idea works and all the planets align, you can pull the trigger."



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Less promotional units

CC has also announced cutbacks in the number of promotional units that each station will air. Do buyers expect that to have any impact on their ability to obtain added value or promotional elements to your clients' schedules? Warnecke admits it's one of the things that he's the most nervous about. He says LIM is the part of this equation that agencies have been their own worst enemy on: "If radio stations have been troublemakers because they've been adding spots to create additional inventory when necessary, agencies are guilty of continuing to pull a rabbit out of a hat long after the top hat is empty. And saying, 'Yeah, we can do added value until the cows come home' is not smart. So now we're theoretically going to lose a lot of our ability to provide what has traditionally been seen as 'you get this free with every schedule.' Well guess what—there's less of it, and that's something that's got me the most nervous. Because it's undefined—precisely because stations and this amorphous promotional schedule—:10s and :15s—as part of a schedule, you can never get a handle on how much they had to sell. So it appeared as a bottomless well of promotional mentions. Now the well is going to start to dry up. How dry is that going to be?"

How will LIM impact the available inventory on the radio networks and syndication companies? Says Swed Stone: They will have to conform to the stations' needs by reformatting their clocks—in some cases, Clear Channel will have to drop affiliation... We have some concerns about this and are hoping that Clear Channel will come up with a creative way to address this given the changes since clients will always seek promotional opportunities."

"Without a doubt, there will be a loss of network inventory available. This will impact CC stations first, however, competitors are sure to follow," says **Eric Ronning**, Managing

Partner, Ronning/Lipset Radio. The loss of some network and syndicated inventory may make it a little more of a negotiation for the network radio buying and planning groups to secure the key inventory in those arenas. At the end of the day, however, the value of their message will be much greater for their clients. This makes an excellent opportunity for network radio clients to continue to take advantage of alternative national radio sources such as online radio."

Says Hogan: "Much of the promotional clutter was from 'added value' that did not add value. How many meaningless, non-impactful 'promotions' have you heard? We will continue to do promotions—they are one of radio's important weapons, but we'll do smarter, tighter, more effective ones."

Most say the short term pain is still worth the long-term gain. "All of the broadcasters, including Clear Channel, are very conscious of the importance of the promotional element that radio provides for their clients," attests Vasey. "I don't think the LIM policy will impact added value opportunities that drastically. I think they will resurface in other opportunities such as 'in-program product placement.' I've been told that all of the standard forms of added value such as sponsorships of news, weather, traffic and special features, along with remote broadcasts and on air promotions will still be available."

"I don't think that's a big issue," argues Burton. "I think all of us, in everything we're involved with, are overly commercialized. We realize with the younger age group, with it on the steering wheel or close at hand, they switch from a commercial. I think this is a great business and you don't want to kill the golden goose. And we have a captive audience—91% of the people are alone in their automobiles. If you don't offend this captive audience and chase them away—kill them with too many commercials and/or too many bad commercials—this is about as good as it can get."

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Job Fit or Mis-Fit?

Jay Werth, First Sun Consulting

"I'm sorry, but this just isn't working, I think it's best that we part company." Have you ever been on the giving or receiving side of that statement? Do you recall the sense of regret, and no doubt the foreshadowing that led to those words?

This scene plays itself practically every day at a radio station somewhere, particularly within the sales department.

Before a performance based dismissal, there typically is a period of discomfort when all parties realize that there is a bad fit between employee and employer. Remedial steps are taken in the interest of fairness, but there is a sense of foreboding that the situation will not improve. During this interim period, productivity continues to dive, momentum is lost, and morale in a department deteriorates as members watch and wait for what they believe will be the inevitable.

Since dismissals commonly play out like this, it becomes paramount to simply put the right person in the right place from the start. One way to determine whether or not there is a "job fit" between the prospective employee and the company is through the use of assessments.

Assessments measure an individual's attributes and accurately describe those attributes. "The appropriate use of professionally developed assessment tools enables organizations to make more effective employment-related decisions than the use of observation or random decision making," according to the Department of Labor.

Assessments should be integrated into business operations from pre-hire through retirement. The goal is to address people challenges before they negatively impact the business. With information provided by assessments, negative impact can be diminished or completely avoided.

Properly used, assessments help managers better under-



Typically, 60% of a manager's time is spent fixing people problems and 40% reaching the company's bottom line oriented goals.

stand themselves and the people they supervise through awareness of their capabilities, capacity, behavioral style, compatibility with the organization and management perception.

The effective use of "human capital" in organizations is the key to productivity. Assessment tools provide information to help managers make more intelligent hiring decisions, be better coaches and motivators, and manage people more effectively.

Typically, 60% of a manager's time is spent fixing people problems and 40% reaching the company's bottom line oriented goals. Using assessment tools to reduce people-related problems gives managers more time to work toward achieving strategic goals.

Decision making improves when a company has more complete information about job candidates and employees. Promotion and succession planning decisions are enhanced. Training programs become more effective when they can be tailored to the specific needs and characteristics of an individual because the "occupational DNA" of the person has been revealed through an assessment.

There's tremendous potential for increased revenues when assessments are used to improve the likelihood of the match between the prospective employee or existing employee's talents and the talents required by the position. Many employees do good enough jobs to avoid being terminated. But that only results in a reluctant acceptance that "average" job performance is an acceptable standard.

By using assessments companies can provide the "right fit" for their people and move that average performance to winning performance. People are happiest and most productive when their competencies and core behavioral traits and tendencies are properly aligned with their jobs.



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Bipartisan Campaign Reform Act

By Gregg Skall

With the 2004 campaign season upon us, it has become critically important for broadcasters to have a clear understanding of the impact of the "Bipartisan Campaign Reform Act of 2002 (BCRA)." It is already clear that new spending limits imposed on the Presidential candidates following the nominating conventions will divert substantial campaign funds to the political parties and other special interests for advertising that supports the candidate's positions but is not bought or paid for by the official candidate committee. Further, many states have a variety of issue initiatives on the November ballot and there is some confusion whether the BCRA applies to advertisements addressing these issues. While the new Act applies to campaigns for Federal office and focuses primarily upon political fundraising and expenditures, several provisions do have a direct impact upon broadcasting and cable:

Required Sponsorship Tags – To discourage negative advertising, the Act requires every political broadcast to carry a special statement to assign personal accountability to the candidate or other sponsor. Broadcasts by candidates or their authorized committees must identify the candidate and state that the candidate has approved the broadcast. On radio spots, the statement must be read by the candidate. For television, the last four seconds must consist either of an unobscured, full-screen view of the candidate making the required statement or the candidate's voice accompanied by a clearly identifiable photographic or similar image of the candidate, together with a clearly readable printed text of the statement. (For both radio and TV, the existing requirement that the sponsor be identified also remains.) Any "political advertising" (advertising that advocates the election or defeat of federal candidates, or that solicits campaign contributions) not authorized by a candidate or the candidate's authorized political committee must contain an audio statement, in a clearly spoken manner, using the following exact language: "_____ is responsible for the content of this advertising," the blank to be filled in with the names of the payor and any connected organizations. A television spot must add to the audio statement an unobscured full-screen view of a representative of the political committee or other person making the statement together with the printed text of the statement, all for a period of at least four seconds.

Qualification for Lowest Unit Rates – To qualify for lowest unit rates for a use containing any direct reference to another candidate for the same office, at the time such a use is purchased the candidate must provide a written certification to the broadcast station or cable system that the candidate and any authorized committee of the candidate will comply with prescribed notice requirements.

The radio notice must be read by the candidate, identify the candidate and the office sought, state that the candidate has authorized or approved the broadcast and that the spot was paid for by the candidate or his authorized campaign committee.

The TV notice is somewhat different. It must contain: A full-screen

view of the candidate identifying himself and making the required statement, or a candidate voiceover in which the candidate identifies himself and makes the required statement and an image of the candidate (80% of screen height); *and*, in either case, a clearly readable written statement of the same information (4% of height, 4 seconds, color contrast)

In the event a use turns out not to meet these requirements, the penalty is steep: a candidate's right to lowest unit rates is forfeited for the entire remaining period before the primary or election.

Record Keeping – The new Act codifies and slightly expands current FCC policy by prescribing the information which must be placed in all stations' local political inspection files with respect to all requests to purchase broadcast time, whether or not made on behalf of a legally qualified candidate. Covered are all messages relating to any political matter of national importance, including legally qualified candidates, any election to federal office or a national legislative issue of public importance. The records must contain the following information: Whether the request to purchase broadcast time is accepted or rejected by the licensee; The rate charged for the broadcast time; The date and time on which the broadcast is aired; The class of time purchased; The name of the candidate, office, election or issue to which the communication refers (as applicable).

If a request is made by, or on behalf of, a candidate, then the name of the candidate, the authorized committee of the candidate and the treasurer of such committee.

In the event of any other requests, the name of the person purchasing the time, the name, address and phone number of a contact person for such purchaser, and a list of the chief executive officers or members of the executive committee or board of directors of such purchaser.

"Electioneering" Communications – Corporations, trade associations and labor organizations may no longer sponsor "electioneering communications" within 30 days of a primary or 60 days of a general election using "treasury money." An electioneering communication refers to clearly identified candidates for federal office and, except with respect to presidential or vice-presidential candidates, can be received by 50,000 or more persons in the region the candidate seeks to represent (*i.e.* the state for a senator or the Congressional District for a representative). Payments are prohibited only if they come from an organization's treasury, as the new law is not intended to impact expenditures by an organization's Political Action Committee ("PAC").

The primary focus of the new rules is effectively to ban the use of so-called "soft money" in federal elections. Soft money refers to donations made to national political party committees for get-out-the-vote initiatives, administrative expenses and candidate recruitment rather than to specific campaigns. The purpose of the ban is to redirect such contributions to funds which are subject to being tracked and regulated. To mitigate the impact upon campaigns and advertising, the Act effectively doubles the amounts which individuals may donate directly to candidates and their committees as well as the totals which may be given during each election cycle. The existing limits on contributions to PACs and contributions by PACs to candidates and parties remain largely unchanged.

Tammy Bruce: Common Ground, Common Sense

By Carl Marcucci/cmarcucci@rbr.com

Tammy Bruce, one of Talk Radio Networks' newest stars, is one unique, refreshing talker (and author). With "Common Ground, Common Sense" opinions that espouse both Republican and Democratic viewpoints (an openly gay, pro-choice, gun owning, pro-death penalty, voted-for-President Reagan progressive feminist), Ms. Bruce eviscerates what she calls the Feminist Elite's hatred of men; marriage and motherhood; the Gay Elite's "grab for children" by insinuating let-it-all-hang-out Sex-Ed programs into schools; the Academic Elite's nihilism and anti-Americanism; and the Entertainment Elite's "moral depravity beyond measure."

Tammy hosted The Tammy Bruce Show in on KFI-AM LA from 1993-1998. She's also a contributor on the Fox News Channel. Just five months after the launch of The Tammy Bruce Show on weekends, TRN added her for weekdays Noon-3:00pm ET, 9:00am-noon PT. Now 140 affiliates strong, she's heard on KABC-AM LA, KNEW-AM San Francisco, KOGO-AM San Diego, and KPAM-AM Portland, just to name a few. Here, she talks about her unique brand of talk, along with some of her core ideologies:

How do you label your specific brand of Talk radio?

I consider my program a populist call-to-arms, base camp for those who identify as Americans first and are committed to fight in this culture war for the heart and soul of this nation. Regardless of party, or whether they consider themselves conservative or liberal, it is classical liberalism for the 21st century, a forum for the average person to take this nation back from Leftist extremists.

What is your appeal to listeners?

I think it's the fact that America changed after 9-11 and the party politics of old have now become irrelevant. Americans are recognizing our common ground again and are rejecting the standard, predictable politics of yesterday. I am representative of that new vision, the new direction Americans are taking. It is a direction that rejects the talking points of the left or right, and operates within a base of patriotism and nationalism.

My listeners hear and appreciate the fact that my politics are personal, and I put our nation first. This, I believe, is the new direction of this nation—America first, at home and abroad, and for good reason.

What problems and issues do you now face in syndication vs. a single station?

Well, I've had experience at both of course. I do believe that the strength of talk radio is the bonding between a host and the audience. Traditionally, most hosts have viewed the "local" audience as defined by one station, one city and easier to bond with. While that's true to some degree, I see Americans as the "local" audience. In all

honesty, the concerns people have in Norfolk are not so different than the concerns of the people of Los Angeles. Each city does have its own personality, and frankly I love having people in LA hear from someone in Providence, RI and realizing that they feel the same way and have a great deal in common. Syndicated programming, with a host that focuses on the commonality we have as Americans first, creates the same community feeling with a national audience that's normally associated with a single-station. It only works, however, when the host has

that same frame of mind. People can hear a detached host who views some cities as more important than others. I do not, and I think that's apparent to my listeners. I don't care where you live, or big or small your city, I love us, no matter where you're parked.

Why should stations affiliate with you?

My program is representative of the new road Americans are taking—it is a road where patriotism and nationalism are nothing to be ashamed of. It transcends party lines and city boundaries. It is lively, funny, informative but most of all, I have an agenda to empower and make a difference, beyond the usual party rhetoric from either side. Americans are tired of the old and have recognized that the future of this nation now rests with them and the choices they make in a whole host of areas. My approach is new, it is independent, I am not answerable to either party, or a large corporate entity. I appeal to the natural revolutionary spirit reawakened in Americans who recognize that talk radio is indeed the last true bastion of making a difference. I consider my program the new Voice of America—beyond stale, traditional party rhetoric. Frankly, I am not "fair and balanced"—I have an unapologetic agenda that is based in love of this nation and the American ideal.

What are your thoughts on the radio broadcast industry? Is it serving the public interest?

What are your thoughts on the radio broadcast industry? Is it serving the public interest?

I think in general, yes. The format of talk radio is truly the only format that allows for an in-depth discussion of the issues, and an open forum for listeners everywhere. The great thing is, too, that the format itself and the reach and involvement of the audience, keeps the medium honest and constantly moving forward. It is the manifestation of American intensity when it comes to information, involvement in community and passionate caring about the nation's future. It also requires a knowledge about the details of an issue. It demands the host and audience be informed and able to discern facts from fiction. It's a brilliant medium that I believe will help save this nation from the Left's efforts to have us slip into a socialist coma of governmental control and the thought police.





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— Erik Braverman,
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— Brian Gann,
Program Director, KFAQ

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NAB Radio Show: A quick guide to new products, technologies

By Carl Marcucci/cmarcucci@rbr.com

The NAB Radio Show in San Diego promises to live up to this year's tagline, "Charting Radio's Future." On display will be everything from the latest in HD Radio transmitters, on-air software, remote gear and streaming technology. Here, we provide a glimpse of what you can expect to peruse.

Continental Electronics/DRS Broadcast Technologies'

The Continental Electronics 815D5 is DRS Broadcast Technologies latest solid-state transmitter offering. Designed to minimize off-air time with and with easy access to all serviceable components, DRS Broadcast Technology, Inc. continues its efforts to make the CE's job easier. The 815D5 ships with a spare power module and features hot-swappable power modules, a slide-out power drawer, quiet operation, positive pressure cabinet, automatic power control, Soft Start start-up, high-intensity LED indicators, A/C power recycle, 250 degree high-resolution (round) meters, rugged strip line splitter and combiners and more.

Like all DRS-BT products, the 815D5 is designed to keep stations on the air and is supported by a 24/7/365 world class service team. If you are looking at making a long-term investment in your station, keep in mind that DRS-BT supports more legacy products than any other transmitter manufacturer. DRS-BT's mantra is to see that you spend less time focusing on your transmitter and more time focusing on your business.

NAB booth #1306.

BE will debut XPi10 studio HD Radio signal generator, 4MX 50 Ultra-AM

Broadcast Electronics will also introduce Total Radio, their solution for comprehensive radio program and data integration. With Total Radio, analog broadcast, HD Radio and Internet streaming

requirements are fulfilled with fewer, more powerful operational components. Content and data management is seamless. Total Radio was developed for the realities of radio, including tight budgets.

For program generation and audio management, the latest version of BE's AudioVAULT provides individualized user interfaces. Radio Data Dimensions (RDDS) accommodates the disparate requirements of Radio Data Services (RDS) for analog FM, Advanced Application Services (AAS) for HD Radio and Internet streaming. Big Pipe, with its scalable, bi-directional capabilities up to 45 Mb/s, meets the demand for more efficient STL and studio facility interconnect.

The XPi10 studio HD Radio signal generator addresses the additional demands on your "bit-budget" by generating the more compact HD Radio signal at the studio, rather than at the transmitter.

BE will show for the first time its 4MX 50 Ultra-AM Transmitter with a patent-pending modulation scheme that provides 50kW of power in an efficient and compact enclosure.

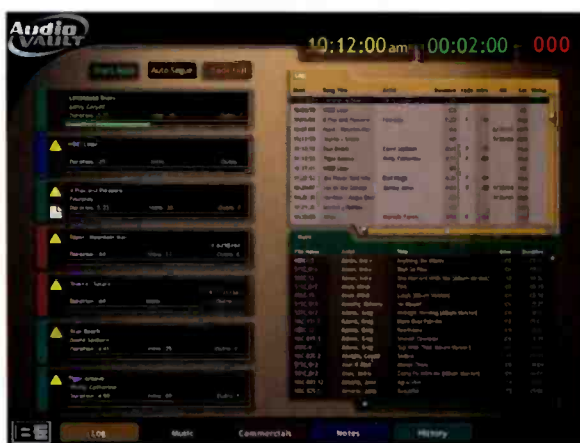
BE's 4MX 50 Ultra-AM Transmitter begins a new chapter in AM transmission technology with a highly efficient 50 kW output and small footprint with a price to match. The 4MX 50 is based on a patent-pending modulation design developed by

BE's engineering team lead by Director of RF Engineering Richard Hinkle. Features include:

- PA modules accessed from the front of the transmitter, while lift-off rear panels provide access to power supplies and all AC connections.
- Nighttime power capability as low as 250 watts.
- 15" XGA graphical user interface for operation and diagnostics, also available via IP.
- Power factor greater than 0.98.
- All in a footprint that is about half the size of comparable models.

The new transmitter will ship in the first half of 2005.

NAB booth #702.



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**Wicks Broadcast Solutions to present
Control Tower**

Wicks Broadcast Solutions, a major provider of radio broadcast management software, will present its Control Tower Corporate Reporting System at the Manchester Grand Hyatt (at a suite). Control Tower provides data warehousing and web-based corporate reporting capability to all Wicks Windows-based traffic and billing systems. With Control Tower, corporate financial officers and sales managers have real time access to key information needed to run their business — information electronically gathered and paced from each individual Wicks' traffic system in each market. Essentially, Control Tower provides corporate reporting and analysis services against data consolidated from across the enterprise.

Control Tower provides analysis; charting and reporting capabilities for data collected from Wicks' traffic systems. It readily supports development of the complex questions that managers need to identify and track sales issues. Detailed assignment of goals and targets can be matched against actual and projected sales. Any report or analysis can be saved and re-run at any time, and can be automatically run on a user-defined periodic basis.

For the corporate financial officer, Control Tower aggregates all of this information generated at the station and market level, and presents simple to read reports and graphs via a web browser.

Enco

ENCO Systems will be showing the latest release of DADpro32, the digital audio automation and playout system for radio. Newly enhanced will be support for new external hardware interfaces like the DADpad and the new miniDADpad as well as refinements in the on screen user interfaces. DADpro32 will also feature continued development in the areas of ease of use, flexibility and power for users and administrators alike.

ENCO continues to expand and enhance technical support and will highlight the addition of a west coast tech support facility which was opened in August of 2004. ENCO will be displaying DADpro32, NewsBoss and the award-winning Gardien Automated Profanity Eliminator.

NAB Booth #1112.

Comrex to show off STAC6 and STAC12

Now you can access your studio phones from virtually anywhere on the planet. STAC (Studio Telephone Access Center) from Comrex puts you in control. STAC, which will make its West Coast debut at the NAB San Diego, is a high-quality, dual digital hybrid Call Management system that comes in both six-line (STAC6) and 12-line (STAC12) versions. STAC6 can be easily upgraded in the field to a 12-line system.

Each STAC mainframe can accommodate up to four hardware control surfaces linked via standard RBR November 2004



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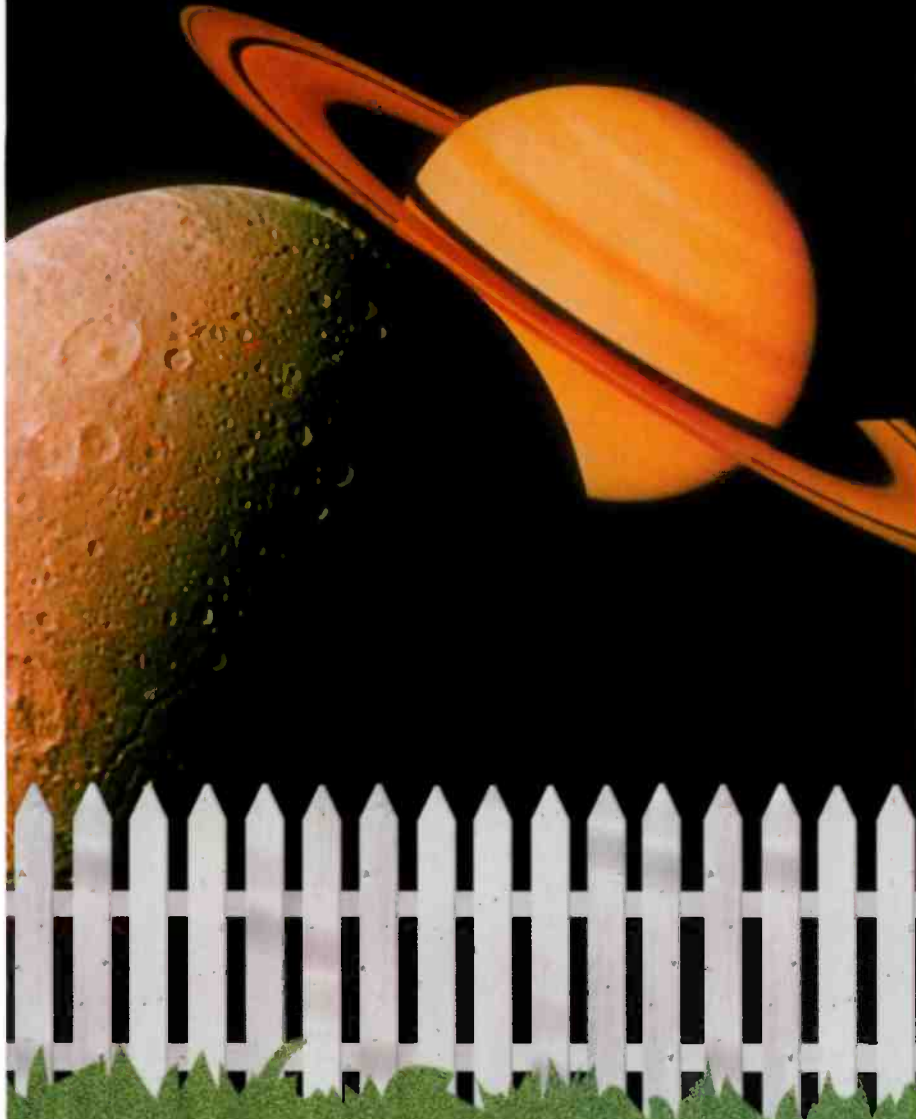
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standard CAT-5 wiring. The hybrids and control surfaces can be shared between two studios or both hybrids can be used in a single studio for conferencing multiple callers. The control surfaces can also be configured for use in either Screener or Studio/Producer mode.

Call screening and control are also available from any networked computer using a standard web browser by connecting to the integrated STAC IP port on the back of the STAC mainframe. Used in conjunction with a Comrex audio codec, STAC IP enables talk show hosts to broadcast from any location with POTS or ISDN lines and an internet connection.

STAC joins a full line of Comrex broadcast products, including the DH20, DH22, and DH30 digital hybrids. Comrex also designs and manufactures audio codecs that transmit broadcast quality audio via plain analog telephone (POTS/PSTN), ISDN, and GSM wireless networks. The Matrix, BlueBox, Vector, Nexus, and Envoy audio codecs will all be on display.

NAB booth #1005.

OMT Technologies to release iMediaTouch 2.2, iMediaLoggerSE

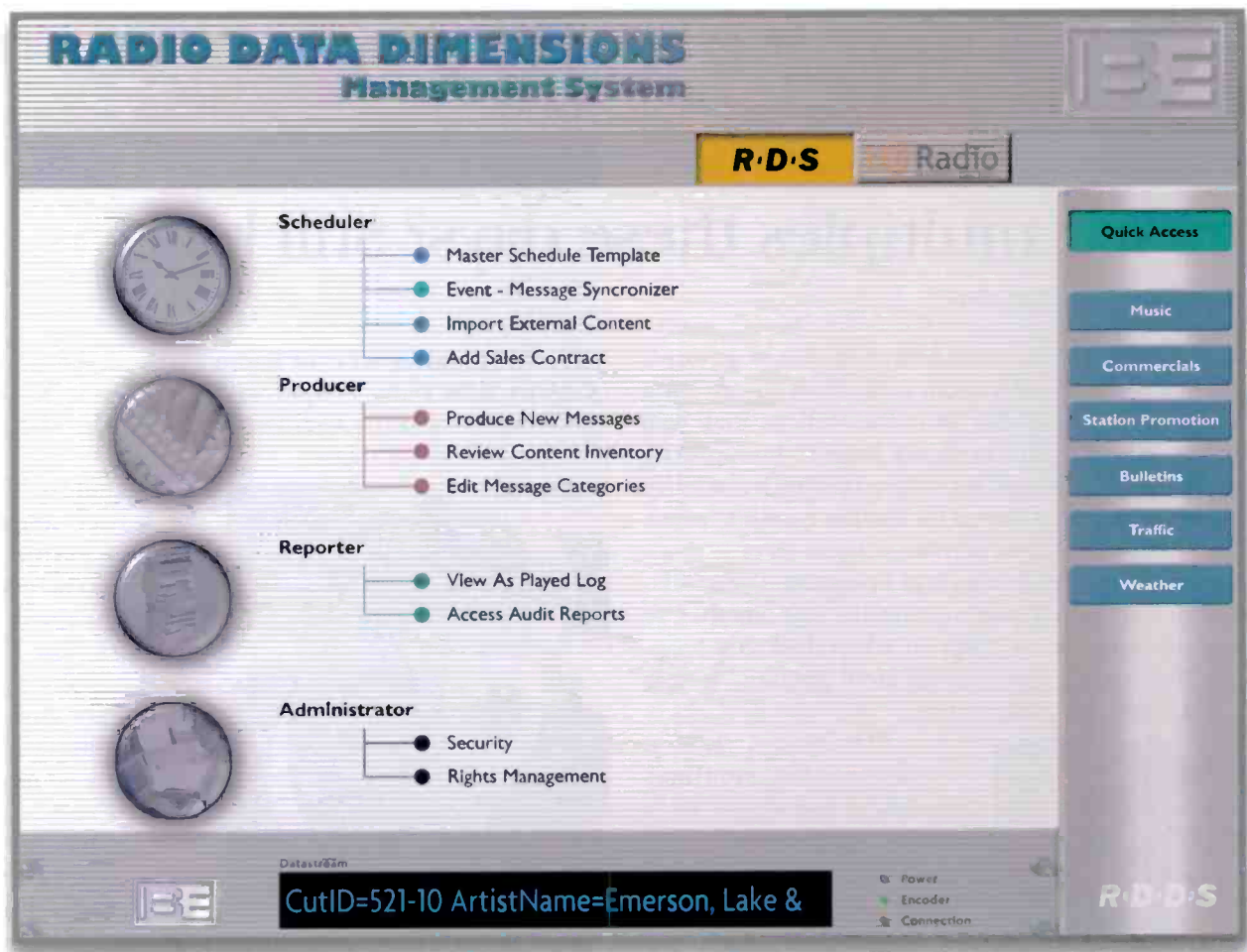
OMT's flagship iMediaTouch digital audio and broadcast system delivers added benefits with the introduction of several new features and add-ons with the release of iMediaTouch 2.2

iMediaTouch 2.2 is the automation system for radio stations that can have no down-time. The new 'Non-Stop Broadcasting' suite of features allows stations to avoid any downtime during broadcasts. Scott Farr, President & CEO, comments, "At OMT, we know that Spot-loads are important to both Large and small market stations; with iMediaTouch 2.2, make-goods will be a thing of the past. It's just another innovative idea included in our technologically advance digital audio and broadcast system."

iMediaTouch, which is a suite of audio content management and digital delivery software for commercial broadcast radio applications, is installed and operating in over 1000 radio stations in North America, Asia and Europe.

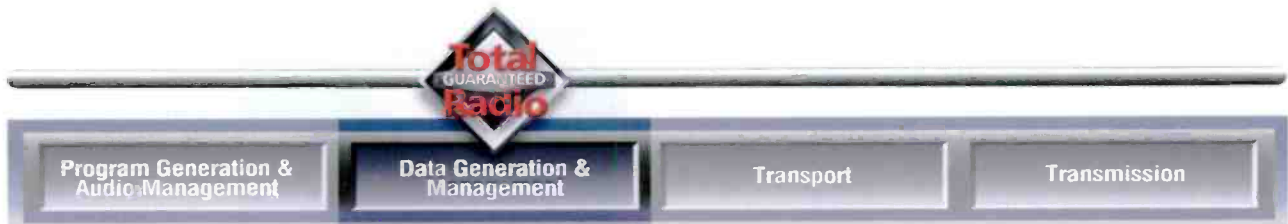
OMT Technologies is also announcing the premier of iMediaLoggerSE at the NAB Radio Show. OMT's number one selling digital logger iMediaLogger now comes in a more cost-effective version. iMediaLoggerSE is a software based audio logging, skimming, content archiving and storage tool, delivering the simplest way to manage your content recording needs with just one workstation. Its non-proprietary architecture allows stations to use any third party hardware and any Microsoft Direct Sound compatible audio card. iMediaLoggerSE can help replace outdated bulky, expensive, and maintenance intensive equipment used for logging and skimming including DAT, VCR's, reel to reel, and cassette tape recorders. iMediaLogger, introduced in 1999, is in use in all the top 10 US markets.

NAB booth #613.



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Where are multiples these days? Still high

By Jack Messmer/jmessmer@rbr.com

If you've been waiting years for cash flow multiples to go down so you can go out and buy a few radio stations—you can keep waiting. Brokers on the market's frontlines tell us that Wall Street worries about the radio business haven't hurt pricing and multiples remain at the heights where they've been since 1999. If anything, prices have firmed for smaller markets, which is where a lot of the transaction activity is these days.

What's keeping prices high is a lack of inventory. Consolidators, for the most part, aren't parting with the stations they've acquired since deregulation in 1996. So when desirable properties come on the market, there are far more potential buyers than there are stations available to buy.



Todd Fowler

"There's a lot of money on the sidelines chasing fewer deals. Even in the smaller markets—what I would describe as larger unrated markets—we're working on some projects now where the multiples are still very high. We're seeing stuff in the 10-11 range in large unrated markets. There's a lot of private equity money on the sidelines chasing deals, which is driving multiples up.

They're certainly not cooling at all," said broker **Todd Fowler** of American Media Services.

"The really good quality stations are getting more than 10 times cash flow, and in some cases if the market is a really good market it will get a number with no cash flow," said **Ron Kempff** of Kempff Communications, who agreed that multiples really haven't changed in five years. "It's still a 10 times cash flow market," Kempff said of the floor for decent markets. "There are exceptions to it," he added.

With almost no deal flow in the top markets, it's hard to say what multiples are for cash flowing stations in really large markets—except that they're high.

"We've not had a visible deal of size recently enough to reflect what has happened with the publicly traded, pure-play peer group radio stocks—Cumulus, Entercom, etc. They're down probably 20% in the last two quarters, Clear Channel also being down significantly, even though they're not a pure-play radio stock. So we haven't had really a deal that lets people weigh values and understand what the multiples would be for a true cash-flowing deal," said broker **Elliot Evers** of Media Venture Partners. "Almost all of the trades you see have either nominal cash flow and are going to a specialty user, like the Amigo deal (9/2/04 RBR Daily Epaper #172), or

Alfred's (Liggins, CEO of Radio One) stick deal in Houston (5/25/04 RBR Daily Epaper #102), or the Styles deal in LA and Ontario (8/18/04 RBR Daily Epaper #161)—there are no multiples involved there."



Ron Kempff

grow and Indianapolis is a good sized market, even though he can't get that deep," Evers explained.

There really hasn't been a major deal based on cash flow in a large market since Citadel's purchase of a four-station Memphis cluster from Barnstable for \$100 million very early this year (1/30/04 RBR Daily Epaper #20). "That multiple was probably 20 times. We haven't seen a deal yet that reflects the downward trend in multiples for the publicly traded stocks," Evers said.

"With the pure-play peer group trading down—and the Barron's article and the Forbes article—it will be interesting to see a deal that did involve cash flow and set a benchmark," Evers noted. But he doesn't think even the decline in stocks will push pricing down for top properties. "I think if something of substance with cash flow came up, that you'd still see the multiples paid that are very, very high. It's just the scarcity factor," he said.



Elliot Evers

Inventory is so scarce in larger markets, that Evers estimated that Entercom recently paid six to seven times revenues, not cash flow, to enter the Indianapolis market with two FMs and one AM (4/23/04 RBR Daily Epaper #80) "There's a multiple for you!" Evers said, but he insisted that the deal made sense for Entercom CEO **David Field**. "He's got lots of cash and wants to

grow and Indianapolis is a good sized market, even though he can't get that deep," Evers explained.

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Evers noted our *RBR* observation in the Amigo sale that **Jim Anderson** and **Chuck Brooks** held onto two markets as they cashed out their equity backer so that they would have a platform to build on in an environment where it is extremely difficult to enter the radio business. "And it's true. The inventory is just scarcer than hen's teeth," Evers said. "So that has to be balanced against things like maybe the industry is

maturing and slowing down, as per Forbes and Barron's. Maybe we are going to see more competition from MSN and the iPod and all that stuff, and XM and Sirius. All of those things are negatives, but I'll tell ya, if we get a decent cash-flowing cluster of radio stations or a small company—it goes fast and it goes at astronomical multiples."

That is, if multiples even come into play.

"I don't believe in multiples a whole lot anyway, at least as a pre-determiner of price," broker **Brett Miller** of MCH Enterprises told us. "I've been doing acquisitions and brokerage in the radio business for 15 years, and a couple of years before that in the cable television business. Multiples have always been after the fact analysis. That's the way we look at it. We know what the rules of thumb are. It's been two and a half times revenues and ten times cash flow—that's been the after-the-fact analysis. It's a yard stick," he said.

But regardless of how you figure the price, Miller agrees that prices are high. "In today's environment, because the inventory is so tough, the demand is high—and I would say it's artificially high because of consolidation—nevertheless that's a fact, if you want to get in, be in the club and play, rather than be sitting on the sidelines, the price of admission has gone higher than what people would like to pay."

Miller says he's working with people who are looking at one potential acquisition where the multiple works out somewhere in the 20s. "That sends the investors into a tizzy. They say, 'Well, this doesn't make sense.' When you tear it apart and you look at the individual components of the transaction it does make sense because you've got some stations that are doing very well, therefore the multiples are lower, and you've got some that are not doing very well, so the multiples are a bit of a stretch, and you've got some that are not doing very well at all, I mean they're doing poorly, and the multiples are just off the charts. The multiples don't make any sense, but when you take a look at what the potential and what the up side is, yeah, you can pay a high multiple for something that's doing well and you're not missing out on the up side," he said. "I like to stress distressed properties and turnarounds for my clients, simply because that's where the good return on investment is going to come from."

"There's definitely an opportunity in the large unrated and smaller rated markets," said Fowler. "You've got to look at a lot of opportunities—there are opportunities out there. If you're looking to build a broadcast portfolio with that kind of flavor to it, you can do that. If you're looking to build a group, the inventory is there—you've just got to be patient and turn over a lot of leaves. If you're looking to exit, I still think that in this environment, you can still command

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a solid price. Even in small markets there's still an opportunity to get out at a strong price," he added.

"We're actually spending more time thinking about stick values, since that's how things are trading," noted Evers. He calculated that KRTS-FM Houston, which Radio One bought for \$73.5 million, sold for \$24 per covered person. So, in today's market, he sees the range for a Top 10 market stick at \$20-25 per person.

If radio prices are too rich for your blood, you may want to look at TV—but you won't find any bargains there, either.

"We've got a lot of television deals to judge by," Evers said, adding, however, that "unique assets get more." Just as in radio, multiples in a couple of Top 10 market TV deals in recent years have been through the roof. "Sometimes in large markets, people just kill to own them," he noted. "Despite all this bad press about radio lately, TV is still trading at a significant discount to radio just because people perceive more issues in the industry," Evers said. So, TV multiples outside the Top 20 markets are in the 10-12 range, which is less than you'd have to pay for a cash-flowing radio station in the same market.

You will likely, however, have to pay more for a news leader. "Definitely. News is still, despite people's ability to find their news in lots of different places, news in television is still the key branding device—in any size market," Evers explained. "If we see a station in a medium to small market where the guy has cut out news, or didn't have news, that station has a challenge to differentiate itself from all the other media sources that the viewer has to look at. News is still the card that the local television station plays to get people to watch, to pay attention, and that advertisers associate with a value proposition," he said.

"Somebody who does news, has a strong news position, that's a powerful, powerful thing. Somebody who doesn't, we can still sell them, but that's going to enter into the equation," the broker said.

Radio deal cash flow multiples

Based on our talks with brokers, here's a general idea of where multiples are today for the sale of cash-flowing radio stations.

Top 25 markets	15-20X
Markets 26-75	13-18X
Markets 76-150	12-15X
Small rated/larger unrated	10-11X
Smaller unrated	8-10X

Television deal cash flow multiples

Top 20 markets	14+X
Other markets	10-12X

Note: These are only generalities and actual prices will vary based on the demand for any property which comes on the market.

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Radio Business Report
Voice of the Radio Broadcasting Industry

Volume 21, Issue 178, Jim Carnegie, Editor & Publisher
Monday Morning September 13th, 2004

Radio News

Eisner to retire from Disney in 2006

Concluding with a jolly "I'm going to Disneyland!" Michael Eisner has sent fellow directors of The Walt Disney Company a letter stating that he plans to retire when his current contract runs out in September 2006. In an exclusive interview which gave the scoop to the Wall Street Journal, Eisner insisted that his decision to retire was not influenced by the unprecedented 4% shareholder vote to oust him or Comcast's unsuccessful hostile takeover bid for Disney. Rather, he said that with the company on the upswing, "this was the time to give the board two years notice, so that there will be a comfortable period of succession." [Here's Eisner's letter.](#)

RBR observation: Now the real intrigue begins. Who will be the next to take the helm of Disney? Although Eisner himself has given the nod to President and COO Bob Iger, there's going to be a lot of pressure on Disney's board from big shareholders to bring in fresh blood. The names most often mentioned are News Corporation President Peter Chernia (who has an out in his contract to let him take a CEO job, which he'll never get at News Corp.) and former Viacom President Mel Karmazin. Meanwhile, Eisner still has to survive in his job to that retirement date. Although his retirement plan may make it more difficult for Ray Disney and Stas Gold to mount round two of their effort to fire Eisner, they still have two more annual shareholder meetings before the date Eisner has set to leave voluntarily.

Auto analyst: Big three have a marketing problem

Since auto sales have fallen off during the recent economic recession, Detroit is facing a new problem -- how to keep moving cars now, since there's no pent-up demand and rising rates will soon put an end to 0% financing. Speaking last week at the Television Bureau of Advertising (TVB) Forecast Conference, Morgan Stanley auto analyst Steve Girsky said the US car makers face a marketing problem.

Bounceback

We want to hear from you. This is your column, so send your comments to rbrnews@rbr.com

Our readers are everywhere...

The statement about Quam's telephone company being the last government-owned telephone company ([2/10/04 Daily Epaper #177](#)) is incorrect. In American Samoa, ASTCA (American Samoa Telecommunications Authority) is also a government-owned entity.

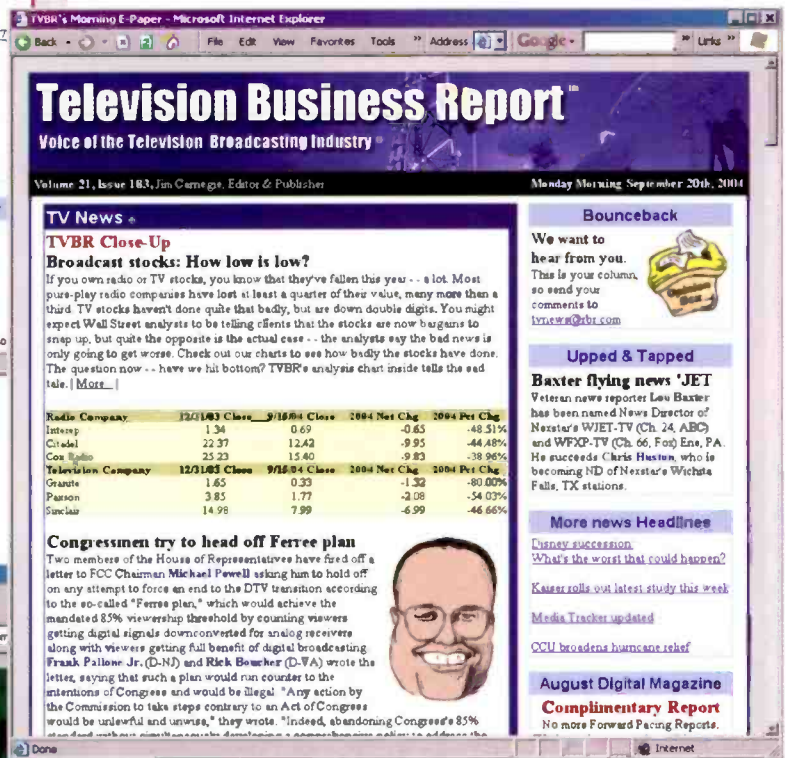
Larry Fuss, President South Seas Broadcasting, Inc. KKHJ-FM & WYUV-AM, Pago Pago, American Samoa

NAB Day Time Planner

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The following brokers will be attending the NAB. Call or email to

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Television Business Report
Voice of the Television Broadcasting Industry

Volume 21, Issue 183, Jim Carnegie, Editor & Publisher
Monday Morning September 20th, 2004

TV News

TVBR Close-Up

Broadcast stocks: How low is low?

If you own radio or TV stocks, you know that they've fallen this year -- a lot. Most pure-play radio companies have lost at least a quarter of their value, many more than a third. TV stocks haven't done quite that badly, but are down double digits. You might expect Wall Street analysts to be telling clients that the stocks are now bargains to snap up, but quite the opposite is the actual case -- the analysts say the bad news is only going to get worse. Check out our charts to see how badly the stocks have done. The question now -- have we hit bottom? TVBR's analysts chat inside tells the sad tale. | [More...](#)

Radio Company	12/31/03 Close	9/16/04 Close	2004 Net Chg	2004 Pct Chg
Interp	1.34	0.69	-0.65	-48.51%
Citadel	22.37	12.42	-9.95	-44.48%
Cox Radio	25.23	15.40	-9.83	-38.96%

Television Company	12/31/03 Close	9/16/04 Close	2004 Net Chg	2004 Pct Chg
Granite	1.65	0.33	-1.32	-80.00%
Parsons	3.85	1.77	-2.08	-54.03%
Sinclair	14.98	7.99	-6.99	-46.66%

Congressmen try to head off Ferree plan

Two members of the House of Representatives have fired off a letter to FCC Chairman Michael Powell asking him to hold off on any attempt to force an end to the DTV transition according to the so-called "Ferree plan," which would achieve the mandated 85% viewership threshold by counting viewers getting digital signals downconverted for analog receivers along with viewers getting full benefit of digital broadcasting. Frank Pallone Jr. (D-NJ) and Rick Bowser (D-VA) wrote the letter, saying that such a plan would run counter to the intentions of Congress and would be illegal. "Any action by the Commission to take steps contrary to an Act of Congress would be unlawful and unwise," they wrote. "Indeed, abandoning Congress's 85% standard would be tantamount to abandoning the Commission's mandate to force the transition to digital broadcasting by the end of 2009." | [More...](#)

Bounceback

We want to hear from you. This is your column, so send your comments to tvnews@rbr.com

Upped & Tapped

Baxter flying news 'JET'

Vietnam news reporter Lou Baxter has been named News Director of Nexstar's WJET-TV (Ch. 24, ABC) and WFXP-TV (Ch. 66, Fox) in PA. He succeeds Chris Huston, who is becoming ND of Nexstar's Wichita Falls, TX stations.

More news Headlines

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Media Mix

Jim Carnegie, Publisher
Wednesday Afternoon October 13th, 2003

Dough. Cash. Bucks. Bread. Dinero. Moolah.

Sales & Marketing

How are agencies responding to the Rush situation?

Now that Rush Limbaugh has admitted to pill-popping and addiction, he's leaving the show for five weeks to get treatment. Meanwhile, agencies and clients may be concerned about the Rush Limbaugh situation, since they've bought expensive ad time on this show and ratings are certainly expected to drop. After all they bought Rush, not fill-ins. Today, comments from Matt Feinberg, SVP National Radio, Zenith Media Services. | [Full Story Click Here](#)

Study: TV ads aren't influencing car buys

According to the Cars Online 2003 study by management consultants Cap Gemus Ernst & Young, only 17% of the 700 U.S. consumers it surveyed in the past six months said TV ads influenced their car-buying decisions. Here's the rest, after what we ran on the yesterday. | [Full Story Click Here](#)

September retail sales drop; first since April

The Commerce Department reported America's shoppers took a breather in September, dropping sales at the nation's retailers by 0.2% -- the first drop since April. However, it was no big surprise -- economists were predicting a sales dip of 0.1% in September. The dip comes after consumers, spurred by President Bush's third tax cut, went on a buying

PM Media News

Downgrades sink media stocks

Radio and TV stocks dropped today after SoundView downgraded both Clear Channel and Viacom to "Neutral" from "Outperform." The securities firm warned that national advertising is weaker than expected, on top of existing weakness in local. [More in Thursday's RBR/TVBR Morning Epaper.](#)

No retirement for Rupert

News Corp. CEO Rupert Murdoch, 72, told shareholders his retirement plans are on hold "forever," although he noted that he has two eldest sons, Lachlan and James "are showing great promise." Murdoch also said he expects a healthy pickup in the US ad market for 2004. [More in Thursday's RBR/TVBR Morning Epaper.](#)

PM Radio News

Dex Allen up the Creek

Commonwealth Communications President Dex Allen may or may not

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