RBR TVBR Radio & Television Business Report

October 2005

Voice of the Broadcasting Industry

Volume 22, Issue 10

PRSRT STD
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Fort Atkinson, WI

$8.00 USA $12.50 Canada-Foreign

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TIME TO TURN UP THE VOLUME ON

HD RADIO

BROADCAST RADIO IS ON THE BRINK OF A MAJOR TRANSFORMATION THAT WILL VASTLY CHANGE CONSUMERS' AND ADVERTISERS' USE OF RADIO.

ARE YOU READY?

Come hear how your brand can use this breakthrough technology to add another dimension to your radio campaigns. Get tuned in by our panel of HD Radio developers and manufacturers, advertisers, automotive distributers and radio broadcasting executives as they discuss radio's next reinvention.

All major broadcast groups have committed to converting their signals to digital broadcasting over the next few years. What this means is not only crystal-clear sound quality, but also the ability to increase content choice for consumers, making terrestrial radio more competitive with emerging technologies. HD Radio receivers will have numerous new capabilities including on-demand features such as replay options and LCD displays for ad messages,weather, or traffic updates. In short, pretty cool stuff!

Tuesday, October 25 @ 8:00 - 10:00 AM

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BREAKFAST PANEL

Panelists

Mitch Dolan
President
ABC Radio Station Group

Jim Herd
President, Polk Audio

Scott Herman
Executive VP, Eastern Region
Infinity Broadcasting

Bob Struble
CEO, iBiquity

Moderator

Liz Dolan
Syndicated Radio Personality
ABC Radio Networks
Satellite Sisters

To register for this event:

Visit: TheAdvertisingClub.org/Questions? Call 212.533.8080

You must register by Friday, October 21. No refunds will be given but substitution will be allowed.

HD consortium in the works

By the time you read this, it's likely that major radio groups will have announced formation of a consortium to create programming for HD Radio multicasts and sell national advertising for the new format channels. RBR first reported that such talks were taking place last month (9/6/05 RBR #174). Then a more recent meeting took place in Indianapolis with Clear Channel CEO **Mark Mays** and Infinity CEO **Joel Hollander** laying out the plan to other group heads. One alternative would create an industry-wide coalition, with each member sharing pro rata in the start-up costs and eventual profits and having a voice in local/national programming decisions, but with Clear Channel and Infinity managing the partnership and handling national sales. Another proposal would create a similar partnership, but as a completely new entity with new management and its own national sales force. Zinio readers can see the PowerPoint presentation spelling out various options.

RBR observation: This is the kind of creative thinking that radio is going to need to compete with iPods, satellite radio and whatever else comes along. Having Clear Channel and Infinity at the forefront of such an effort makes sense, since they already supply lots of programming to everyone else in radio, and even to each other, via Westwood One and Premiere Radio Networks. Certainly most radio companies don't have the resources to fund, launch and market dozens of new programming services for channels which will, for the first few years, be available only to a minority of the listening public.

Interep in need of a rebirth

Not since the Three Amigos left Katz to launch new rep forms for Interep has it appeared that Interep was on the upswing. Of course, just a few days later the trio went back to Katz. Since then Interep has encountered new problems: pressure from its largest bondholder (and 2%+ stockholder), Oaktree Capital Management, which proposed a financial restructuring that would give it control of the company and bring in a new CEO to succeed **Ralph Guild**; and a series of defections of major clients to Katz—Citadel, Cumulus and, most recently, Radio One. Just a few months earlier, Radio One CEO **Al Liggins** said healthy Interep would benefit the radio industry and Interep's clients need to talk about the rep firm's future. But when it came time to consolidate all of his stations with one rep, rather than spreading them across both companies, he went with Katz.

RBR observation: The only way for Interep to survive and grow is to demonstrate that it can be more nimble and innovative than its competition. Katz, owned by Clear Channel, will always have more people and deeper pockets, so Interep has to prove that it can be more creative. Clients are demanding that reps focus on developing new business, not just raid each other's flow of national spot revenues. But the trick is going to be to do that and at the same time stay on top of traditional spot business. The good news for Interep was that it posted two straight quarters of improved commission revenues in the first half of this year along with turning positive on the bottom line in Q2—so it's moving in the right direction financially.

Counting Katrina's costs

It will yet be some time before anyone really knows the toll exacted by Hurricane Katrina, which battered the Gulf Coast in late August. Hundreds, perhaps thousands, killed. Hundreds of thousands left homeless. Businesses shut down for months—some forever. Many jobs lost. The rest of the nation looked on with shock at the devastation. Pictured is **Steven Portnoy** of ABC Radio interviewing one of the survivors. Staffers at radio and TV stations in the New Orleans and Biloxi-Gulfport markets worked valiantly to inform their communities during and after the storm—at least those who were able to stay on the air or get back on after the storm passed. But even now most stations in the region aren't back to anything quite like normal business.

Some stations carried insurance against lost business, but even so, losses to broadcasters will be huge. According to BIAfn VP **Mark Fratrik**, New Orleans was expected to have $110.8 million in TV revenues in 2005 and $73.3 million in radio revenues—those projections, of course, made before Hurricane Katrina. Estimates for Biloxi-Gulfport had been $21.4 million for TV and $12.5 million for radio. "The question is how soon will people come back, how quickly will they rebuild? I think it's all so up in the air that it's hard to put a number on that," Fratrik told us a few days after the storm.


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TVB projects revenue waves in two-year cycle

With political spending on television advertising breaking records every election year, the Television Bureau of Advertising (TVB) says spot television has worked increasingly into a two-year cycle, with an upsurge every even year. First the bad news, though. TVB President **Chris Rohrs** told the group's annual forecast conference that 2005 is not going to even hit the TVB's forecast of a flat year for spot TV, since the core business growth that was supposed to counteract the lack of political advertising didn't materialize. Rather, TVB is now expecting 2005 to finish down 5% for total spot TV.

The big unknown for 2006 is where oil prices are going, since the price of fuel affects the price of nearly everything else. Also unclear is the long-term impact of Hurricane Katrina. Nevertheless, Rohrs is "cautiously optimistic" about the automotive sector—TV's biggest advertising sector. He says auto makers will have to market heavily because "the supply of cars exceeds demand for cars." And, with 36 governorships up for grabs, along with House and Senate races, he sees political as a "monster market driver" in 2006.

But with an off-year from elections and Olympics in 2007, TVB is again projecting a flat year for spot TV in the second year of the coming two-year cycle. Here's a look at the forecasts for the next two years.

2006 TV revenue growth forecast

Local Spot	+2.9 to +5.1%
National Spot	+10.5 to +11.7%
TOTAL SPOT	**+6.1 to +7.9%**
Network	+3.0 to +5.0%
Syndication	+2.5 to +4.0%
Network Cable	+4.0 to +6.0%
Local Cable	+6.0 to +8.0%

2007 TV revenue growth forecast

Local Spot	+2.0 to +4.0%
National Spot	- 1.0 to -3.0%
TOTAL SPOT	**- 0.2 to +1.8%**
Network	+2.0 to +4.0%
Syndication	+2.0 to +4.0%
Network Cable	+5.0 to +7.0%
Local Cable	+6.0 to +8.0%

Source: TVB (more at TVB.org)

LPM cussed and discussed

The accusations have been flying as broadcasters upset at the numbers being produced by Nielsen's Local People Meters, led by News Corp. and Tribune, push for Congress to pass legislation to make Media Rating Council accreditation mandatory for TV ratings services. "The current oversight system lacks any downside for Nielsen for non-compliance, much like the effectiveness of UN sanctions. Why on earth you and others continue to espouse that this foreign-owned monopoly should be able to operate unfettered and exert control over billions in US media spending with no enforceable oversight is beyond comprehension," **Dominic Mancuso**, Station Manager of Tribune's WGN-TV Chicago as he criticized RBR/TVBR for opposing the bill by Sen. **Conrad Burns** (R-MT). That brought a quick response from **Jon Mandel**, Chairman, MediaCom U.S., who said broadcasters have only themselves to blame. "I feel it is necessary to remind Mr. Mancuso that the reason Nielsen is a 'monopoly' (which it really isn't as there are other research companies) is that stations, in a bid to save money, stopped buying both Arbitron and Nielsen ratings. No matter which one they dropped, the other would be a so-called monopoly. This so-called monopoly is of the stations' doing due to their own shortsightedness," Mandel said.

TVBR observation: We can't support the Burns bill because we don't see how it will do anything to improve TV ratings. Rather, it's a case of broadcasters trying to inflict some sort of punishment on Nielsen that's going to turn right around and bite them in the butt. If this bill passes, the end result is going to be higher costs for TV ratings, slower innovation and less chance than ever of any competitor entering the market to take on Nielsen.

GM TALKBACK

By Carl Marcucci / cmarcucci@rbr.com

Tell us about local dealer and national auto dollar trending. Are they up, down or steady for your station(s). Why?

Rob Wagley & Phil Catlett

Regent Broadcasting, Grand Rapids, MI GM **Phil Catlett** & GSM **Rob Wagley**:

Catlett: Among our local directs, we have one car dealer in our top 20 accounts. With our group of stations, car dealers are not as major an advertiser as are a number of other categories. That could be format-related to the stations we have, because we have a lot of female-driven stations and car dealers are not yet focused in well enough on that audience. And it may also be reflective of how much money they choose to spend on television and newspaper in this market.

With national dollars, in our case we got some limited business. Even though it's national—Chrysler Dodge money places local. And that has been significant. The GM business is not a real heavy spender in this market, nor Ford. Chrysler Dodge has been real solid. In fact, when we're doing our interviews, preparing for next year, one of the local Chrysler Dodge dealers was probably the most enthusiastic dealer of any we interviewed about what's coming with all of their new products and lines next year. He is really excited.

Wagley: I don't think we've seen a huge change last year from this year. I think it's been pretty steady. We've probably had a couple increases in our billing because we've done a better job talking to some of our local dealers. But in terms of the market as a whole, I don't think the dealer money is up. It may be down a little bit. The first part of the year seemed to start out better, but the last three months we're seeing some hesitancy about the economy, maybe particularly in this market. The recovery hasn't really hit Grand Rapids as well as it probably has in some parts of the country. The unemployment rate is still kind of high. In the last three months, I have sensed a skittishness, and it's probably not just car dealers. But certainly with car dealers as well.

Andy Alford, GM WGCL-TV Atlanta (CBS):
We are currently seeing factory dollars up a little bit versus a year ago, some where in the mid single digit range. Dealer and dealer association dollars appear to be down just slightly compared to the year prior.

Les Lanser, President, Lanser Broadcasting Corp., Grand Rapids, MI:
We're up on auto trends for our stations. We've had good numbers in general, and I think it's because of the salesperson we have now. The sales staff we have is absolutely unbeatable. We are running about 14% ahead in the market whereas the market is running almost flat. A considerable amount of that is from local car dealers.

We don't get a lot of national automotive dollars. We're a Contemporary Christian on the FM and the AM is News/Talk, but also some Christian programming in there. Your major agencies, they still haven't come on board as to what this kind of programming is. If you listen to our FM station, you wouldn't know you were listing to a Christian station. They don't do any talk on religious stuff or anything like that. It's only music. Of course, it's always family-friendly. Only the music is different. So I think agencies, they still have some really backward beliefs of what Christian radio is. Like it's preaching and old hymns. We fight that impression constantly. Quite often the agencies say, "We don't buy niche radio." But it's not niche radio at all anymore, it's very mainstream.

That's what we battle all the time. And even though our rep forms are doing better and better, it's a struggle with the major agencies.

Roger Sheppard, GM,
WTAP-TV Parkersburg, WV (NBC)

We're having an excellent year in terms of auto dollars. There is no GM Dealer Group in our market, so as far as getting any GM Dealer Group money, there is none that's coming through that path. National automotive dollars are soft. In terms of our local dealers, they have been very aggressive in their use of television this year. Our increase in local auto business in 2005 has been the result of a lot of terrific work by our Account Executives and excellent partners in the local auto community.

Carl Marcocci, Owner,
WGUL-FM Inc.'s WJQB-FM, WINV-AM, WXCV-FM, WXOF-FM:
Our new station, which is **Scott Shannon**'s True Oldies station, (the old WGUL-FM), which covers about 70% of the Tampa DMA, is kind of a brand new station that plays 50s and 60s oldies. We're killing them with Auto. It's our largest category. On our Florida stations, which is all I have these days, the regional has always...we luck it out sometimes at some stations and sometimes we don't. With Ford regional particularly, some Lincoln-Mercury regional. I haven't gotten much Chevy regional lately and I don't get much Chrysler regional. But they are very active regional players down here. They just aren't active on my stations.

But from a local standpoint, local auto is our bread and butter. And medium age group health care has become a very important category for us. Health spas with medical doctors on staff.

Kim Styles, GM, Styles Media Group, Panama City, FL
Local auto dealer advertising is up for our group. Auto Dealers are savvy buyers and unbelievable negotiators. Therefore, to get the rates we need, and deliver the frequency they need, a station needs to have: Ratings, Relationships or both. I give credit to the A/E's who maintain good relationships with the local dealers. National Business stays steady and fluctuates based on trends.

Reach: How Radio Builds Business in a PPM World

By Erwin Ephron

Pierre C. Bouvard
President,
Portable People Meter

Erwin Ephron is the father of modern media planning and a true advertising guru. He recently wrote about how our Portable People Meter (PPM℠) demonstrates that radio is an ideal **reach** medium! I wanted to share his insights on how PPM can help grow radio revenues.

ARBITRON

In today's marketing, reach trumps frequency. It's easy to see why. Reach is media's gift to marketing. It is fundamental to how mass advertising appears to work.

The key idea is "Recency," which is just common sense. Advertising is most effective when it is reminding people who happen to need the product about a brand they know. Recency is a reminding, not a remembering, model. The difference is critical because reminding is a stimulus that can be controlled; remembering is a response that cannot be.

On the face of it, reminding is a perfect job for radio, but not when used as a frequency medium. Frequency—contacting one consumer three times with a message—is not as good as reach—contacting three consumers once. This is because one consumer is far less likely to need the product than any of the three would be.

Given that someone who is the market for a product is usually more receptive to advertising for that product, fewer messages are needed. Again, reach, not frequency.

These ideas about how advertising works, together with growing media fragmentotion, have made frequency a kind of media crabgrass. The planner's challenge is to kill it.

All said, today it is not good to be thought of as a frequency medium.

Radio Is Ignored

Reach and television are where national advertiser dollars go today. Radio is largely ignored because it is thought of as a frequency medium. But that reputation grows more out of how well radio targets than from any inherent reach limitations. Radio's targeting selectivity, especially among younger demos, leads advertisers to use only the few best-targeted stations to keep the costs-per-points low.

This emphasis on target CPP and few best stations artificially restricts the reach of a schedule, creating the familiar radio buy of low to moderate reach and lots of frequency. But when radio is planned differently, especially with the help of the new Arbitron PPM data, it becomes an ideal reach medium.

The new PPM data are especially helpful because they capture the full audience of a station and, on average, roughly double its weekly reach.

Reach Planning

Reach planning for radio increases the number of stations, reduces the number of weekly insertions per station and, if necessary, pays the higher target CPP for the higher reach schedule. This higher CPP is still far lower than for television.

The following table uses Philadelphia PPM data and real station costs to demonstrate radio reach scheduling.

In this example, the demo target is the most common one, Adults 25-54. The schedules compare the one-week and four-week reach of a five-station and a 10-station buy (Mon-Fri 6AM-7PM Adults 25-54). Stations are selected to hold costs reasonably constant.

More Stations Mean More Reach
Adults 25-54

	Weekly:				1-Week	4-Week
Stations	Spots	TRPs	Cost	CPP	R/F	R/F
5	18	86	$28,350	$328	31/2.4	50/6.9
10	10	95	$28,500	$300	45/2.1	68/5.7
					45%	36%

Arbitron PPM, Philadelphia, 2002, TAPSCAN®

The five-station buy produces a one-week reach of 31 and a four-week reach of 50. The similar-in-cost 10-station buy increases the one-week reach by 45% to 45, and the four-week reach by 36% to 68.

These are television reach numbers at a fraction of the TV costs. The net is, more stations with lower weekly weight per station turn radio into a highly competitive reach medium.

Reach Trumps Frequency

Advertising doesn't do it alone. Today's media planning focuses us more and more on the consumer's role in making advertising work. Ads work best when the consumer is receptive. That tells planners that reminding many consumers is better than lecturing few.

In today's planning, reach trumps frequency. It is media's gift to advertising and, as this paper has tried to demonstrate, radio with new PPM measurement can deliver it by the carload.

This edited version of "Reach Trumps Frequency" approved by and reprinted with the permission of the author.

One on One

By Carl Marcucci / cmarcucci@rbr.com

Julie Roehm

Julie Roehm, Chrysler Group's Director of Marketing Communications, oversees the sixth-largest ad budget in the US. She began there in 2001 as Dodge's Director of Marketing Communications and was upped to her current role in 2004. From 1995-2001, she was Ford's marketing and communications manager. Today, Roehm gives the thumbs-up or -down on campaigns for Chrysler, Dodge and Jeep, along with deciding how much money should be spent on marketing each brand and where it should be spent. Of note, she greenlighted the recent **Lee Iacocca** and **Snoop Dogg** ads, Dodge's "Grab Life By the Horns" tag, as well as the infamous "That Thang Got a Hemi?" campaign. Here, Julie discusses the media marketplace, how creative is hatched over at Chrysler Group and one of her favorite soapboxes, the television upfront.

What needs to be changed about the upfront? Do you still participate?

We do participate in the upfront, we haven't ostracized it because ostracism is standing away from the upfront or getting out of it completely, even though I do think the process by which we buy and sell is broken. For me it would make a statement that TV isn't worthwhile and that certainly isn't our point. TV definitely, like other mediums, has a significant role in our media plan. My concern is the process by which we buy and sell. I think if I were to ask you to go out and try to find any other market-driven plan in the world you wouldn't find one quite as outdated as the upfront process. It's one time of year and it's the time of year when most companies don't have a budget yet solidified for the following year. Much less having all of your strategic plans outlined (at least for our industry), completely approved and then being able to understand consumers' preferences and media consumption habits so that you can go in and buy correctly. Let's assume you have that all completely done, then we go in and we buy and we're forced to take a bundling package in order to get the best placement. We are forced to take some programming that we're not really interested in and then it's kind of a crapshoot whether or not the actual programming that you purchased makes it on air.

So there are so many ifs and maybes and it seems to me like the process that we use today treats the space more like a commodity than anything that I've ever participated in, suggesting you're really just, in a very short period of time haggling over space. Because the actual product itself can change at any given moment and frankly it doesn't seem to benefit any of us. We have to build in cancellation rights, guarantees, and it would seem to me that if we were to treat it more in the fashion of a stock market you'd treat it like an individual stock. You'd be able to look at each individual program and say, "This has this kind of value; this has this kind of value. I'll buy it now for this amount of price." I may perhaps be wanting to buy it at a premium over what it's even being sold for today.

I've been able to talk with a lot of companies who are really interested in seeing change and are advocates for change as well. I think sooner or later it's inevitable whether we fix the upfront or whether we go on to some other format that's necessitated by the evolving technology, there's going to be change. Technology now is driving people to the point where they are going to be less concerned with who the distributor is of their actual programming and more concerned with what the actual program is itself.

Tell us a little about the interaction with your media agency, PHD.

PHD, like our other agencies, we view as partners. For my team of people who serve as clients for them, I want them to see that we're very eager to be pushed. As many times as the client can take a lead role and push the agency to bring you this or that—media, new technology—what we've encouraged them to do is push us. Come forward with ideas. You see, they're closer to it in

many instances and what we've asked is they come to us and say, "We've seen this, This company is doing this. This is really intriguing and we think this is worth a test, worth investigation." When we can both from an agency side and a client side be looking to investigate how we can be further out there in terms of looking at the technologies that are going to make their way and that we can be preparing ourselves, either by investigation or by piloting or sampling that technology, it is going to position us better down the road to be more successful. I think it's going to position us better in the future as new technologies come to be the mainstay.

How do you work with creative?

Well it's certainly a team effort. I work with a great team. I think the success we've had at Chrysler is due to the way that we work together, though some try to give credit to an individual. That is a bit unfair because you're only as successful as the people who support you—both beneath you, above you and at your side. To that extent I have four great direct reports in **Jay Kuhnie**, **Fred Diaz**, **Bonita Stewart** and **Dave Rooney** who really spearhead the strategy and creative from their various functions. They then bring that forward and bring me in at any given point in time and we work together alongside the agency and brand teams.

It's really creative's job to bring this big idea, our involvement is hopefully just to either add more emphasis on a given point or suggest some attribute or some point is pronounced more. Our job is not to build creative, otherwise we wouldn't need an agency. Our job is to try to evaluate and make sure that the key awareness is brought through, key why buys are demonstrated and that it overall has a persuasiveness that's going to cause the viewer or the consumer of that piece of media to react in some way.

Then it really comes from above. I mean we get nowhere unless we're completely supported by our management. So that's [SVP/Global Brand Marketing] **George Murphy** and [EVP/Global Sales, Marketing & Service] **Joe Eberhardt** and others [up the chain]. It's really a team effort and even in that end we bring in the brand teams of [VP/Chrysler/Jeep] **Jeff Bell** [now VP/Great Lakes Business Center], **Darryl Jackson** and now [VP/Dodge Marketing] **Steven Landry** as of 9/1 on the brand VP level. Their input is essential as well for making the creative effort. We have great support from throughout the group. I think that comes from trust. You've got to be able to trust one another that you all understand the objectives, are capable and competent and that you're involving everybody the whole way through. That way a great team sense is built and you're able to do things more quickly and more successfully.

How is demand created differently today?

Today there is a higher awareness of product because of what technology has brought us in terms people being able to be more aware and study and investigate individual products more thoroughly. I think there is also a greater proliferation of choice. Demand is created more intelligently today than it might have been in the past. It doesn't mean that people were making stupid choices, it simply means that the ability to investigate and to learn about products was much more difficult. Today, in addition to the things that existed in the past like word of mouth and television and print, you have the Internet and wireless and all things that the interactive world. This lets people search and compare and contrast and in the blogging world to get individual comments. Going to places like KBB or Edmunds to look at a third party comparison and then going to an OEM site to check out their point of view, all the way to an individual dealer site where they can take a look at that product and see what's on the ground. They can search inventory, they can request a test drive and they can get a quote all before having stepped inside of the dealership. By doing that you're going to change the way that people's demand is created but you're also changing their expectations. I think today the winners are going to be those dealers, and thankfully we have several of them, who really are embracing that notion that technology is here to stay and really finding a way to be hugely successful in that space.

What about the DirecTV deal for interactive ads? Is this a test or the beginning of a trend?

Well the idea of interactive TV is something that I think is here to stay and so what we're doing with DirecTV is we're a charter advertiser starting 10/1. It is not necessarily a pilot because it's being rolled out to every one of their subscribers. The reason we're interested is it's one of those technologies that we felt had a lot of potential and that we would find very useful for us to be involved at the bottom floor to help, to not only test how it worked for ourselves, but actually work with the provider, in this case DirecTV, to try to improve the offering. That's going to benefit not only the customer but us as the advertiser as well. They are very open to that and see the benefit of working with a big company to try to improve the offering all the way around.

I also think that the technology is going to be pushed further with what I call IPTV, Internet Protocol TV. I'm a big fan of it because it takes the best of what you can get on television today or VOD today and combines it with all the attributes of the Internet from a click stream behavior—which is you get what you want when you want it. If you were watching "Men in Black," let's say, you would be aware where **Will Smith** puts on those glasses and says, "I make these look good." You could bookmark that scene or those glasses and continue to watch without taking you out of the moment, come back and find out what those were and it would take you to the Ray-ban website.

What's your formula for product integration success?

We've been into this space for some time and found some really successful business plans. For instance, Paramount Studios has been a partner with us on two films—"Tomb Raiders II Lara Croft" and then most recently "Sahara." And the reason it's been successful is because they see the benefit of working with a major company who's not interested in having the lead talent say "Jeep" ten times fast, but instead is interested in an organic integration where the set, the film, the dialogue, the action, the characters, all have a lifestyle or attribute that are the same or similar to those that we espouse for our brand. When you can integrate that it feels really natural for the viewer.

What should radio be thinking about when working with a local Chrysler group outlet?

They have to be thinking about their medium in terms of how it works with other media. One of the lessons we can learn from the past is that there's a lot of angst from a client perspective to the advertising world perspective in that each media group seems to be thinking about, very vertically, their own medium. How print works, how TV works. Very few of them have said, "You know, when you look at this print execution in the ad, the television component, and the ad on the Internet..." When you really think of it as an integrated plan that surrounds the customer with this idea, it's better for everybody. There tends to be a fear that if they step aside that they're somehow going to get fewer dollars.

We did a great program with Infinity Radio where we advertised what was going on. They did a print campaign, but they also had their radio stations' on air talent talk about the product to drive people to the web. When people got to the web they were able to take a personality test to find out what Chrysler, Jeep or Dodge vehicle they were most akin to. They could stop there or they could go further and actually shop. But by doing that you were able to surround the customer in at least three different mediums. You were also able to measure. And that's the one thing I think is really lacking, how do you measure it beyond the impression? How do you measure it in terms of real clicks, real interest, real sales? You get to that level and you start to have a harder time walking away from any given plan or any given medium that starts to deliver that to you on an ongoing basis. That really is a separator from what's a good media plan and working partner versus those that are, you know, nice, but not necessarily helpful.

How could broadcast TV and cable improve to better solve some of your objectives?

I think certainly creative and the integration in a creative way that really makes the entire experience better is one that we would like to see happen on a more ongoing basis. The other is the involvement of technology. Can they get to a point where broadcast can work with, instead of against, various technology partners to offer a better way for us to be able to measure the impact of programming? Is there a call to action in the short term, even the without technology, that they can do? When we launched "The Apprentice" in the first season we had people go online to vote for what the product should be that the winner of The Apprentice wants. There are some really great ways you can start to test, quantitatively, how your programming inclusion works. We need to see more of that on a more consistent and ongoing basis. Then if they could work with cable providers or other MSOs, it would be really beneficial for everybody to be able to provide more technological integration into the programming itself.

Roehm participates in DRAG's "Why Radio" presentation

Bill Burton, President, Detroit Radio Advertising Group (DRAG), tells us Julie recently participated in DRAG's updated "Why Radio" presentation. Here is an excerpt Burton sent us from her speech: "Radio is a terrific medium. It is not something that we at Chrysler need to be sold on in terms of an integral part of any integrated marketing communications program that we run, and the reason is because of the role it plays within the overall purchase funnel. Radio has a great opportunity to achieve an awareness of a product, has a great opportunity to increase consideration of a product, and it certainly has a terrific opportunity to drive shopping. It has a better opportunity, perhaps, to drive shopping with many other mediums because of the locality and regionalness that you can get from any radio opportunity that you pursue."

By Carl Marcucci / cmarcucci@rbr.com

Buyers, sellers address the 2006 radio upfront—Part II

The upfront network radio marketplace for most begins in September and runs through January. 50% of year 2006 network billing is placed during this period. **For Part II,** we take a look at specific CPP predictions; whether buyers and sellers see a changing climate as it relates to the upfront; factors influencing the marketplace; buyers' take on the impact of "Less is More" on the network radio marketplace; changing tactics in advertiser approaches; hot syndication and network opportunities and more.

Predictions, anyone?

What are predictions for network radio spend in the upfront? What about rates/CPPs?

Pat McNew, EVP/Director of Operations, PHD Local Media Network: "At this time we see spending as down slightly with CPP/rates as flat. We anticipate that our traditional number of advertisers will participate in the radio upfront with a minimal number of new advertisers coming in."

Rich Russo, JL Media's SVP/Director of Broadcast Services: "Down, down, down."

Matt Feinberg, SVP/National Radio, Zenith Media Services: "Well if ratings are essentially flat for most of the nets, and no one has a really unique story, or a compelling value proposition then why would rates go up?"

Irene Katsnelson, Universal McCann VP/Director of National Broadcast: "The upfront will be flat to slightly up. "You know I don't comment on rates/CPPs, but I will say that I'm not anticipating paying any significant premiums."

Natalie Swed Stone, US Director, National Radio Investment, OMD: "It's hard to say—still early. But one thing is for sure—strategies are changing and repeat tactics versus year ago will be fewer than in years past. Some could enter the medium, some could leave. We will have to see how it all nets out."

Mike Connolly, ABC Radio Networks SVP Sales: "At this time we expect upfront spending to be flat to last year, given current feedback. There are a couple of ad categories that may affect spending – DTC advertising has its FDA issues and packaged goods advertisers are dealing with the obesity controversy in snack food advertising."

Lisa Opensky Greenberg, Senior Network Radio Buyer, Starcom Chicago: "I think the 2006 upfront spend will be up versus a year ago."

Susan Love, MediaAmerica VP/Sales & Marketing: "We think overall spending will be up slightly with increases in the 5% range."

Kim Vasey, Senior Partner/Director of Radio, Mediaedge:cia: "I think pricing will be aggressive on the RADAR networks and flat to 3% on some of the syndicated networks. Flat to 4%-6% overall."

Less is More?

What are the buyers' and national sellers' take on the impact of "Less is More" inventory reduction on the network radio marketplace? We know part of LIM's goal was to curtail value-added promotional units from syndicated product and client schedules. Vasey said Less Is More has impacted the network radio environment and there is less inventory available as a result of it. "I expect most networks will be pushing to drive the rates higher."

Says Feinberg: "Frankly, I'm worn out talking about it—however the only real impact we're seeing at the moment is that the reduction of inventory on the Premiere gems has caused us to reallocate Premiere's dollars from them to other national vendors with more inventory and even into spot."

Ira Berger, Director of National Broadcast, The Richards Group, told us Premiere is not the network radio 800 pound gorilla that Clear Channel is on the local level, so for example, "What may work locally may not work nationally."

Adds Katsnelson: "There's definitely a reflection in available inventory on the RADAR networks, especially Premiere. However, they (Premiere) have so many quality properties, that the overall impact is not that great. I do feel that for clients with very specific daypart and network restrictions (ie, those requiring RADAR inventory within select dayparts), 'Less is More' restricts the ability to purchase significant points. The impact is the greatest for other suppliers who are losing the Clear Channel affiliations, completely weakening their lineups." NcNew observes that because the network radio market has been relatively soft, the impact of Less is More has been minimal. However, should network radio budgets pick up, the demand on inventory could impact negotiations. "It goes without saying that clients are not increasing cost-per-points at the same level as Clear Channel is anticipating raising rates. This obviously creates a substantial divide between what the buyers can and will pay versus what Clear Channel is willing to charge. We see the impact of Less is More in the spot markets and the unwired networks where a market will heat up."

Russo sees LIM as a possible shot in the arm for network: "That's interesting because the more people that do :30's may mean more network radio at some point, it could be a home run for the nets and a step backwards for spot."

Says Connolly: "We have made adjustments across our sales networks this year, in part as a response to Less is More. While the :30 has always been the network radio standard, less available inventory will ultimately affect pricing."

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What other factors are influencing the marketplace?

There is a lot of pressure on marketing teams and their agency partners to do something that stands out, to look at the overall consumer they are trying to reach and to coordinate their advertising message to those consumers in unique ways through all the media they use. "We are moving to a point where it will not be 'Radio' or 'TV' or even 'online' budgets anymore – ultimately its teams of people trying to make the most impact for the money with any combination of advertising vehicles," notes **Eric Ronning**, Managing Partner, Ronning Lipset Radio. "Online radio is a great example—the teams working on it are based in traditional radio disciplines but with an eye towards the techniques of online, and how their target consumer uses both media. On the other side of the equation, we are seeing much more of a commitment and understanding of the traditional radio companies to how online listening impacts their product. As such, companies like Clear Channel are really starting to play in the game and make for a more interesting overall opportunity to the traditionally minded clients."

One of the biggest factors continues to be the trend towards late-breaking business which makes planning very tough," Love admits. "Another is the number of choices advertisers have to spend their money. Radio really needs to be strategic in what we provide to our clients."

Says Connolly: "Currently consumer confidence is lagging. The radio marketplace YTD in '05 is running flat vs. year ago."

Net Radio Sales President **Jennifer Lane** says there are two interesting factors: "One, the increasing cry for better measurement and more accountability to agencies for what they are buying. That has really played to the advantage of Internet radio. In the case of Internet radio's audience size, there's no need for guesswork because every listener is connected to the server. Every impression that is delivered is counted and accounted for with Internet radio. There is no need for post campaign makegoods because the buyer only pays for what is actually delivered. Second is the demand that advertisers are placing on their agencies to present media strategies that include new media that can deliver the young, the mobile, the hard to reach audience. Net Radio Sales is talking with a lot of agencies that are looking for new vehicles for the advertisers' message. Internet radio's fast growing audience and programming flexibility play nicely to these demands."

Mark Masters, Talk Radio Network (TRN) CEO, thinks that as advertisers demand more accountability for the way their dollars are spent, we're going to see more dollars moving into spoken-word programming. "It acts more like a referral-based lead than a cold ad. And because of that, there's a reality that spoken-word programming generates two to three times the response of music radio. We're going to see a lot more spoken-word programming on the FM dial because it grants exclusivity. Unlike music, where you can have the same song on six different stations in the same market, you have a beloved spoken word personality—there's only one per market. And spoken-word personalities grant their stations a monopoly. As time goes by, the advertising community is going to learn that whether it's a liberal host, a conservative host, independent, guy talk, whatever, as the they collect niches, they're going to get much higher response—really the name of the game on ROI."

What's going to be hot?

Which ad networks and syndicated products are likely to be hot for the upfront and why? McNew, like Masters, stressed there is a very real competitive need for networks to develop new programs which reach very targeted audiences—niche groups. "We are seeing more networks reconfigure due to this need to reach a certain demographic—such programs are 'Country only programs', Rock programs, specific political talk etc. Again, because buyers and clients are searching for their own desirable audience—specific programming is a necessity. Networks need to be more amiable to creating programs that will cater to specific categories, enabling clients to own a specific program."

Feinberg says there are always good opportunities out there if you explore enough, but isn't raving about anything right now. "I did hear a rumor though that Premiere was working on a new syndicated show with **Karl Rove** called 'I Know A Secret'."

Connolly says ABC Radio Networks' big programming initiative in '06 is continued expansion of multicultural offerings, especially Hispanic programming where they see huge opportunity.

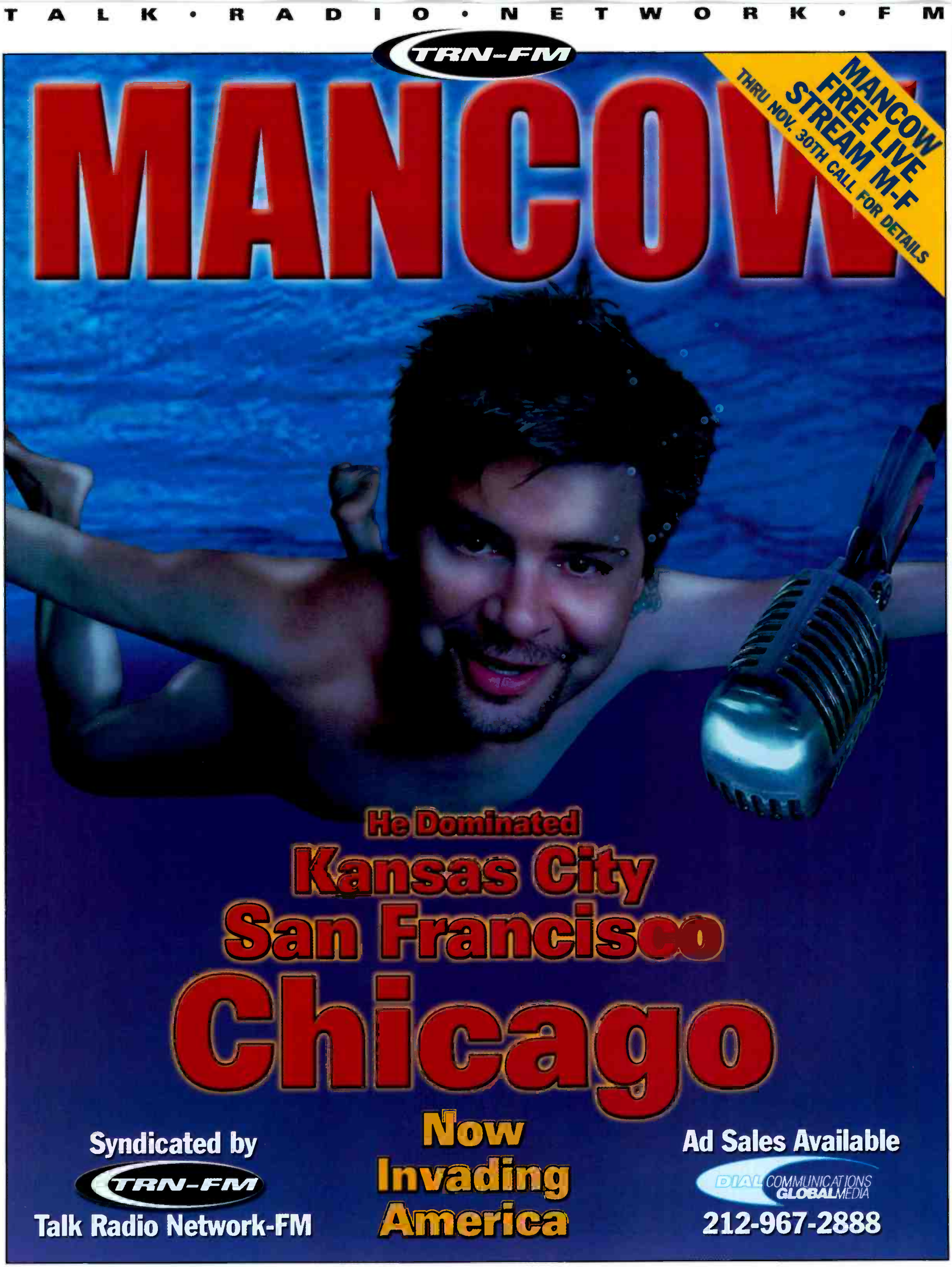
"I think all of the companies have raised the bar in some way this year and will continue—each in their particular strength—whether it be Hispanic, online, youth, sports, talk, etc," says Swed Stone. "As an advertiser's representative, I would say there are many very attractive options to consider—no matter what the strategy."

Dial-Global Co-President/CEO **David Landau** predicts **Mancow**, produced by TRN, is going to be a breakout. "He already has a tremendous, very exciting buzz. We believe it's going to be a breakout show, particularly for FM talk stations. The Fox News Network, repped by Premiere, we think is going to be a very strong option for advertisers. Fox has displayed one thing since their first venture to radio—they are committed and they really want to be the best at it. The Jefferson-Pilot female network that is rolling out is going to be hot as well."

Jefferson-Pilot is putting together a new female FM Talk network, at some point to be RADAR-rated. It will use inventory from the Bob & Sheri Show, The Pam Stone Show, The Matt & Ramona Show and more. Dial-Global will continue to rep.

Says Masters: "Mancow, obviously, is going to be huge. It's going to be the biggest morning show in America probably within 15 months. There are 25 national brand advertisers in his show already, from McDonald's to Southwest Airlines to Volvo. Mancow is able to provide sustainable ratings that are enormous, and at the same time, being an attractive environment to advertisers is a very rare thing, and not something even **Howard Stern** can do. Advertisers that are jumping on board the Mancow show right now are valued partners. We're very pleased with the demand for Mancow and it looks like there is already going to be a waiting list for national advertisers."

He adds, "Our other products, like **Jerry Doyle**, who is on over 200 stations in a year, is on major sticks, from WBAP in Dallas to WRKO in Boston to KFMB in San Diego. He's an amazing talent, and our existing stable of **Michael Savage**, **Laura Ingraham**, **Rusty Humphries**, **Tammy Bruce**, Forbes Radio and Motor Trend are really providing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Fox News Radio SVP **Kevin Magee** tells RBR/TVBR he is experiencing terrific success with their new five-minute news service, "over and above our deal with Clear Channel. News/Talk stations are finding it a gigantic advantage to be associated with Fox News branding. And our one-minute service is being welcomed by music, particularly Country stations, that are trying to give their listeners something their iPods can't: news. On the syndicated side, The **John Gibson** Show just debuted, The **Tony Snow** Show has a terrific new energy. Tony's show is making news every day—not just hashing over yesterday's news. The **Alan Colmes** Show has been refocused as classic late-night radio show, quirky and fun as well as being on the news."

Peter Kosann, Westwood One Co-COO/President of Sales & Marketing foretells the first half of 2006 is very exciting for Westwood One, with an all-star line up of the NFL playoffs and Superbowl, The GRAMMYS, The Winter Olympics, NCAA Mach Madness, the return of the NHL, and Masters golf.

Love says MediaAmerica's RADAR, Music Data and Media Monitors networks are always in demand because of their great stations, top market coverage and limited inventory. In addition, "Our Motor Racing Network and football continue to be in demand. We are just beginning a relationship with PodShow. Jones MediaAmerica has always been on the cutting edge, and we think podcasting will be huge!"

Connolly says with ABCRN's extensive portfolio of radio brands, the strong brand association between advertisers and ABC's radio properties, drives sales. "Our hot branded properties include ESPN Radio, Radio Disney, the new Hispanic offerings including the ABC Hispanic Advantage Network, **Michael Baisden**, the Satellite Sisters, **Sean Hannity**, **Tom Joyner** and **Paul Harvey**. We have also fine-tuned our RADAR properties and expect demand to increase here as well."

American Urban Radio Networks CEO **Jay Williams** is looking to announce this fall another offering that will bring more to the table for advertisers. Also, "AURN Pinnacle is our lead network with premium rotations and strongest audience deliveries."

On the streaming side, Ronning says his Ronning Lipset Radio offerings all have unique elements of their radio programming experience that can be sponsored. "In general, we are seeing more activity and interest in the sponsorship model or the delivery of otherwise commercial free product subsidized by a client, much like you saw with Chrysler and LAUNCHcast this year."

Lane says Net Radio Sales represents a network of over 400 individually programmed stations. "We can devise any sub-network that a media plan may require. For example, we have a sub-network of Classical stations, News Talk stations, or any other format or group of formats. Once we meet with an agency and determine what the campaign needs are, we can put together a measurable network of stations tailored to the campaign. One very interesting opportunity that we are talking with several national advertisers about is a branded Internet radio station."

Changing tactics from sellers?

What are some of the changing tactics from the seller this time around? On the networks front, Katsnelson says some suppliers are reconfiguring their network offerings in order to stay competitive. "Creating quality, targeted networks is key."

Connolly tells us copy length, regionalization and short copy closings are the three things that seem to be most important at this time.

Says Landau: "For us, it really comes down to raising the bar on research—our involvement in RADAR, our commitment to MRI, and now our new commitment to Verance. Our new test of Verance is very important for our company and the feedback from the advertising community has been great. It's a testing phase, and we want to use Verance as a way to do electronic, instantaneous affidavit retrieval."

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The future of the music business

By Celia Hirschman

For decades, music companies built vertical business models, acquiring increasingly related companies to attempt a synergy across corporate lines. They invested heavily in owning the talent, the distribution and the production facilities. But the tall structures fell prey to market shifts and made these very organizations vulnerable to takeovers. Ownership shifted radically.

As a music business professional of 25 years, I've seen a lot of change, particularly in the last five of them. Most of the changes have been met with strong resistance, and as often is the case, determination to maintain a status quo. But, the beat goes on, and as it does, things are becoming abundantly clear:

1) The old business model is broken – the very nature of how music is sold in this country has transformed. We're living in a mobile, portable world, with the digital medium signaling our future. This has affected the economics of the business, but no new model has successfully been instituted to remedy or replace the income now lost in the new paradigm.

2) Commercial radio is no longer the place to introduce music. Sad but true, radio has become big business in the last two decades, losing much of its local flavor. Nowadays, sites like My Space, computer games like Grand Theft Auto and e-zines like Pitchforkmedia.com all command greater respect for introducing new artists within their community, long before commercial radio pays attention to a band. Commercial radio is closed to many new artists, and therefore the way artists are marketed must change substantially.

3) Kids below 18 don't buy CDs anymore. Walk into a record store and notice the age of the consumers. More often than not, they're over 25. The youth of America is conditioned to download music for free, or buy a song or two from iTunes. Either way, it presents a huge shift in the economic reality from the old music business model.

4) Brick and mortar retailers can't compete. Every day, more and more of these retailers are going out of business. Though a few independent stores have actually grown stronger in the last few years, it's only because they sell mostly to adults, not kids. We've raised a generation that doesn't want to purchase full length CDs in a store, but they'll download songs and albums on the internet. This means the youth of tomorrow will be using their modems to access their music. Period.

5) Our means of music distribution must therefore change. With the downturn in actual cd sales, record companies need to downsize their distribution companies and invigorate their marketing divisions.

As the music business continues to shift and evolve, a new industry emerges in its wake. It's time for us to wear a new pair of glasses. These days, music corporations are beginning to adopt a lateral perspective, which is far more efficient. For survival, record labels have been forced to learn to focus on creating content in multiple formats and for multiple outlets. The technology is moving so quickly, they can't anticipate the next configuration. They've begun to take their foot off the pedal of CD production and distribution and focus on controlling the content. Whether its Dual Disc, or Sony Play Station programming, labels are working hard to keep up with what consumers want.

The new model for the business is building quality content for exploitation in the digital download world, the gaming arena, satellite radio and television mediums, the mobile telephone boon as well as the traditional commercial CD and DVD market. The old school idea of making a CD package the most important sale is very out of date.

Perhaps the most significant differences between the old business mind and the new one is based in a philosophical value schism accentuated by age difference. Consumers in their 40's and 50's have grown up in a culture that valued exclusivity, economic class positioning, and club mentalities. In contrast, folks in their teens and 20's value greater access, time efficiencies and personal innovations. The transition between these philosophies seems to have occurred in the last 10 years.

The subtlety of these differences mark a serious shift in the interests of the youth culture, and in media companies for the future. Young business giants of the new millennium are interested in the lateral growth sectors, as they understand one good concept or product can produce a dozen different sales opportunities. They are interested in bringing music to the largest group of businesses for the greatest sales numbers. Labels have begun offering up their artists work in the Madison Avenue sector – buy a pair of Gap jeans and get a free iTunes download, buy a cup of coffee at Starbucks and buy the latest **Bob Dylan** CD, exclusively for the coffee house.

In fact, no one is more forward thinking in the music these days than the digital phone and gaming industries. Buy a cell phone right now, and chances are your email, ringtones, personal stock prices and sports scores are available to you as well. Music and television programs are a moment away.

Naturally, whenever there's a serious and dramatic shift in values in any industry, there's a period of high volatility and uncertainty. That's exactly where we are now.

All of this signals the end of a "music business" as we know it and the evolution of the content business. Most of the old rules in the music business will be obsolete in a few years, and producing dynamic content for portable players will be the focus of all media companies. Ain't it fascinating to be on the cusp of the digital revolution? Stay tuned and watch the world unfold before your eyes.

Celia Hirschman is a marketing consultant for the music business. She operates Downtown Marketing in NYC and has a weekly commentary on KCRW's music business program, On The Beat, heard live Wednesdays at 4:44pm. The show is also podcast on KCRW.

By Carl Marcucci / cmarcucci@rbr.com

Profiler: Una Vez Mas

Una Vez Mas is the largest television affiliate group for Azteca America here in the states. It began with a single LPTV in Las Vegas three years ago and has grown to 15 signals in 13 key Hispanic markets. UVM expects to be in 11 additional markets over the next 12-18 months. The company is concentrated in heavily populated Southwest markets with a large Mexican base.

Azteca America parent TV Azteca launched 12 years ago in Mexico when the Mexican government opened up the airwaves to competition. Previously, Televisa had been the broadcast monopoly for 70 years there. In that 12-year period, TV Azteca has garnered a 40% share of the Mexican TV audience. Three years ago they decided to come north into the U.S. and start Azteca America, which targets the Mexican American audience. We spoke to UVM's **Randy Nonberg**, President/COO ("RN") and **Bob Hyland**, President of Television ("BH").


Randy Nonberg

Tell us about the programming strength Azteca America brings to your stations.

RN: There are two networks in Mexico that TV Azteca operates, Canal Siete and Canal Trece. Essentially the best programming from those two networks is combined with original programming that they produced specifically for the US—that's what's being distributed and broadcast on Azteca America. We'd like to mention the full cooperation we receive from TV Azteca in Mexico City. **Luis Echarte**, President, Azteca America, **Jorge Jaidar**, VP/Programming and **Mario San Ramon**, CEO, are always asking what they can do to help grow the Azteca America audience, this is quite different from the Televisa/Univision relationship which has resulted in lawsuits being filed against each other. UVM has a very strong partnership with TV Azteca in Mexico City that will result in mutual audience and revenue success.


Bob Hyland

BH: The Mexican Soccer League is very popular obviously in Mexico as well as here in the US. We air those games on Saturday and Sunday afternoons during the soccer season. We found right away, with no promotion in our marketplaces, that those are getting lots of audience traction in Nielsen on weekend afternoons. So our first ratings success has been specifically our soccer broadcast.

RN: We actually broadcast more Division One Mexican soccer league games than our competitors combined. TV Azteca has the rights to all the home games of 8 of the 10 first division Mexican soccer league teams. They also own one—a team called Monarcas de Morelia.

BH: The other show that is critical to our success and that is a show called LaAcademia, which is basically the Mexican version of the FOX's American Idol. LaAcademia runs on Sunday nights for three and a half hours, and during the week the show runs in primetime. What you have is 14 to 20 students in a Big Brother-type house studying music, learning how to sing and play various musical instruments. We show what they're doing in this house during the week and then on Sunday nights we air them performing. The audience gets to vote on who they want to keep on the show every week. It gets double-digit ratings on Sunday night in our marketplaces. The new season for LaAcademia starts in November and will air from Dallas through February, 2006. This is the first time the show will be broadcast from the US.

We also have been able to use that time period to run Azteca America promos to drive that audience to our Monday-Friday novelas in primetime. The novelas have been probably the most difficult areas to crack when it comes to ratings because Univision has had such stronghold on that time period.

We're seeing good audience growth with the primetime numbers starting out with "Ventaneando." It's an hour-long show weeknights, much like Entertainment Tonight and Access Hollywood. It's anchored by a lady named **Patti Chapoy** who is like the number one female personality in Mexican television. That show really launches the ratings numbers into our primetime novellas, which are now getting some audience traction in primetime. We're not far away now to be a major competitor against Univision and Telemundo in this marketplace.

Additionally, we're going to be announcing a deal in place in a couple of our markets to start airing headline news beginning in the fourth quarter with a major broadcast group in one case and then another major company in another case. We think that the long term effect for us to grow our business is our programming from Azteca America—the national programming—as well as filling a commitment to the local community in airing local public affairs shows and daily local newscasts.

What is your expansion strategy?

RN: We would like to expand further in the Texas market than some of the smaller Texas markets—cities like El Paso are very important to us going forward. Azteca America does have in Los Angeles and Houston and a number of other markets full power stations. But what we've been trying to do is to follow a low power strategy and create what I would call kind of a synthetic full power station. We try to find low powers that are well located in terms of where they are transmitting from that are well-equipped technologically. Class A low powers that have signals that cover areas where the Hispanic population tends to be highly concentrated. If we can hit those particular areas we can probably reach 90-95% of the Hispanic population in a particular DMA. The reason

I call it a synthetic is we go out and obtain cable carriage. The key to our strategy was to get cable carriage. The quality of the programming basically dictated, in our minds and ultimately in the minds of the MSOs as well, is that this is programming they had to have.

BH: By the way this is analog cable carriage too. We're in very strong marketplaces with very strong channel positions. For example in San Antonio we're on Time Warner channel 9; in Austin Time Warner channel 14 and on the Comcast system in Dallas channel 21. So we've really got some strong beachfront property in the channel positions.

How would you describe the marketplace in the US right now for Hispanic TV?

RN: Just released Nielsen Hispanic Local Market Estimates show that the UVM stations reach 2.289,410 Hispanic TV Homes covering 20.415% of the US. Hispanics are now the largest minority in the US, representing as of very recently 41,000,000 people here. They represent 9% of the buying power in the and yet roughly 2% of advertising dollars are being spent on this group. So it is dramatically underserved in that regard. In terms of content, the reality is there are relatively few choices to Hispanics in the US. There's been Telefutura, Telemundo and Univision and there are some smaller—Liberman and some smaller independents—but its seems a demographic of that size is easily entitled to have four choices. And we're coming in a sense as the fourth but we don't expect to remain the fourth.

There is clearly still under penetration by branded advertisers in the marketplace. The fact of the matter is only 40% of major TV advertisers budget now for Hispanic focused media and there is an educational process that's going to need to continue to take place in order to improve that number.

BH: What we think is very interesting is the Hispanics as a whole represent only about 75% of the average income of the population in general. However they basically outspend on average non-Hispanics in virtually all non-durable good categories. It's 90% more for instance on children's clothing, 88% on footwear and 49% on food.

Tell us about the letter you sent to Sen. George Allen (R-VA) objecting to government oversight being considered in Congress to regulate ratings services (S. 1372, introduced by Senator Burns).

BH: Basically that's a Rupert Murdoch situation. As you know with the local people meters coming aboard in Los Angeles, Chicago, Boston, New York and Dallas, obviously the meters were showing that their numbers were dropping and of course some of the FOX shows have very strong minority audiences and their numbers were going down. But The Media Research Council is there to kind of monitor what Nielsen does and then to pass the accreditation on the Nielsen services. Obviously what FOX would like to have happen would be specifically give the US Government the charge of the MRC and nothing could be sold to a station group or a broadcaster unless the MRC says it was okay. Well from our point of view all that does is it really stymies the competitive process.

I'll remind you that back in 1995 when I was GM of Arbitron Television, the broadcasters basically shut down Arbitron Television because they were saying, "We were either going to buy Nielsen or we were going to buy Arbitron, give us your best shot." What happened? Arbitron TV bled to death because the broadcasters would not support both services.

Nielsen will come out with products, they always run these by the MRC, the MRC talks to the people at Nielsen to determine whether it is a credible service or not. I'm not here to defend Nielsen, but I do think that they do take the steps to try to talk to the broadcasters to try to find out what has to be met. Obviously you've got so many different agendas here—the FOX agenda is different from the CBS agenda, from the NBC from the ABC, the UPN's to the WB's. They all have their own agenda and they're trying to keep everybody happy and give everybody a report card every morning with the overnight. Obviously it's impossible.

One of the things I noticed that came out recently flies in the face of FOX. The LPMs are now showing an increase in the 18-34 demo this summer compared to last year. That's a plus because our network really is an 18-34, 18-49 network. All of our programming is geared towards those key demos. I think we want to be on the cutting edge of programming in terms of our novelas, in terms of our sports, in terms of our entertainment shows.

uvm
UNA VEZ MAS

Terry Crosby: One of the Company's founders and its Chairman and CEO, has over 26 years of experience, having successfully developed, owned, and managed English and Spanish-language television and radio stations in San Francisco, LA, and Houston. Terry served as President and CEO of Rancho Palos Verdes Broadcasters, the licensee of KXLA-TV LA, of which he was part owner and which he continued to serve as GM until 2004.

Randy Nonberg: A co-founder of UVM. Prior to his involvement, Randy had actively represented broadcasters and communication companies as an attorney since 1996. Randy specialized in the areas of mergers and acquisitions, securities and corporate law. Prior to establishing his own practice, Randy was a partner in the NY-based firm of Fried, Frank, Harris, Shriver & Jacobson

Robert Hyland: Has over 25 years of sales and management experience in television and radio. Bob began his career in marketing and sales for radio stations and was eventually responsible for the management of all of CBS's radio stations. Bob served as the West Coast Manager for Competitive Media Reporting and as a Regional VP of PAX TV. Bob also served as VP/GM of KCBS-TV LA from 1987-1992 and as President of Arbitron Television from 1993-1996.

Mark Paretchan: UVM's President of Sales, began his career as an AE for KBRG-FM in 1983. He was one of the founding members of the Z-Spanish Radio Network that grew from one FM in Sacramento to over 37 O&O stations before its sale in 1999. Mark has also served as GM of KKPX TV.

Karsten Amlie: VP/Distribution and has been vital in negotiating cable and satellite carriage agreements for UVM. Prior to joining UVM Karsten served as the Director of Programming for Time Warner Cable. Until 12/02, Karsten was VP and National Director of PAX Cable and also served as President of PAX Internet.

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By Carl Marcucci / cmarcucci@rbr.com

Jerry Doyle is waking people up

Talk Radio Network's **Jerry Doyle** is on a mission, educating his listeners on the way politics really works in this country and how the status quo is just not going to fly anymore. He's not a propagandist. He's not a Democrat, he's no longer a Republican. He's sure, however, that the American people are no longer represented by either. The program is caller-driven, issue-oriented, and fast-paced. Listeners enjoy Doyle's wit, as well as his ability to seriously engage callers from across the nation in fascinating conversations.

Doyle's many hats include playing the character of Michael Garibaldi on the Emmy Award winning TV series Babylon 5. At the height of a successful 10-year career on Wall Street, Doyle packed up and headed to Hollywood. Within weeks he landed his first job. Taking a hiatus from acting in 2000, Doyle ran for the U.S House of Representatives for California's 24th District. He's also very active in charities and has a degree in Aeronautics.

Tell us about what's unique about your radio show.
I think too much of radio today is about one side proving that the other side is wrong or bad or evil or that the other side cannot have any good ideas or get any credit for anything good. And I think that is either a reflection of the divided America or it's feeding into the divided America that the politicians want us to have. I start off on the premise that with all of the nonsense that we're seeing politically, whether it's the budget, whether it's deficits, whether it's the inability to respond to whatever the case may be, that no one out there deserves my vote until it's earned. I don't think we truly have a representative government anymore. I'm lifelong Republican, or was. I ran for Congress in 2000 as a Republican in California and I believe I got all seven votes of all the registered Republicans there. I spent a lot of money. I campaigned with Mr. Bush, I was maxed out, contributed to him. Then I just got to the point that they didn't deserve my vote any more. I on-air denounced my Republican affiliation probably about six months ago.

Seems like you're different than the Rush Limbaughs of this world.
Yeah and I think people are done with it because if you look at ratings across the board typically what happens is after an election cycle the bell rings and everybody goes back to the respective corners and waits for the next bell to sound to come out for the next round of fighting. And I think what we need to be doing is fighting everyday against the status quo and on my show I call for intellectual anarchy for now. I think people have to change the way they think and I've had people go, "That's ridiculous how could you call the elected officials cockroaches?" Because they come out at night when it's dark and they do their evil work and their nastiness. Then the light of reality gets shown on them in some way, shape or form and then they scurry back to the corners and wait for the all clear to be sounded. Or wait for Hurricane Katrina to give them cover or what for **Terri Schiavo** to give them cover. Right now it's Katrina, Katrina, Katrina and it's **John Roberts**. Well what about the proposed amnesty for congressional travel abuses that **Denny Hastert** floated about five months ago? They're talking about amnesty for 200+ congressman who just violated the rules and now they're talking about amnesty? Somehow that's going to happen, but not if I can do something about it.

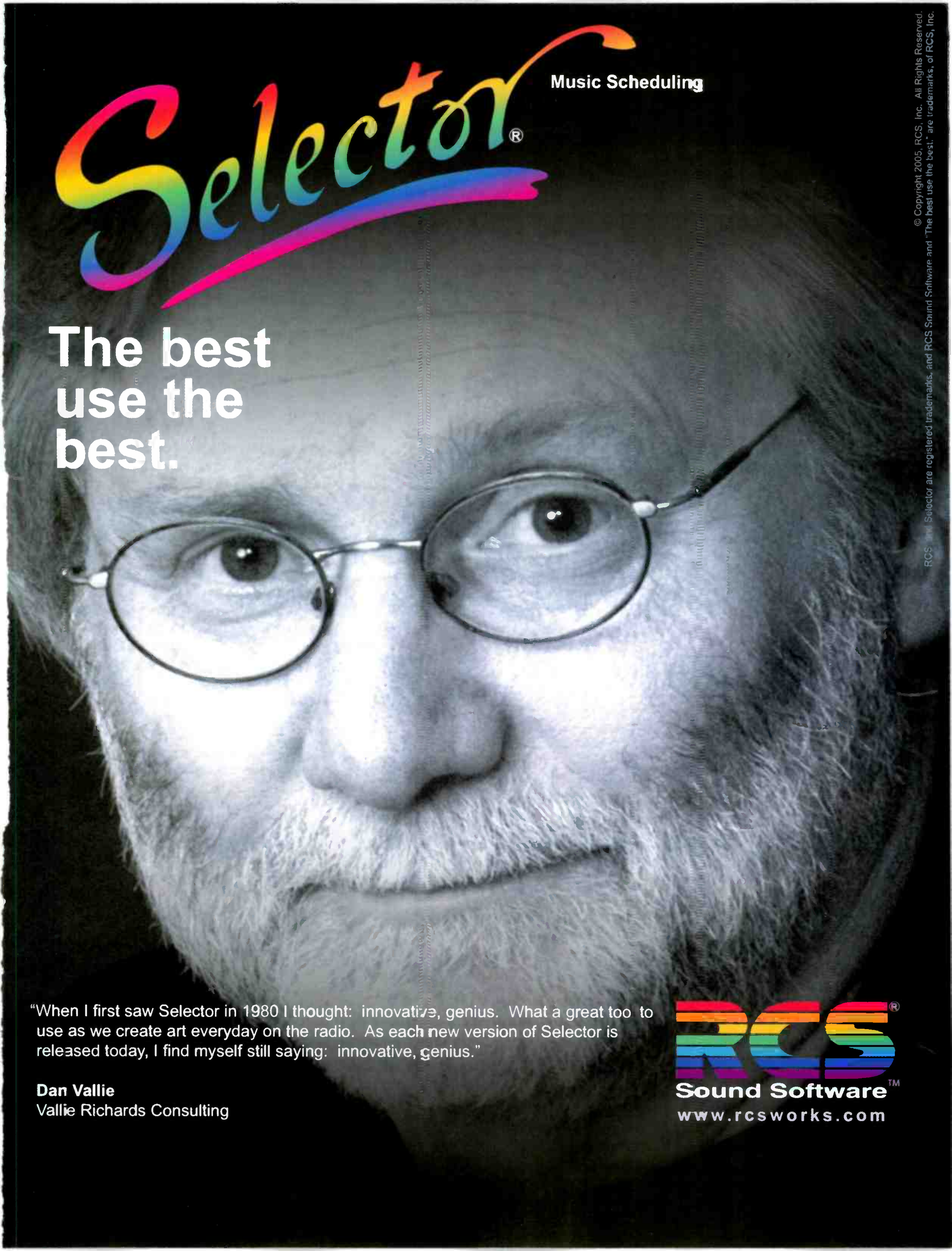
Radio that attacks the other side for the point of reinforcing their own point is absolutely meaningless. It just makes people think that they are on the winning team and that changes nothing. I tell people the best way you can effect political change in this country is to vote, is to register Independent.

How important is talk radio to this nation's social and political well being?
Done right you can have the **Yushchenko** Orange Revolution. Done wrong you can have what we have now.

Seems both liberal hosts and now some conservative hosts like yourself are voicing the same complaints. That's almost unheard of.
Yeah and these diversions, and obviously in a cynical way of looking at it, elected officials loved Hurricane Katrina, loved it. Political cover. The Senate Judiciary investigation scheduled for the 14th now pushed to the 21st to cover-up **Sandy Berger** stealing documents. You've got just huge implications to the 9/11 Commission. You've got destruction of documents ordered by Pentagon/DOD officials.

I have this thing I do on the show called the "grapefruit mentality." The premise is if I took television cameras and reporters and trained them on a grapefruit and interviewed the grapefruit incessantly for a week, within a reasonably short period of time I could take that grapefruit and tour America and people will come from their homes and businesses to say, "That's the grapefruit I saw on TV." You can give much more importance to a grapefruit than the grapefruit deserves, and to me, not to sound coldhearted, **Natalee Holloway** is a grapefruit that doesn't deserve 95 straight days of coverage. **Michael Jackson** is a grapefruit. **Martha Stewart** is a grapefruit. And that grapefruit mentality keeps us from really looking at the hard issues and the real questions that need to be answered and to the accountability that we don't have in government.

What do you try to accomplish with your show?
I want people to wake up. I want them to turn off the grapefruits. I want them to tune into what's happening. Ask and demand accountability in government and don't be comfortable with the status quo. You have to get people start to thinking in a different way. Just because I'm a Democrat or a Republican doesn't make you my enemy because you're on the other side. Political passion to me is something that we need to get together with collectively. Some people say we're bankrupt as a nation morally. I say we're bankrupt financially. You've got an $8.1 trillion dollar deficit. You've got $1.6 trillion of under-funded infrastructure liabilities. You've got $650 billion dollars of pensions that are not guaranteed privately and $450 billion of pensions that are guaranteed by the Pension Benefit Guarantee Corporation, that's $23 to $100 billion dollars in debt themselves. These are the same people who say to you you're not smart enough to handle your own retirement money! That's where we're at and it's going to continue if we keep getting distracted with the grapefruits.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By Carl Marcucci / cmarcucci@rbr.com

2006 budgets and capital expenditures: VPs/Engineering discuss

In Part II of our yearly *RBR/TVBR* series, we ask top engineers at the groups where 2006 budgets and capital expenditures are heading. What's tops on the list for projects and new equipment? This year, we asked the following:

Glynn Walden, Infinity SVP/Engineering
Milford Smith, VP/Engineering, Greater Media
Cris Alexander, Director of Engineering/Crawford Broadcasting
Norman Philips, VP/Director of Engineering, Susquehanna Radio
Steve Davis, CC Radio SVP, Engineering & Capital Management

Will the new TIA/EIA 222-G tower standard which takes effect 1/1/06, affect your tower plans/agenda at all? If so, how?

Smith: Anything new we have built recently meets the new standard. I do not anticipate upgrading older towers that continue to meet the applicable standard(s) in effect at the time they were constructed.

Alexander: We do have one big tower project under consideration for 2006, and the new standard will certainly affect the design and cost of that 1,500-foot tower. Steel prices, driven by the Chinese, will have an equal if not greater effect. We are keeping a close eye on this.

Philips: We have been looking to those standards and have been performing all tower stress studies utilizing the new criteria. The most recent tower purchases have been specified and installed utilizing the new guidelines.

Davis: We are currently examining the impact of this on our plans.

Are you buying direct, working through independent reps or both?

Walden: We negotiate favorable terms through preferred vendor relationships.

Smith: In our case both. Large orders of similar equipment (transmitters, automation, multiple studio equipment, etc.) are, we feel, done to our best advantage by going direct. In the case of smaller items, the normal day in day out technical procurement for routine operations, as well as a lot of IT equipment, reps really save us a lot of time, money and hassle.

Alexander: We generally purchase through trusted dealers with whom we have long-standing relationships and commitments for certain margins. Some equipment, including some transmitters and all digital media (computer automation) systems, is purchased direct. We generally do not bypass dealers and go direct where a dealer network is in place.

Philips: Transmitter purchases are direct and we have some other direct agreements in place with major equipment manufacturers. We always get price quotes from dealers on that equipment as well. Due to major purchases by the dealers their pricing may be better than our direct cost. I feel it's important to use broadcast equipment vendors as many of them have a lot of stock ready to deliver and can help offer advice on new equipment as well as demo's.

Davis: As we've done in the past, we'll utilize a combination of direct purchases from some manufacturers, and reps/resellers where appropriate. We feel that the resellers often add value such as help with configuration, assisting the local markets with installation, logistics, etc. We go with direct purchases where we're purchasing a significant volume, or where significant savings can be realized by doing that.

What's on the HD Radio implementation frontier at your company for next year?

Walden: Infinity will continue with an aggressive roll-out strategy that is similar to what we did this year.

Smith: Greater Media was an early adopter of HD and has all of its major makret stations on air and will have all of the others complete right around year's end. We are experimenting with multichannel at several locations and will continue to embrace this likely "killer app." for HD in the year ahead.

Alexander: Crawford has entered into a license commitment agreement to convert 80% of our stations to HD Radio by the end of 2008. In reality, we will have all our FM stations and three of our AMs transmitting HD Radio signals by the end of 2005. It is likely that we will have all but one or two stations done by the end of 2006.

Philips: Complete the remaining stations. This will be interesting as we have held off on the AM's until now. There will be several with directional improvement work that will need to be coordinated with the HD radio implementation.

Davis: We continue to aggressively roll out HD radio, focusing primarily on our stations in the top 100 Arbitron markets. We're seeking to get all of our stations in a market on HD where possible, so the listeners have choices in HD.

Tell us about HD Radio reception at stations you've already converted.

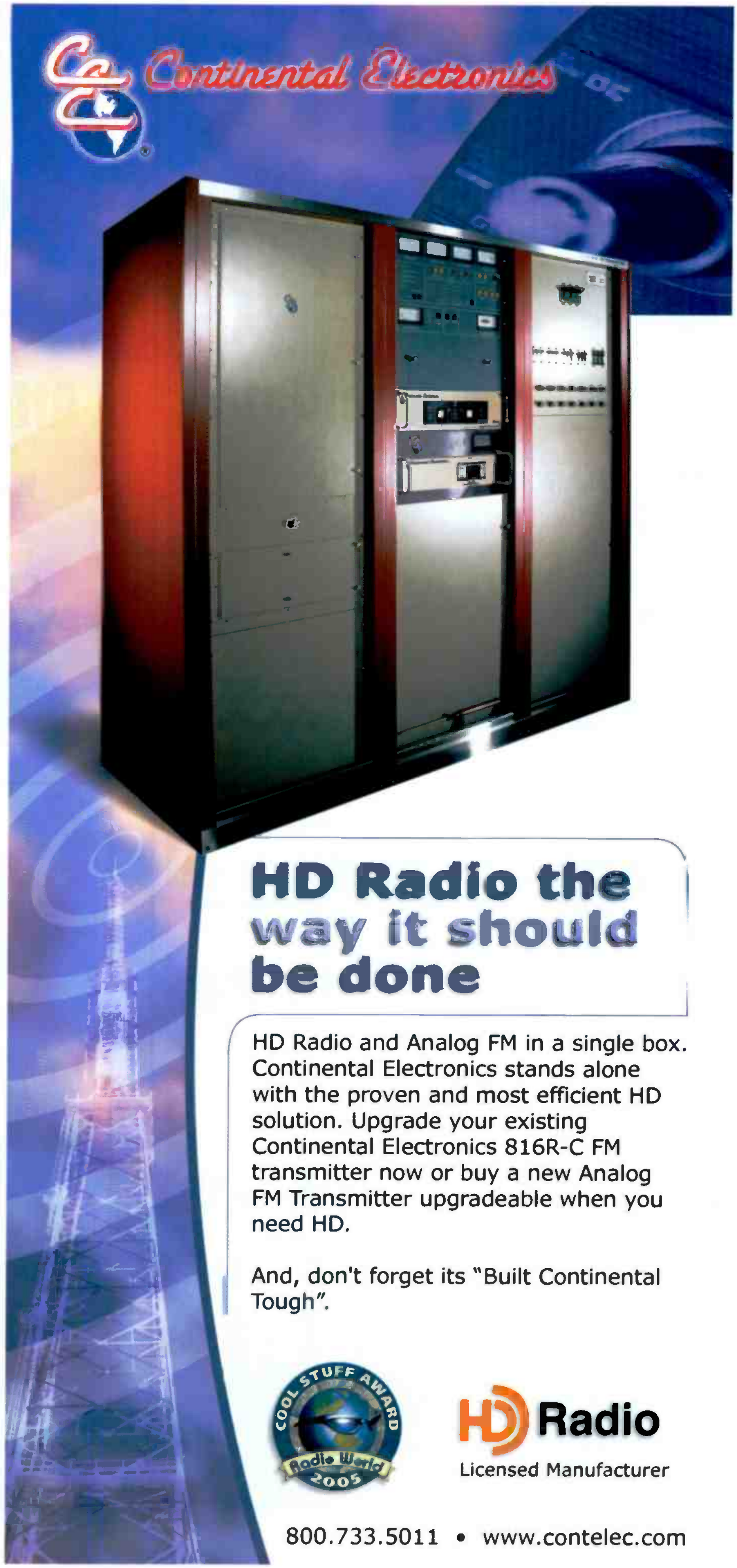
Walden: Our engineers and managers are generally quite happy with the quality and coverage of our HD Radio systems installed to date.

Smith: Our Boston director of technical operations, **Paul Shulins**, delivered a paper on HD coverage at this year's NAB Engineering Conference and his more rigorous observations mirror my own more anecdotal experiences. In general, HD provides good coverage on both FM and AM. The FM coverage, depending on facility class, HAAT and terrain, can be somewhat abbreviated as compared to analog coverage. In our experience AM coverage is just about a good as analog and, wow, does it sound a whole lot better!

Alexander: Our early experience with FM HD Radio is that the digital coverage exceeds the analog coverage by some margin, at least out in class B country. In one particular case (Chicago), we have a second-adjacent short-spacing issue that limits FM coverage in some directions because of interference. The HD radio signal, which has digital carriers on both sides of the analog carrier, can maintain an interference-free lock well beyond the point at which the analog FM signal becomes unlistenable. I think we'll have differing experiences in different allocation situations. Where there are short- or close-spaced adjacencies on both sides, for example, I think our experiences will be considerably different.

Philips: The driving tests we conducted comparing analog and HD in San Francisco and Cincinnati were very impressive. When the HD Radio signal dropped to analog the analog was not very good either. Building penetration on HD does not seem to be as good as analog. Over all we are encouraged and therefore moving forward with implementation.

Davis: Generally the FM HD coverage has paralleled the analog coverage unless we're using separate antennas, in which case of course this depends on the radiation pattern of the HD antenna vs. the analog antenna. In some cases we've used the separate antenna approach as an interim solution, and as we evaluate coverage we may move to a dual input antenna (which would require a new antenna) or a combined approach. Except for issues traceable to differences in antenna patterns, where we've had coverage issues it's generally been traced to an equipment setup problem. The digital signal is much better than the analog in high multipath areas. We're waiting until nighttime operation is allowed on AM before we can really evaluate AM performance. We are obtaining some measurement equipment we can use to analyze the HD and analog signals in the field and map the comparative signal quality/strength, to help us to gather more data and get a better handle on this issue.

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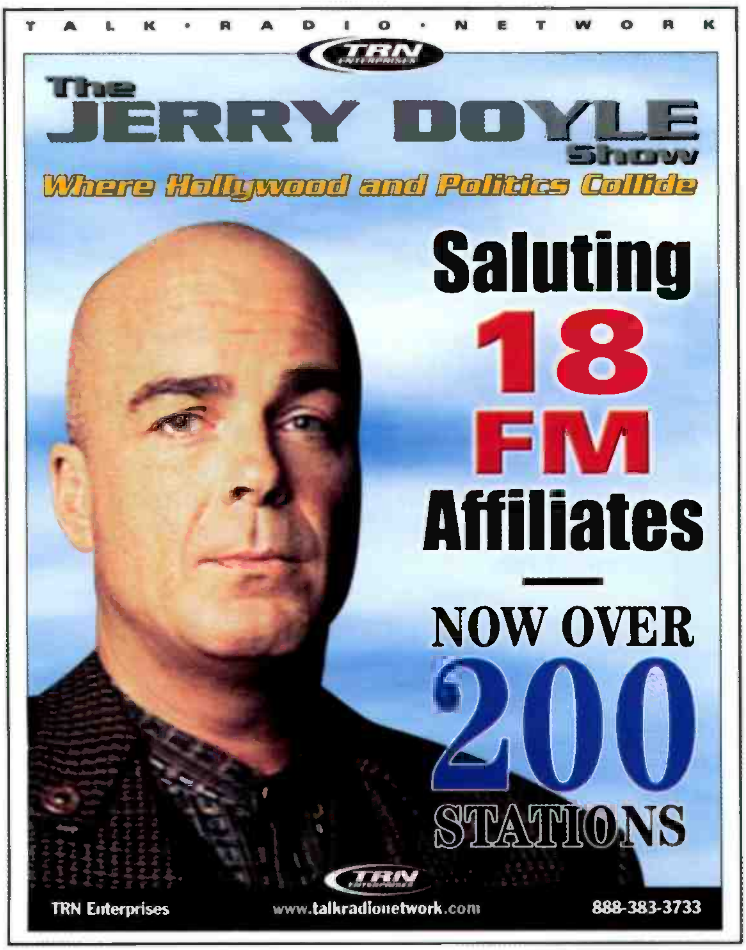
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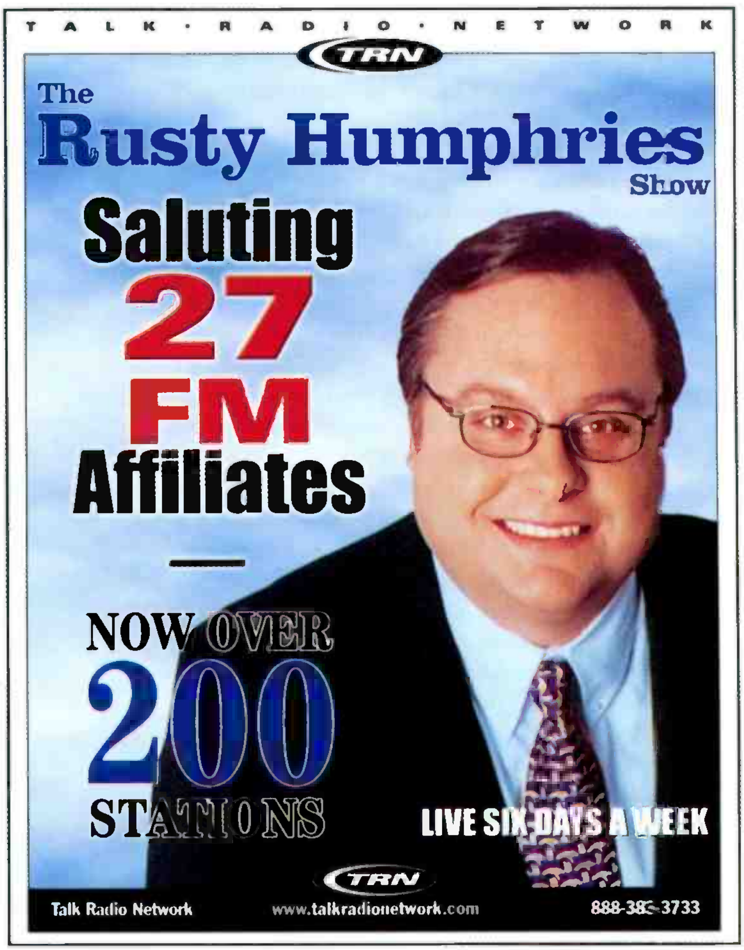
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T A L K • R A D I O • N E T W O R K • F M

By Jack Messmer / jmessmer@rbr.com

Has the bid/ask gap narrowed?

With some indication that station trading activity is picking up a bit, we surveyed a number of station brokers. The first question, of course, has the bid/ask gap narrowed—the difference between what would-be sellers are asking for stations and what potential buyers are willing to pay?

The gap is narrowing between bid and ask. It just takes time. The natural forces of the market are at work. "For many, radio revenue growth has been slower than in years past. In a changing market, buyers are the first to adjust because slower growth rates affect future cash flows. With less cash flow expected, the 'present value' of a station or cluster falls. And, let's face it; the buying binge that started with the Telecommunications Act of 1996 is over. The industry is consolidated to a great extent. Price also is a function of supply and demand. Demand has fallen, and so have prices expressed as multiples of cash flow," said **Glenn Serafin** of Serafin Bros. "But, let's remember to measure today's market against the past. Anyone who was in the deal business 15 years ago remembers the 'dark days' of a recession and banking crisis when very good radio stations were selling for ten times cash flow (or less) and broadcasters like **Bud Paxson** were buying full Class C FM radio stations in Miami for $5 million. I assure you we're not going back to that," Serafin added.

"I would say it's hard to make a generalization whether the bid/ask gap is getting bigger or getting more narrow. I think it really depends on each deal. It really varies deal to deal," said **Ed Henson** of Henson Media. "My experience recently has been if you have a good technical facility in a rated market that the gap is probably pretty small between the bid and the ask price. If you are in the smaller markets and especially with being able to move in—if you're moving the station in and it's a technical upgrade—then probably the bid/ask gap is a little bit larger there, because in those cases it's a little bit harder to really determine the price ahead of time. In a lot of the rated markets with good technical facilities it's probably more of a sellers market and I find the bid/ask gap is really not that large there."


Dick Kozacko

If the expectations of buyers and sellers have gotten closer, **Dick Kozacko** of Kozacko Media Services says he hasn't seen it. "No not really. I still see a difference. I hear comments that the multiples are coming down, but I really haven't seen it. I still find it to be a very tight market. I don't see a lot of stations available. You can check the broadcast activity and you'll see for yourself that there are not a lot of stations being sold. I can remember in years gone by when there would be a whole flood of them every day or every week. It's still very, very limited now. Of course, this could be because of consolidation—there are fewer owners out there. I've not seen a big turnover and I find the prices to be holding up quite nicely. I don't see any big changes or declines in the multiples being paid for cash flow performance. And in some big markets—top 25, top 50—I still think you have some good premium prices being paid out there," said Kozacko.

Having seen the first part of Emmis Television sell for strong multiples, **Elliot Evers** of Media Venture Partners thinks the bid/ask gap may finally be narrowing, at least on the TV side. "I would have said no before the news on Emmis. I think you have to break out the sector into two sub-sectors, television separate from radio. In television the market, until the Emmis deal, was pretty slow and sellers were discouraged from coming to market because they weren't seeing particular attractive prices. We were strongly impressed and delighted by the multiples paid for the Emmis stations," he said. Evers noted that the price that Gray Television paid for WSAZ-TV (Ch. 3, NBC) Charleston-Huntington, WV worked out to 12.4 times estimated 2005 cash flow. "That's a really strong multiple for that size market and that station with its margins and everything—and it is two multiples above what [the public stock of] Gray is trading for," Evers explained. "I hope that it's the start of a trend. We've been struggling to close the gap—and again I'm talking television now—but they had 12 times seller expectation and a buyer's expectation of probably 10, maximum 11 and dealing with the usual issues of a non-political year in '05. The Emmis deal is fabulous and all three buyers are publicly traded companies, which is even better," Evers said. [Editor's note: Emmis had announced the sale of only the first 9 of its 16 TV stations at the time of this interview.]


Cliff Gardiner

According to **Cliff Gardiner** of Clifton Gardiner & Company, the whole issue of a bid/ask gap based on cash flow multiples depends on market size. "The world that we deal with is a million to 10 million, 12 million dollar transactions and so I can't really address the major markets—the very large 25, 30, 40 million dollar transactions—because I think that is where most of that activity is. When you get down to these smaller ones, a bid and ask assumes that the deal is made on a multiple of cash flow, doesn't it? And that's not really how those deals are done," he explained. "So many of these smaller market deals that are under 10 million just don't have cash flow, so it's always been sort of a throw at the dart board thing as to what a seller wants and what a buyer is willing to pay. I don't see that having changed at all, really," Gardiner added.

Do sellers still have high expectations? "Yes and they always will," Gardiner said. But he noted that with so much consolidation by the big players, there had been worries that there might not even be buyers for some smaller market properties. "The thing is really driven by the lack of financing for smaller deals. You get under a 10 million dollar deal it's very difficult to get financing. It either has to be a small group or a larger group with a cash supply, or it has to be seller financing—and that's always been very, very hard to have happen in radio, they're [the sellers] very reluctant to do that. I have some deals now that are quite unusual in that there is some seller financing on them," he said.

A lot is written about multiples, especially when you have big deals like Emmis Television, Liberty Corporation and Susquehanna Media. So, are multiples still high everywhere?

"Good question, I'd say it's really varies from market and it varies from the type of buyer you have. I think if you have buyers that are more funded by venture capital companies they tend to be, my experience has been they tend to be more multiple driven. Publicly big companies tend to certainly have an element of multiple driven as well. For privately held companies, quite often I find that a lot of those buyers may be aware of multiples, but they aren't so interested in multiples—the multiples are not really what's driving their decision as far as where they are going to price their offers. A lot of times with those buyers there's more strategic considerations, more geography considerations, it's the old thing that there are still benefits with consolidation, so if they have other stations in the market, other stations in the region, quite often the strategic consideration to that will drive the price of the offer," said Henson.

He also supplied a bit of a history lesson. "When I first got into the business back in the '70s I asked a broker how do you tell the value of the radio stations we had in Louisville? The guy looked at me and he goes, 'Well kid, it's two times gross, two times gross.' You know that was an old rule of thumb back in the '70's and basically it's gone away and is not used in this day and age. I do have a couple of buyers that I work with who do look at gross sales when they're looking at a station. There again, it's not like the gross sales totally drives their decision, but they will look at that as a multiple and saying I want to pay 'X' times gross sales," Henson said, since such buyers tend to know what cash flow margin they'll be able to achieve after adding the station to their cluster.

We also wondered whether nearly flat radio revenues are holding back multiples.

"I'd say they definitely have held back multiples," said Evers. "As the industry fails to deliver on everyone's hope that they will turn in some pretty good quarters, the buying community kind of says 'humm, you know, maybe it's not the economy or a temporary blip here—maybe we have a true structural change in the industry between iPod and satellite and kids moving away from radio—you know all the factors that people wonder about maybe these things are structural and relatively permanent I'd better change my model'." As a result, potential buyers may run various growth projection scenarios before getting comfortable with a price.

Is inventory improving at all over the lack of anything in the last few years?

"Not really, I haven't seen it and I talked to a number of media brokers we have some good contacts who are brokers and no one that I know of has a very strong inventory out there," said Kozacko. "Now of course, we hear what is happening with Susquehanna and I'm sure those stations are all going to be sold, but that's kind of a unique situation where a company is basically being dissolved or decides to get out of a certain business—but for normal day-to-day transactions, no. I think it is still a very tight inventory. There's not a lot available," he said.

Serafin joked that if thought consolidation was finished and there'd be no more station selling, he'd just retire. But he sees plenty of activity ahead. "Actually, I see another round of company building by experienced broadcasters operating small companies who want to get bigger, and others who took their cash out a few years ago and, when they looked for a way to invest it, decided to get back into the radio business because it was just too good. In fact, the atmosphere is great now for entrepreneurs because many of the bigger radio companies are reorganizing or buying their own stock or are distracted by deals like Susquehanna," he said. And then Serafin added, "Lastly, new deals continue to be fueled by an eager and friendly capital market. As **Martha Stewart** would say, 'This is a good thing'."

RBR TVBR

Radio & Television Business Report

October, 2005

Volume 22, Issue 10

Publisher & Editor........................Jim Carnegie
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RBR/TVBR Staff

Executive Editor ....Jack Messmer
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Corporate Office

Radio & Television Business Report
2050 Old Bridge Rd., Suite B-01
Lake Ridge, VA 22192

Main Phone: 703/492-8191
Editorial Fax: 703/997-8601
Subscription Phone: 703/492-8191
Subscription Fax: 703/997-2677

Email Addresses

Publisher:..................JCarnegie@rbr.com
Editorial:..................RadioNews@rbr.com
..................................TVNews@rbr.com
Sales:............................JBarnes@rbr.com

Bradenton, FL Office

Jack Messmer

Phone: 941/792-1631
Fax: 253/541-0070
Email: ....JMessmer@rbr.com

Columbia, SC Sales Office

June Barnes

Phone: 803/731-5951
Fax: 803/731-5982
Email: ....JBarnes@rbr.com

Radio & Television Business Report is published monthly by Radio Business Report, Inc. Publishers of RBR/TVBR Daily Morning E-Papers, RBR/TVBR Afternoon Media Mix, rbr.com, tvbr.tv and the Information Services Group database.

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9630 Mistletoe Rd.
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818-951-5908
chickalcorn@aol.com

CHICK'S CLIQUES

Television hot; Radio not in Q3

by Dave Seyler / dseyler@rbr.com

The total value of all Q2 2005 station trading was a bit over $625M. Two groups selling off television stations each beat that figure single-handed as Q3 unfolded. In the meantime, radio dealing has been in a state of lethargy.

On the television side, Emmis Communications was first out of the block, announcing three separate deals, all part of its decision to get completely out of the TV business. Weighing in at $260M was the sale of seven stations to LIN Television Corporation, including two in Mobile AL-Pensacola FL, three in Albuquerque-Santa Fe NM, and one each in Green Bay-Appleton WI and Terre Haute IN. Journal Broadcast Corporation spent $235M to pick up a trio of stations, located one each in Tucson AZ, Fort Myers-Naples FL, and Omaha NE. Finally, Gray Television snagged a single station in Charleston-Huntington WV for $186M. For those of you who aren't sitting with your calculator handy, that amounts to $681M total.

In Emmis's case, there's still a good bit of inventory on the shelf. We're talking seven stations in six markets still up for grabs. Three of the markets are bigger than any of those in the announced deals, although one of them has become somewhat problematical. WKCF-TV Orlando-Daytona Beach FL leads the way, followed by KOIN-TV in Portland OR, and (here's the trouble spot) WVUE-TV New Orleans LA. Also left are KSNW-TV Wichita-Hutchinson KS, KSNT-TV in Topeka KS and KGMB-TV/KHON-TV in Honolulu.

The Emmis deals were simply a warm-up for what was to come. Raycom Media pushed itself from 37 stations up to 52 (temporarily), via a $987M merger with Liberty Corporation. The 15 stations involved are all network affiliates, including eight with NBC, five with ABC and two with CBS. The markets include Louisville KY, Toledo OH, Columbia SC, Jackson MS, Harlingen-Weslaco-McAllen-Brownsville TX, Evansville IN, Tyler-Longview TX, Montgomery AL, Wilmington NC, Albany GA, Lubbock TX, Biloxi-Gulfport MS, Lake Charles LA and Jonesboro AR.

Like Emmis, the Raycom-Liberty merger as announced will not be the end of the station trading story, although for a completely different reason. Emmis still has more stations to sell. Raycom, on the other hand, is picking up four that it will not be able to keep. It is applying to the FCC for temporary waivers for the purpose of spinning off stations in Toledo, where is has a NBC station and is adding a CBS affiliate; Columbia SC, where it has a Fox station and is adding an NBC affiliate; Albany GA, where it has a Fox and is adding an NBC; and Wilmington NC, where it has an NBC and is adding an ABC.

Additionally, there have been a higher-than-usual number of single station deals filed. In one of those transactions, radio group Spanish Broadcasting System is getting its first television station in its hometown of Miami. Viacom/CBS is spinning off stations in places where it either cannot or doesn't wish to double up. It's sending a New Orleans station into a TV duopoly owned by Belo Corporation, and in a deal announced just before we went to press, it announced its intention to sell an Oklahoma City station into a duopoly situation for the New York Times Corporation.

Numerous other deals have also been filed, in places like Barstow CA (part of the sprawling Los Angeles DMA), Myrtle Beach-Florence SC, Nashville, Albany GA, Kansas City and even Guam.

During the same time, there have really been only two radio deals of particular note, both involving San Francisco satellite market San Jose. Viacom/Infinity is selling a pair of FMs there to NextMedia for $80M, a move necessitated by its pick-up of a full-fledged Frisco FM from noncommercial Religious group Family Stations. In the other deal, Univision, in the wake of its acquisition of Hispanic Broadcasting Corporation, is making good on its promise to government authorities to dilute its investment in competitor Entravision. It is doing so by returning to Entravision $90M worth of its own stock in exchange for Entravision's San Jose AM-FM combo. After that one is completed, looking at the entire S.F.-S.J. area, Univision will have an AM, three FMs and two TVs.

The story for radio in locations other than San Jose has been a continuation of the general pattern of the last couple of years. Rare indeed are deals involving more than one or two stations. Not that many even require in-market multiple ownership showings. It is a reflection of the fact that in general the heavy lifting of radio consolidation has been completed.

What we have left are deals in small markets, or small deals in big markets. We still see stations located in relatively large markets in contracts all the time, but they tend to be standalone AMs or fringe FMs.

For example, one week in July deals were announced in five fairly robust markets, including Phoenix, Indianapolis, Des Moines, Youngstown-Warren and Spokane. Total value: just over $8M. Stations involved: five standalone AMs.

Susquehanna has just closed the bidding window on its station group. It's the first time in recent memory that an entire high-profile radio group has come on the market. It will be very interesting to see how much the group pulls in, and depending on who the buyer is, if it will lead to a secondary round of radio deals to come into compliance with local ownership caps. The other elephant in the room is ABC's radio group, filled with marquee stations in the nation's largest markets. Last we heard, parent Walt Disney Corporation wasn't too happy with the size of the offers they were getting, and just might decide to keep drinking the milk from this cash cow (which includes the mighty ABC Radio Network portfolio) themselves.