

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

Radio

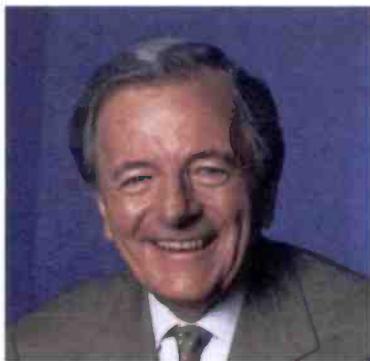
AdBiz™

From the Publishers of Radio Business Report Inc., 17 Years

Volume 4, Issue 5 May 2000

Interep's Ralph Guild and Katz's Stu Olds on national radio's golden age

by Karen Maxcy



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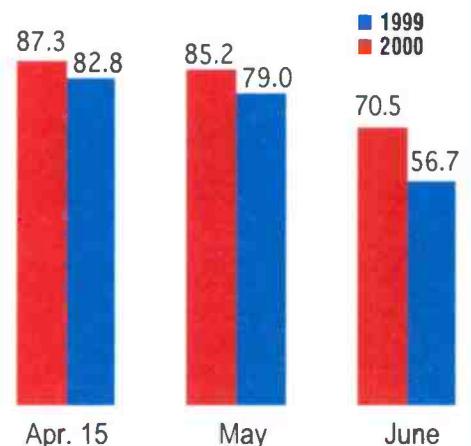
Study finds more radio clutter.

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RBR/Miller Kaplan Market Sell Out percentage report

Pacing: No end to good news

"More good news, more good times ahead," quipped **George Nadel Rivin** of Miller, Kaplan, Arase & Co. as he provided yet another report on blockbuster pacing.—JM



Executive Editor Jack Messmer
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Associate Editor Karen Maxcy
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FCC Research Consultant Mona Wargo
Administrative Assistant April Olson

Publisher Jim Carnegie
VP/GM, Associate Publisher Ken Lee
General Sales Manager John Neff
Account Executive Sean Drasher
Account Executive Susanna Pritchett

Editorial/Advertising Offices

6208-B Old Franconia Road
Alexandria, VA 22310
or
PO Box 782
Springfield, VA 22150

Main Phone: 703/719-9500
Editorial Fax: 703/719-7910
Sales Fax: 703/719-9509
Subscription Phone: 703/719-7721
Subscription Fax: 703/719-7725

Advertising Sales Information

Ken Lee Phone: 703/719-9500
John Neff Fax: 703/719-9509
Sean Drasher
Susanna Pritchett

Email Addresses

Publisher: JCRBR@aol.com
Editorial: Radiobiz@aol.com
Sales: KenLeeRBR@aol.com
JohnNRBR@aol.com
SeanRBR@aol.com
SPritch28@aol.com

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Printed in USA.
Subscription: \$105 per year

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The economy is undeniably good (the recent wild fluctuations of the Nasdaq notwithstanding) and hi-tech companies are aflush with equity—all of which spells good news for radio. The radio station groups' presidents have already said that dot-coms are not the only driving factor (March *AdBiz*, AB2), in this month's feature, **Ralph Guild**, Chairman, Interep, and **Stu Olds**, President, Katz Radio Group, both reiterate the point that radio is riding high on more than the dot-com wave. *AdBiz* checks with the heads of the two largest rep firms on the hows and whys of national radio's stunning performance.

Ralph Guild, Chairman, Interep

What sectors are hot?

Of course everyone will tell you how hot dot-com is and radio spending by that category is up about 400% in 1999 compared to the year before. It is the second highest category following retail, which has always been the number one category. But 400% is a big jump because it wasn't that great the year before. So yes, it is a big part of the business. It's a driver of business; it's taking up a lot of inventory. Rates are driven up because there are fewer spots available.

What kinds of old advertisers are you hoping to see more dollars from and do you see some dropping off by the wayside?

People have a very mistaken idea about dot-coms being so enormous. Automotive, for instance, last year was up 34%, restaurants up 34% and of course telecommunications, cable, TV, the movies and financials have all been strong for us for a long time. It's not one or two categories. Radio has become the most important medium for a lot of these people.

How long do you foresee the growth?

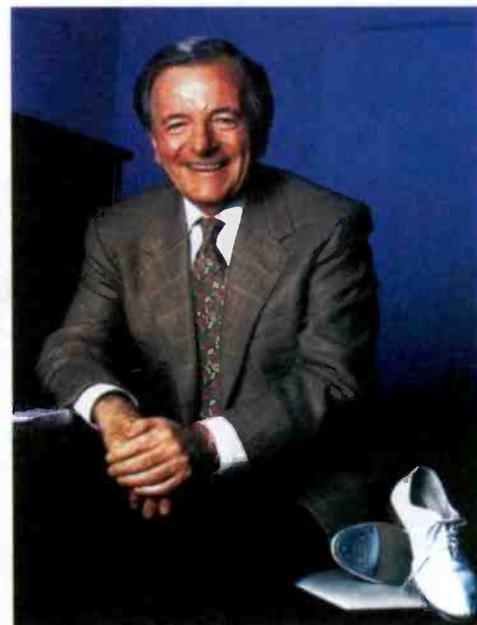
I think this year is going to continue to be strong. For example, for the dot-coms alone, so far it is up again significantly; automotive is up 153% ahead of last year. All categories are showing strength this year after a very strong growth period last year.

What's your outlook for the next couple of years?

We think it's going to continue at least for the next 3-5 years. Radio is getting a bigger share of advertising dollars across the board. We've to be careful that the dot-coms don't get such a spotlight on it that it makes people think that other categories aren't doing extremely well.

Is the gain coming from pricing or are you getting more inventory to sell?

A little bit of both. The inventory increase is



not all that significant but it's getting a lot of press. Somebody I hear just did a report that said clutter is up 6%, but that's spot—spot is half an hour and that's not a big deal. But if you read the report, you'd think, oh my god, they're jamming the airwaves with clutter. That's not true at all.

Is business being booked earlier?

Yes, we're getting more lead time than we used to get.

Is demand across the board or stratified by size?

The larger cities are experiencing greater growth than the medium markets. However, they're strong as well but not quite as strong as major markets.

Do you have any policies for the dot-coms like prepayment?

Yes. There's a fear that their advertising budget is coming from equity and if the equity should run out for some reason, we don't want the stations to be left holding the bag.

continued on AB 4

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continued from AB 2

How are the agencies dealing with the strong demand?

The usual suspects are saying what they usually say.

Are you hearing similar demands for TV and other media or do you think radio is just enjoying exceptional times?

I think radio is enjoying exceptional times. In the last ten years, Interep has had a team of over 20 people calling directly on advertisers selling them on the merits of radio. We even have two full time people in San Francisco who are devoted to new business development; one of them is putting all of his time targeting Silicon Valley advertisers.

Is Interep thinking about starting a media-buying website like broadcastspots.com and BuyMedia.com?

We are developing a system called eRadio, not to buy time but to facilitate the communications between the agencies and the rep company. To communicate information back and forth—basically to eliminate the time that our sales people have to spend processing paper and it will be an Internet based system. We believe that agencies and the radio stations both want human interaction; they don't want to have a purely electronic system. So our eRadio is designed to bring us into the loop and go through the normal process after that.

Do you see these new media buying sites taking a significant portion of your business or do you think it'll always be a supplement for the buyers?

I think it'll be a supplement to buyers.

Are you going to start selling ads on stations' websites?

We've already begun to do that. We have a company called Interep Interactive and it's an

Internet rep company. It's about a year old now. We're selling website advertising generally and we are working with some of our clients to sell their websites and we expect to do more of them. It's an emerging business. There's a lot of talk, a lot of press right now but it's not a big business at this point. It's not a revenue stream period at this point, but we believe that it probably will be as the years go on so we want to be in the loop.

Do you have any thoughts on Arbitron?

The only thing that I hear about Arbitron is that as radio stations start to stream more, that the system that they've already begun to develop should become state of the art and not let anybody else get into that space.

Do you have any thoughts or concerns about new technologies affecting radio?

I'm intrigued with satellite radio and with streaming and particularly with Internet radio that they say will be able to be downloaded into automobiles. Right now these things are still in the fund-raising stage of their development and I think we have to keep an eye on them. You can never underestimate what new technology can do to an industry. So we're certainly very much aware of it. I've seen the Sirius operation and it's very impressive. It's worth a visit. Now whether or not listeners are going to find that a desirable way to receive audio entertainment remains to be seen.

Do you have any other comments?

I think it's important for those of us in the rep business, and people who are involved in national sales to recognize that we've got to continue to aggressively develop new business and not relax just because business is good right now. It's easy to become complacent. All of our training, investment and people has to do with keeping up to speed, keeping them well trained and focused on growing radio's share of total advertising.

Stu Olds, President, Katz Radio Group

What sectors are hot this year?

One of the beauties of radio, unlike other media, is that we are not dependent on any single category for continued success. Radio's top three national categories account for about 45-50% of our business out of the total volume. If you compare that to TV and cable, the top three in those media account for about 70-80%. In 2000, virtually every category is up double digits with the exception of Ag, fast food, religion and travel. Those four areas account for less than 10% of our total volume. Dot-com is continuing the trend of last year with signifi-

cant expenditures. But even if there were zero dot-com dollars in 2000, we'd be pacing up 19% nationally.

Are you seeing any new categories? Or are the dot-coms and traditional advertisers dominating the business?

Dot-com is clearly the biggest emerging category. It's been increasing every quarter since Q1 a year ago. We are seeing existing product categories grow and attrition is relatively low versus a year ago. New entries are up dramatically in those historical categories and we have the dot-com business obviously on top of that.

continued on AB 13

RJ Palmer's Meredith Smulian: From fine art to the art of buying radio

by Karen Maxcy

She was once a photographer before she decided that art may feed one's soul, but it's not quite good for feeding the body or paying the bills. A career shift into advertising has paid off handsomely for **Meredith Smulian**, who joined RJ Palmer four years ago and is presently the VP/Associate Media Director. A fine art aficionado, Smulian decided that advertising creative wouldn't be right for her and decided to go into buying. She started out at a small buying service in the 1980s and has worked with other agencies, such as Young & Rubicam, Dewitt Media and Time Buying Service. Smulian now buys for clients such as Church & Dwight (Arm & Hammer parent company), Banfi Vintners (Riunite and Concho y Toro) and Novartis (animal healthcare).



What is your favorite medium?

I buy both TV and spot radio. They both meet different needs either as a creative outlet or meeting budgetary considerations. Radio is more creative in the sense that you have more flexibility with station promotional opportunities. Then it's not just buying a spot. I believe in radio as a great vehicle of reaching a targeted consumer via station selection. You can really reach smaller niches within a demographic.

Do you enjoy buying in a heavily consolidated environment?

Sometimes it gets a little tricky. I had a situation in which I was buying a market that was a test for one of my clients. One of the top stations said it was sold out. Needless to say, I looked for another station and that station was also owned by the same owner. There's no incentive for them to get me on the air or to say well, your business is really important to us and we want to keep it and we'll try to accommodate

you. In a marketplace this strong, they're not always thinking long term. I did replace the points not available in radio on TV. I bought less TRP's (total rating points) to achieve the goal and reach frequency. When those local dollars go away, do they know it, do they miss it? There are always options.

Does planning tell you which stations to buy?

I get a strategy and the advertiser tells me what they're trying to sell, who's the target and what the goals are. Research gives me more information to pick stations that are appropriate to meet these objectives. Within the target, there could be primary and secondary goals and sometimes, the secondary goal has to be considered just as strongly as the primary. I rely heavily on audience composition; not just ratings and rank of the station. You can look at the station selection and say okay, this station is strong for one age cell and then complement it with another station that is strongest in the next age cell. If you're trying to reach everybody within the 35+ range, you want to make sure you pick enough stations, that way your skew falls in those cells. So you're not overemphasizing one age cell versus another. It's not too young or too old and you have a stronger buy. If you only look at the station ratings for Adults 35+, you're not going to see who your real listeners are.

Do you have problem markets where rates are prohibitively high?

They're definitely pacing stronger than they have in the past, the economy is better. Of course I feel the squeeze. When a station tells me they're sold out, I'm not gullible enough to believe that they're really 100% sold out or that there is not one spot available on the station, any day, anytime for the next few weeks. Tapes don't arrive, there may be budget cuts, schedules are cancelled, so I doubt very much that stations are 100% sold out.

Do you think dot-coms will continue to propel the growth of the larger markets?

I think the hype is going to die down soon. Because in the same way that markets that are tight who say they're sold out, they have a lot of commitments from the dot-coms but if they can't come up with the money, then the spots get pulled and then all of a sudden they have inventory. The reason they're targeting certain markets, especially those that are highly wired,

is because they're targeting some of their investors. What's the purpose of it? To get the word out or to get the stock price higher? I don't know if the dot-coms are wanting to get the word out to consumers as much as to get the word out to investors. I just don't see it as being a big factor down the road.

Is the buying process easier now?

It's different and not necessarily easier. When I'm buying radio outside of New York, I use a rep. He could rep three stations in a market and combo them for a better share at a better price. Maybe he's sacrificing one station to put the more highly rated station on the buy to guarantee a bigger share of the buy. But if the station selection isn't appropriate, I wouldn't consider the combo. I would insist they be looked at separately. I wouldn't sacrifice the integrity of the buy just because it's cheap. Cheapness doesn't always guarantee the best combination. Most importantly, I look at what's right for the client. It's paramount to keep the client's objectives in the foreground.

What can the various industries do to make your job more effective?

The radio rating system is woefully behind the times in terms of the technology. Radio has not had to be accountable for the actual rating delivery of a schedule as it ran, the same way TV has to be posted off the actual Nielsen tapes. Nielsen has continued to expand its people meters into multiple markets. I see the problem as threefold. First Arbitron has not grown into the 21st century. The mode of surveying (hand written diaries) is still the same as when Selectric typewriters were state of the art. Think about it when you are in your car, how many times do you change the station? If you are an Arbitron surveyor, do you pull off the road every half hour to fill out your diary. That's extreme, but seriously, how many people do you know who would fill out a diary not just for one day but over several weeks? Look at what is going into getting the Census taken. You



"Hello Newman." Meredith with Seinfeld's nemesis Wayne Knight



only have to fill in your name, address, age and race but the Census Bureau has a huge media campaign reminding everyone to fill out the Census. Then, in case you forgot to return the form, they'll either call you or come to your home. We are a society that is too busy to take the time to fill in diaries. How accurate can the diary info be? It's more of an approximation. In this age of advanced computer and electronic technology, it would seem that Arbitron could come up with a simple and less intrusive method of measurement. Addressing this issue could lead to a more accurate accounting of the listening audience.

Second, the stations sell radio mostly by dayparts, "hooking" broad rotations into the mix. I see those broad rotations as cheating, not just

the advertiser but the medium. The ratings do vary significantly 6AM-12Midnight. It wouldn't take a great fortune teller to guess where the station will run those spots. But if stations don't actually deliver the ratings that are bought, underdelivering the audience can be greater than the 10% that is an acceptable posting range. Television stations provide bonus weight for underdelivery as standard operating procedure.

Finally ratings are not estimated or projected for the future but are bought using old data. Whether it is using the most current book, a two book or four book average, ratings change, formats change, DJ's change and therefore ratings fluctuate.

Do you have any advice for new buyers?

One of the things I always say is first, use common sense. You wouldn't want to put a commercial with Shania Twain on a classical station. It wouldn't fit. I just did a buy for a wine and stations were trying to sell me 5-6AM. And they were saying it's a hook area and the ratings are good. The only problem is that how will it sound on the station at 5:30 in the morning to hear a wine commercial. A hangover remedy would probably be more apt. So common sense will tell you that's not exactly the best placement. So many reps and buyers fall into the cookie cutter pattern and they sell the same package and the buyer buys the same package over and over again. It may not be appropriate for every client to be in all the same dayparts. It may not sound right. There are certain things that you just don't want to hear at certain times.

Teens target tobacco

Teens in Minnesota are refusing to let the tobacco industry target them and are fighting back. A series of TV and radio ads featuring young people from around the state started late April and feature real (as opposed to actors) Minnesotan teens speaking out against tobacco industry marketing tactics. The teens are all part of Target Market (TM) which is a statewide youth movement. The ads, many of which will feature the catchphrase "You target us. We target you," will air at times when teens are watching TV or listening to the radio. The TV ads will concentrate in programs with high teen audiences such as MTV.

Created using the new \$490M Minnesota Youth Tobacco Endowment, TM serves as the centerpiece of the prevention initiative. The endowment is funded with part of the \$6.6B Minnesota tobacco lawsuit settlement. The budget for the initial 18-month stage of the campaign is \$7.5M and the grassroots campaign is \$1M. The FCC estimates that the tobacco industry spends about \$90M marketing in the state every year.

In one of the ads, youths call on the three top tobacco CEOs to go to Minnesota to respond to four specific proposals that they drew up. They are: 1) screening new industry ad campaigns with independent teen focus groups to ensure they don't appeal to teens, 2) pulling ads in magazines with heavy teen readership (where more than 10% of the readers are teens, 3) focusing industry-sponsored tobacco prevention advertising on themes that works with teens, and 4) eliminating marketing where kids can easily purchase tobacco, such as through the mail and the Internet. The "teaser" ad provides only partial information and urges teens to find out more on the TM website, <http://www.TMvoice.com>.

One of the CEOs said he couldn't react to the proposals because the invitation was received too late. But TM members say they have proof that his company received it five days before the event. **Andy Berndt**, a leader of TM and a senior in high school, says, "We respect the fact that these are busy people, but frankly we don't understand why they couldn't answer our questions today. If five days notice is not enough for them, we're open to meet with them any time. But it's now been a month and we're still waiting."

Minneapolis-based Campbell Mithun Esty and Shandwick International produced the spots even though they were unscripted. The campaign is modeled after a similar campaign in Florida. In two years, the Florida campaign witnessed encouraging results—smoking rates were down 54% among junior high students, and down 24% among high school students.—KM

iVillage CEO joins Saatchi board

Co-founder and CEO of iVillage.com, **Candice Carpenter**, has joined the board of Saatchi & Saatchi as a Non Executive Director. Commenting on her appointment, **Bob Seelert**, Chairman, Saatchi & Saatchi, says, "Candice's leadership, creativity, and understanding of the total communications universe make her a natural for the Saatchi & Saatchi board. She will add value to the development of our interactive strategies and capabilities, and provide additional valuable insight for our many female-focussed brands and businesses." Launched in June 1995, iVillage has a membership of 5M and sees over 7.6M visitors per month. With Carpenter at the helm, iVillage last year raised \$1B from their IPO.—KM

Privacy concerns plague web surfers

The latest @plan.inc Internet Poll show that online users are very concerned with privacy issues associated with using and purchasing over the Internet. Two of the main concerns of those surveyed relate to the safety of using credit cards online and the ability of third parties to link user activity with personally identifiable information. 79% say they are "very concerned" with the former issue and 62% are similarly concerned about the latter.

"Internet privacy has become deeply-embedded in the minds of online users who feel continually threatened by the unauthorized use of their credit card as well as by the ability of third parties to connect their online activities to their name and address," said **Mark Wright**, Chairman/CEO, @plan.inc. He adds, "Unless the Internet industry quickly and aggressively addresses these privacy concerns, online users may be less inclined to shop online, thereby hindering the growth potential of e-commerce."

Those polled overwhelming felt that the industry, rather than the government, should be the one monitoring and resolving these concerns with privacy. 69% of respondents said the Internet industry is best able to protect personal privacy online. The fourth Internet Poll this year, the survey randomly sampled 1,000 U.S. adult Internet active users 18+ that have visited a website, beyond email, in the last 30 days.—KM

TVB says TV viewing at record high

The Television Bureau of Advertising (TVB) says that 1999 had Americans glued to their TV sets longer than in any other year. Households with TV averaged 7 hours, 26 minutes of viewing a day, which is an increase of 11 minutes over 1998. "The trend suggests, contrary to popular opinion, that the Internet is having little negative effect on American TV viewing patterns," says **Harold Simpson**, VP, Research & Development, TVB. He adds, "In fact the two media may actually have a synergistic effect with each other to the detriment of radio and print."

The TVB analysis of Nielsen Media Research suggests that the trend is continuing. The daily average in the first two months this year is nearly 8 hours (7:58), which is a 9-minute increase from a year ago. Other findings from 1999 reveal that women were the heaviest viewers, averaging 4 hours, 40 minutes a day.—KM

Time Spent Viewing—Average Per Day

	1998	1999	Increase
TV Households	7:15	7:26	+11 minutes
Men 18+	3:57	4:02	+5 minutes
Women 18+	4:33	4:40	+7 minutes
Teens 12-17	2:58	3:02	+4 minutes
Children 2-11	2:57	2:58	+1 minute

Source: Television Bureau of Advertising (TVB) analysis of Nielsen Media Research NTL/NAD

AAF to survey larger minority-owned ad agencies

A report by the U.S. General Accounting Office shows that less federal dollars have been awarded minority-owned agencies. Between fiscal 1994 and 1998, overall federal contracts for advertising services increased from \$139M to \$368M. And yet, the report shows that the amount awarded to minority-owned businesses fell from \$3M in 1995 to \$1.2M in 1998.

The AAF does not think the results represent the complete picture and have announced that it will conduct its own survey into this issue. "This report shines light on the procurement process, which is essential to opening it up to more minorities and small businesses," says **Wally Snyder**, President/CEO, AAF. He continues, "At the same time, the GAO report presents an incomplete picture. The study does not include the value of federal contracts to minority-owned agencies with more than \$5M in annual revenues, and that information is essential to establish an accurate benchmark."—KM

Viacom-CBS merger approved and closed

Add CBS to the growing list of group owners that have disappeared in consolidation. The FCC last week (5/3) approved the \$34.45B merger of CBS Inc. (N:CBS) into Viacom (N:VIA & VIAb). At the time it was announced last August, *RBR* had calculated that the radio value of the deal was approximately \$14.945B.

Moving quickly after getting the long-sought FCC approval, CBS and Viacom closed the deal the next day (5/4). CBS shareholders received 1.085 shares of Viacom's non-voting Class B stock for each share of CBS stock they had held. Although CBS no longer trades as a separate stock, Infinity Broadcasting (N:INF) still trades separately and is now a majority owned subsidiary of Viacom.

In granting the mega-merger, the FCC gave Viacom temporary waivers to divest several stations to comply with current ownership limits:

v 12 months to comply with the Dual Network Rule, which prohibits the ownership of two TV networks. However, the FCC is widely expected to amend that rule before the deadline and allow Viacom to retain both CBS-TV and the money-losing UPN network.

v 12 months to comply with the National Television Ownership Cap of 35% of all US TV households. The merged company will be above 41%. Viacom had sought a two-year waiver and hoped to get the cap raised within that time. Now it will face a much quicker deadline, with this year's elections making any change virtually impossible until just before the waiver is due to expire.

v Six months to comply with the TV-radio cross-ownership limits, which will require a handful of radio spin-offs in LA, Chicago, Dallas-Ft. Worth, Baltimore and Sacramento.

Two commissioners dissented from portions of the merger grant, but for very different reasons. Commissioner **Harold Furchtgott-Roth** objected to any radio divestitures and charged that the FCC's restriction on radio stations co-owned with TV in the same market violates the 1996 Telecommunications Act. Taking the opposite view, Commissioner **Gloria Tristani** complained that there was no analysis of whether the merger would "give one entity too much control over the marketplace of ideas" and repeated her objection to the way radio markets are analyzed under the '96 Act.

With the merger, **Mel Karmazin** is now President and COO of Viacom. **Sumner Redstone** continues as Chairman and CEO. The newly merged company owns 162 radio stations and 38 TV stations, along with billboards, the two TV networks, several cable TV networks, Paramount Studios and numerous other media/entertainment ventures.—JM

AMFM blows away estimates

Wall Street had been expecting AMFM Inc. (N:AFM) to report Q1 after-tax cash flow of 26 cents per share, up from 22 cents a year ago. Instead, AMFM blew away that target, posting cash flow of 36 cents per share, a total of \$81.1M and up 123.5% from a year ago. Net revenues rose 48.8% to \$421.3M and operating cash flow was up 59.7% to \$197.9M.

The AMFM report was particularly good news for Clear Channel Communications (N:CCU), which will acquire AMFM in a stock-swap merger later this year.—JM

Tauzin asks Reno to investigate

As promised (*RBR* 4/24, p. 3), Rep. **Billy Tauzin** (R-LA), Chairman of the House Telecommunications Subcommittee, has asked the Department of Justice to investigate whether FCC staffers violated the law by lobbying against HR 3439, the bill to cut back the FCC's LPFM plan. Also writing to Attorney General **Janet Reno** (D) was Rep. **Mike Oxley** (R-OH), the author of the bill. FCC Chairman **Bill Kennard** (D) had defended his staffers against the Republican congressmen's accusations, insisted that they complied fully with the Anti-Lobbying Act.—JM

LPFM advocates mount offensive

Full-page ads in last Tuesday's (5/2) *New York Times*, *Washington Post* and about a dozen other newspapers tried to rally public support for Low-Power FM. The ads, which criticized anti-LPFM lobbying by NAB, urged citizens to clip out comment "coupons" supporting LPFM and mail them to President **Bill Clinton** and their own members of Congress. The ads, which will also appear in several college newspapers, were paid for by the Public Media Center and the Media Access Project.—JM

Kennard postpones auction

FCC Chairman **Bill Kennard** sent letters (4/27) to members of Congress apprising them of an impending three-month delay on auctioning (#31 and #33) the highly desired UHF Channel 60-69 spectrum (746-747/776-777 and 762-764/792-794 MHz), claiming it is in the public interest to allow potential bidders to develop business plans and form alliances. "Verizon Wireless [the old Bell Atlantic Mobile] and other companies has asked us to postpone it—they had expressed that more time would be useful," an FCC staffer tells *AdBiz*.

The Commission announced (5/2) it had decided to postpone the auctions from 6/7 and 6/14 until 9/6. The other new dates are as follows: Filing deadline 8/1; upfront payment deadline 8/18; mock auction 8/31. The application window is now closed. Any applications that were in the system will be removed.

100 TV broadcasters are currently using that spectrum and are allowed to stay until the 2006 DTV conversion deadline. "This factor makes this auction extremely complex and requires potential bidders to conduct additional analysis to provide for sound technical, operational and financial planning," said Kennard's letter to the Commerce and Appropriations Committees of the House and Senate.

Apparently, none of the recipients had a problem with it. "I am not aware that anyone from Congress had a problem with the postponement," said the staffer.

Bidders will use the 700 MHz spectrum for a myriad of wireless communications services, including wireless Internet service. The auction is expected to net \$2.6B in proceeds.—CM

Bob & Tom show gets affiliate fined

The FCC has levied a \$7K forfeiture penalty to "Bob and Tom Show" (AMFM Radio Networks) affiliate KROR-FM Kearney, NB 4/28 (it was licensed to Hastings at the time, but has since moved). The allegedly indecent material was broadcast on 2/26/99 nationwide to more than 90 affiliates, however, someone in the Kearney-Grand Island market complained to the Commission. Three Eagles Communications, the station's owner, filed a response on 11/30/99.

The material was all double entendre about a new shampoo, "Head," which was supposed to compete with Head & Shoulders.

Three Eagles Communications' response claimed the humor was just innuendo and wasn't indecent. The Commission didn't buy it, stating, "It appears the subject excerpts are indecent in that they contain sexual and/or excretory activities or organs in patently offensive terms."

"Obviously, we think it's ridiculous and unwarranted and we will appeal it. It makes no sense at all," Three Eagles Chairman/CEO **Rolland Johnson** tells *RBR*.—CM

Clinton taps Pattiz

Westwood One (N:WON) Founder & Chairman **Norm Pattiz**, long a supporter of Democratic candidates, has gotten a presidential appointment. President **Bill Clinton** has nominated Pattiz to the Broadcasting Board of Governors. The board oversees all non-military international broadcasting services of the US government. That includes the Voice of America, Radio Free Europe/Radio Liberty, Radio and Television Marti, Worldnet Television and Radio Free Asia.—JM

USADR gets \$41M in additional financing

15 of the top 20 radio broadcasters are now investors in USA Digital Radio—capping off a \$41M capital infusion secured 5/1. The new investors, including manufacturers Texas Instruments (already working with USADR on a chip set—*RBR* 8/2/99, p.6) and Harris Corp., are Beasley Broadcast Group, Bonneville International, Saga Communications, Regent Communications, Allbritton New Media, ComVentures, DB Capital Partners, Flatiron Partners, Grotech Capital Group, H & Q Venture Associates, J&W Seligman & Co., Riggs Capital Partners, TI Ventures, Waller-Sutton Media Partners, Whitney & Co. and Williams, Jones & Associates.

"We've got plenty of money in the bank right now, so that makes things that much easier. We're going to focus on developing and commercializing the technology," USADR CEO **Bob Struble** tells *RBR*. "Specifically, the full nationwide test program [a dozen markets], which is very expensive—we just bought a new test van, for instance—and taking our technology and making sure it appears in commercial transmitters and receivers."

USADR had many transmission-side manufacturers showing first- or second-generation iDAB-compatible equipment at the recent NAB. "We need to do the same thing on the receive side as well, and it takes a lot of money," explains Struble.

With USADR seemingly snowballing its acceptance in the industry, where does this leave competitor Lucent Digital Radio, which was working with USADR supplying the PAC codec? LDR's Multistreaming technology, allowing graceful degradation of the digital signal, could be an asset to USADR's system if able to be incorporated. Says Struble: "We said a coalition is necessary, and the doors are open to join that coalition, but we'll see."—CM

Susquehanna wins Atlanta move-in

WHMA-FM has gotten a green light from the FCC to move to Atlanta from Anniston, AL. Yes, that's the same station that **Tom Gammon** tried to move in the early 1990s, igniting a firestorm of opposition from fellow broadcasters. The FCC turned down Gammon's move-in effort, forcing the breakup of his Crown Broadcasting group and making a significant dent in his net worth.

Susquehanna Radio subsequently acquired WHMA and a Reno station that Gammon had proposed moving to Sacramento. The FCC approved the latter move-in in 1997 (*RBR* 7/7/97, p. 11) and Susquehanna, which had no other station in the market, sold the 94.7 MHz CP to Entercom (N:ETM) for \$15.9M (*RBR* 7/21/97, p. 18). That station is now KSSJ-FM.

After failing to reverse the FCC's denial of the original move in (to Sandy Springs, GA), Susquehanna re-filed with a different Atlanta suburb (College Park, GA, *RBR* 5/10/99, p. 7) and has now gotten approval from the FCC to add the 100.5 MHz signal (Class C3) to its existing Atlanta station, WNNX-FM. Both Cox Radio (N:CXR) and Jefferson-Pilot Communications (N:JP) had opposed the Susquehanna move-in proposal, arguing (as they had with Gammon) that the proposal didn't deserve a first local service preference since the real intent was to serve Atlanta, not the suburban city of license.

Losing out is Salem Communications (O:SALM), which had a deal to buy WLRR-FM Milledgeville, GA if owner Preston Small succeeded with a competing proposal to move the 100.7 MHz allocation into the Atlanta metro. In addition to creating a new Atlanta station, Susquehanna's move-in plan will create a new C3 allocation (100.1) in Anniston, AL and a Class A (100.7) in Ashland, AL. Both will be auctioned by the FCC.

"It was clearly worth the effort," Susquehanna Radio President **David Kennedy** told *RBR*. He expects to sign on the new Atlanta market entrant this Fall.

Susquehanna paid **Hoyt Goodrich's** Bridge Capital Investors \$30M for the two Gammon move-ins. It will also have to pay a \$20M kicker now that the move into the Atlanta market has been approved. That \$34.1M price tag for an Atlanta stick is still a bargain by anyone's calculation. **Larry Patrick** of Patrick Communications brokered the 1997 sale.—JM

Hero Radio launching 7/4

Former ABC Radio Networks' Pure Gold format PD/Ops Manager and 13 year major market jock **Jim Zippo** is going solo with his own high-energy live 24-hour Oldies format, "Hero Radio," on the Fourth of July. The music-intensive sound and imaging harkens back to the big AM Top-40 heyday and includes aggressive mainstream hits from the 50s-80s with a focus on the 70s-80s.

Jim takes the morning drive slot, as he did most recently with the successful ABC format. "It's designed as a flanking format, specifically a rebel, attitude format," Zippo tells *AdBiz*. "It pulls fringe listeners from several key formats—Classic Rock, Jammin' Oldies, Adult Alternative, AC and Oldies. If I have four-five formats in one town that are attacking my audience and intending to swallow up everybody in sight, with Hero Radio I can pull a small share from each of those formats without having to attack any of those stations' core."

Using Hero Radio's own software, localization is achieved by getting faxes or emails sent from the PD on local happenings. As an interface supplement to the live programming, prerecorded liners are transmitted back to the stations for use on breaks. Actual time is included, as opposed to "X past the hour" with an exclusive real-time interface. 62 stations have already signed. The sales rep is soon to be announced.—CM

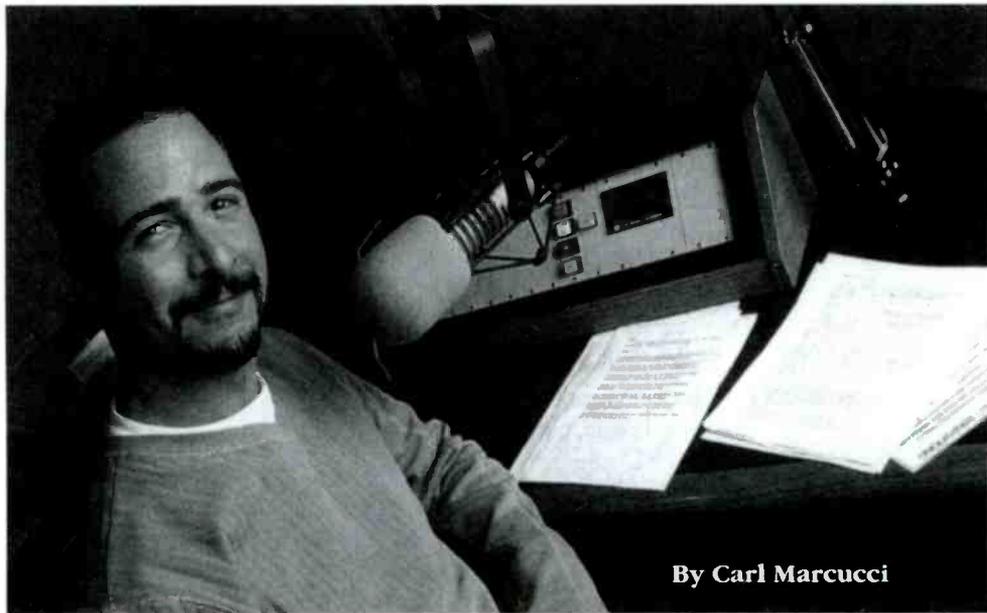
Panasonic building "Sirius" plant

Panasonic/Matsushita announced it is adding a new plant to its manufacturing complex in Atlanta, dedicated to producing auto radios that will receive Sirius Satellite Radio (O:SIRI). Initial capacity is slated at 350,000 annual units, but more than one million capacity is expected. The facility should be completed this Fall, with pre-production samples out later this year. The two companies began work on the receiver design 7/99.—CM

UJA to roast Guild

United Jewish Appeal-Federation of New York plans to roast Interep (O:IREP) CEO **Ralph Guild** 6/14. The roast at the 4th annual Radio Group Luncheon of UJA-Federation of New York is being chaired by **Eduardo Caballero**, CEO, Caballero Television LLC, **John Mack Carter**, Pres., Hearst Magazines and **Scott Herman**, VP/GM, WINS-AM New York. UJA-Federation of New York is the world's largest philanthropic organization, raising over \$200M annually.—JM

Jim Rome: King of the Jungle



By Carl Marcucci

"Sporting" a slanguage ("Jungle Gloss") all his own, **Jim Rome** has been Premiere Radio Networks' Sportstalk cult leader since 1996. Resting on the laurels of *seven* unpaid radio internships 13 years ago, Rome got his first big stint doing nights on 77,500-watt Sports giant XTRA-AM San Diego in 1992 (he began there in 1990 with a weekend show). One night, amidst the usual cast of late-night caller characters, an alter-ego took over and transformed the man into "Smack" mode. He's never looked back. Smack Mode? His style—hip, in your face, punishing, critical, humorous, irreverent. And the more his audience listens, the more they're a part of that Jungle—along with the sports gloss that goes with it (see www.jimrome.com for that huge list). Oh, by the way, along with the daily radio show heard daily 9A-Noon, Rome also does "The Last Word" daily on Fox Sports TV. Now on 130 affiliates, The Jim Rome Show, a.k.a. "The Jungle," is detailed by its king.

Compare and contrast the radio and TV experience—which do you like better and why?

I don't know which one I like doing better. I mean its apples and oranges. It's kind of a whacked analogy, but it's like asking somebody to choose which child they like better. They are just different and you love them for different reasons. There are different challenges. The TV show is edgy, smart and aggressive. But let's be straight—it's Rome light; it's Rome decaffeinated. The TV show, for instance, we are making it more of a "Nightline" on sports where it's issue-driven, it's topic-driven. I'm not going to break out and run a ton of smack on TV.

Today was a good example of why I like both of these shows. On "The Last Word" we did a show on that book that **Jon Entine** just wrote about why the black athletes dominate sports and why we're afraid to talk about it. The author of the book came on the show and sociologist

Harry Edwards took the other side. We got into an intellectual issue and these guys went to war. It was beautiful. It was a great thing.

Now the radio show this morning, I did an interview with a guy by the name of **Kevin Pendergast**. Pendergast was a kid who was a kicker in Notre Dame, who got into gambling trouble and got in too deep. He got into debt and started to fix basketball games. This guy came into the radio studio and for an hour and a half explained how this came to be. He said he was a former National Merit Scholar, a standout athlete. He did hard time. He went to jail for fixing games. I couldn't do that on The Last Word. I spent an hour and a half with this kid. He pours his heart out and we break the issue down. You can only do that in the Jungle. I could never do that on TV.

Tell us how you got started in radio

I knew that I wanted to be a talk show host. I was one of those guys who was early on, able

to practice things like self-denial, sacrifice. I could miss Saturday night. I could miss partying on Saturday night to go work the campus radio station, because I was pretty obsessed. I had this mission. The funny thing about KTMS is that I did seven internships in three years of college.

Then I had a bad experience and I just quit. I dropped it. I went to work with family. The family business was not a good experience at all. I was able to get out of that before my old man fired me. I didn't learn my lesson. I left the family business and went into sales for about a year and sold a variety of things, none of them very well. And one day, after I got thrown out again out of another office building in LA, I got on a pay phone and called Santa Barbara—KTMS, where I had an internship—and said "Is there was any work at all?" I told them that I would take anything. The guy there said, "I have a traffic reporter job for \$5 an hour for 30 hours a week for one month of vacation relief." I said, "I'll take it—when do I start?" And I kind of started to build things up from there.

What motivates you?

The thing that I like best about this particular career, this industry is, like a lot of guys, I realized at a rather early age that I was not going to be a Pro player—basketball or football. And I still wanted to be in sports. This is in essence my Superbowl. This is my final four. This is my playoffs. I get up in the morning, I work hard, I compete. I wanted to see in the very beginning how far I could go in a very competitive industry without knowing anybody at all. I had no contacts. I knew nobody. I wanted to see if I used my head and my heart, how far I could go. Could I make it to the big leagues?

When I was in Santa Barbara, I thought to myself—I'd stay awake at night thinking of these things—if there are X amount of people on your college campus and they want the same thing that you want and you multiply that by the number of people on other college campuses that want the same thing that you want, and then you already factor in everybody whose already in the industry, why on earth are you ever going to make it? I mean, who are you, what makes you any different? It finally just hit me that I would just be a little bit smarter, hopefully. Definitely tougher, more aggressive, more creative, and at the end of the day, my calling card would be that I would never back down. It was a war of attrition that no matter how long it took, I would not give up. I would just keep going and keep banging on doors. It wasn't how many "Noes". It was how many "Yesses". That is really what it came

down to and that is what still motivates me.

You do the radio show in the morning, and within an hour, you are across town at Fox Sports doing "The Last Word." How do you prep for two different shows that can cover such a big variety of sports topics?

My life is pretty well defined. I spend almost all of my time preparing the Jungle and preparing for The Last Word. I don't have a lot of leisure time. Almost all of my waking hours, if I'm not doing something with my wife like having dinner together or just spending time together, they are devoted to preparing, researching, writing and crafting these two shows. I never go out during the week. We don't go to movies. We don't go to dinner. If I ever go out during the week, it's for a business-related function, because if I go out for three or four hours and I don't do my work, how is the radio show going to get done the next day? How is the TV show going to get done?

Do you know what it is? It's kind of like when you are in college and study for finals—you don't study everything in the textbook, but you try and anticipate what is going to be on the test. I pretty well know what is going to be on the test. I've got a definite view of the world. I've got different definite issues that I want to address. You can't know everything about everybody at all times. It is not even productive to try. But you should probably know a hell of a lot about a hell of a lot of things.

I have found one thing though, there are no shortcuts. Early in my career, I sold myself on this mission that if you are going to be successful, you'd better work hard and you'd better work harder than everybody else.

How long are you planning on doing this, at this pace?

It is a good question. It is a fair question. I've done both of these shows now for more than two years at 14 to 16 hours per day. I can't answer that except to say that I am going to work as hard as I can for as long as I can to see how far it takes me. Am I going to do both of these shows for another 10 years? Absolutely not. Do I want to be a smack runner at the age of 50? That probably wouldn't be too cool. But for right now, I am sold on this, I'm motivated and energetic and I feel good.

Your show is aptly nicknamed "The Jungle." Talk about your "Smack" style—fast-paced, no tolerance for stupidity and unafraid to give sports figures...your takes, so to speak.

It came to be one night while I was doing a five-hour show. The show started 7PM-12AM at night and you can only imagine that by the time you get to the fifth hour at midnight, the

crackheads are calling the show. I mean they've been drinking and partying and doing what they're doing at 11:30 at night. One night it was particularly chippy [contentious]. The callers are cracking each other, I'm getting into people, and we are getting to the topics. It just hit me that there was this social Darwinism at work that you'd better be careful before you pick up the phone and call this show. If only the strong ones survive and you come in weak, you are going to get busted in the mouth—man, it is a jungle! It is an urban jungle.

As far as having no tolerance for stupidity, it may sound trite, but I feel like I've been entrusted with the public airwaves and I've got a responsibility for my block of time. I've got a show that I've got to keep moving. So when somebody is saying something stupid or regurgitating something that I said or being irresponsible, I'm going to bring the hammer down. That's my job.

Let's say Premiere wanted to talk about the possibility of doing a regular Talk show not based on Sports. Would you be able to do it and would you want to?

Yes. I think so. By the way, one day I'll do it too. I don't think I'm going to talk sports the rest of my life. I already [deviate from] it on the show quite a bit. I think that I am pretty well versed and that I can talk issues. Rather than Rome on Sports, it is the Rome brand. It is the Rome point of view.

It's The Jungle.

Exactly right. I think the jungle is all encompassing. It is kind of like the way I see the world. I think there is going to come a time, whether it is on TV or radio, or both, maybe I'll start to slide over and get out of sports.

The universe I'm in right now is finite. There are only so many sports stations. And yet, the good news is that we are excited about this: I've gotten onto stations that are not sports-related. We've got on some FM stations and some hot talk stations. That excites me, but at the end of the day, if I'm talking about things that are not related to sports, there are plenty of more stations that I could get onto. It is not going to happen overnight, or tomorrow, or the next day, or even next year. But I'm 35. At some point, it is going to happen.

It makes sense that The Jungle could transcend sports.

I think. I really think. My official take on that would be that I am challenged. I am thrilled with what I'm doing. I can't foresee myself doing anything other than what I am doing right now any time soon. However, I also recognize the need to continually reinvent myself, to reinvigorate the product. Down the



road, yes, I might do something differently. Who knows?

Why is the Jim Rome show a good buy for the advertisers and agencies?

I think that obviously if you look at the numbers, we deliver. I always try to walk people through this: The caller is not the listener. People will try and base who is calling by saying, "If that guy is calls, and a lot of callers sound that way, then that must be the listening audience." That is not true. We know that we are as strong 25 to 54 as we are 18 to 34. The show doesn't necessarily skew young like those that you might think. So I know that we can deliver those numbers.

Also, my audience—and I know this because I have done the appearances [his "World Tour Stops"], I went to Sacramento and there were 17,000 people waiting for me—they are rabid. They are active and I have seen it. We have our online store and I've put it out there. People want to represent the jungle. People want to represent Rome.

What's your opinion on product endorsements?

The product endorsement thing is kind of interesting. I didn't do a commercial for more than five years. There was no shortage of opportunities. I can't tell you how many thousands of dollars that I said no to over the years. Mindspring is somebody I've done now for over a year. That was the first one I did. I did a Carl's Jr. deal on my own off the side. There have been some more discussions, but I think it is interesting that an on-air talk show host in my position would do that so infrequently. If I would put my name to a product, one, I would use it. I wouldn't do it otherwise—I've said no for the last five years. And two, I think that is a strong message—because I don't do it, I'm not up and down the dial pimping everything that moves.

Oldies but goodies

Don't think unfashionable or out-of-date when you hear Oldies. According to Interep's latest studies, the Oldies format is very much in style. In 1989, there were 545 Oldies radio stations. Ten years later in 1999, there are 766 stations playing this format. The reason: baby boomers' case of nostalgia. In the report, Interep explains, "Sociologists today generally agree that people born over a relatively short and contiguous period of time fall into a 'generational cohort' that is deeply influenced (and its members bound together) by the events happening during the key formative years—17-22 years of age. A clear, if simplistic example is musical tastes: the kind of music that is popular when a group of people first 'comes of age' is likely to be the preferred musical format for the rest of that cohort's life." The affluent demo group is also quick to jump online—the Oldies listeners' Internet usage is higher when compared to the general 18+ population.—KM

Oldies listeners and the Internet (Norm=100)

Own PC	121
Used Internet Past 30 Days	126

Activities Use Internet For:

Bulletin/Message Board	121
Travel Information	133
E-mail	129
Finance/Stocks	129
News/Sports/Weather	129
Shopping	112

Source: Simmons Spring 1999, Adults 18+ Oldies Listeners M-Su 6A-12M

Network radio continues strength

The latest Miller, Kaplan, Arase & Co. numbers show network radio still gathering pace. Despite a slight dip from January, February 2000 improved dramatically from a year ago levels. For the month of February, networks were up almost 50% from February 1999.—KM

Network Radio Revenue Report (000's)

	1998	1999	2000	Change	
	Gross	Gross	Gross	2000 vs. 1999	%
	Revenues	Revenues	Revenues	Amount	
January	40,962	59,048	81,866	22,818	38.6%
February	48,309	55,609	81,538	26,029	46.9%
March	48,930	62,448	0		
April	56,634	66,057	0		
May	65,450	72,767	0		
June	60,828	70,010	0		
July	61,269	71,626	0		
August	68,421	75,216	0		
September	70,330	80,358	0		
October	75,789	94,189	0		
November	77,116	89,383	0		
December	64,930	82,409	0		
YTD Total	89,271	114,557	163,404	48,848	42.6%
Year Total	738,968	879,020			

Source: Miller, Kaplan, Arase & Co.

Classical music and new technology

The number of stations with the Classical format may be small (38 commercial stations according to MStreet) but its listeners' higher education and incomes still make it an extremely viable format. With only 15 of the top 30 markets listing one or more classical stations, it is a format that enjoys format exclusivity in many cities. Interep also found that Classical listeners are heavy online users, topping all other radio format listeners in terms of Internet usage.—KM

Interactive Computer Service

Number of Hours Used Last 30 Days—20 Hours of More (Norm=100)

Classical	233
News/Talk	180
Alt./Modern Rock	177
Jazz/NAC	165
AOR	151
AC	147
Classic Rock	141
CHR	117

Source: Simmons Spring 1999, Adults 18+ M-Su 6A-12M Cume

Radio clutter grows in major markets

A new study by Empower MediaMarketing shows that radio advertising clutter continues to grow in most major markets throughout the country. The analysis of 16 markets measured by Nielsen Monitor-Plus indicate that the number of commercial units increased by 6% from 1998 to 1999. A commercial unit is paid advertisement with a duration of 30 seconds or longer.

The highest commercial clutter increased was 20% and it was registered in San Francisco/Oakland/San Jose. Only two markets registered decreases—San Antonio (down 7%) and Indianapolis (down 2%).

According to Julie Pahutski, SVP, Empower MediaMarketing's Knowledge, Information and Invention Group, "The Radio Advertising Bureau recently announced major gains for radio revenue, which indicates advertiser demand remains strong. Apparently, stations are meeting this demand, at least in part, by adding commercial units to their programming."—KM

**Radio Advertising Clutter Index—By Market
1999 vs. 1998**

Analysis Prepared by Empower MediaMarketing

Market	Q1	Q2	Q3	Q4	Avg Index
Atlanta		116	105	108	101
Boston		133	114	86	100
Chicago	115	106	112	114	111
Cincinnati		101	107	108	103
Dallas-Ft. Worth	102	103	96	108	102
Detroit		118	115	109	109
Houston	90	101	106	104	100
Indianapolis*		98	98	99	96
Los Angeles**	98	100	104	99	100
Miami-Ft. Lauderdale		138	112	109	112
Nashville	105	105	101	105	104
New York**		101	102	105	101
Philadelphia		141	111	106	94
San Antonio		99	92	80	99
SF-Oak.-San Jose	204	113	98	109	120
Washington, DC	138	108	105	100	111
Overall	113	105	102	104	106

*Monitored 6a-12a **Monitored 6a-11p Data source: Nielsen Monitor-Plus

continued from AB 4

Accordingly, the combined demand is driving radio's increased cost per points.

In these good times, are there old advertisers that you are targeting to advertise more on radio?

I think we have a core account strategy and I think the industry has a core account strategy in that we pay an awful lot of attention to the traditional big spenders. So we continue to pay attention to automotive, retail, the telcoms and the financial sectors. Keep in mind that the winds of the good economy are a factor in how our business is growing, but the sails of consolidation have really allowed for the acceleration of radio's growth. Consolidation will allow the medium to continue to outperform regardless of the economic winds because we put more stations in the hands of better broadcasters and that's clearly improved the radio product. We've re-established national personalities—everyone from **Imus**, to **Rush Limbaugh**, to Dr. **Laura**. We've made the medium easier to buy and more accountable. We've got multi-tiered selling going on which is clearly increasing demand. We're viewed by the industry as the stable yet creative medium and radio's the perfect merged media component. As a result, we've attracted more new advertisers, reduced attrition, and because of the demand, have moved up the cost per point.

How long do you foresee the growth? What is your short term and long term outlook?

2000 is a home run nationally. Pacings for the remaining of the year are literally breaking records weekly. I'll give you an example—in 1998, we were the first radio sales organization to hit \$1B and we did that in October. In 1999, we hit \$1B in August. And this year, we will go over \$1B next week (second week of April). I made the point that the winds of a good economy are helping and that the sails of consolidation have allowed for the accelerated growth. I think most importantly, the medium is in a position that no matter what the economic climate is, radio is going to outperform other media and outperform the economy. The industry is just starting to tap in to all the things that we can do to really make the radio medium more attractive to even more advertisers. Unlike a lot of people, I don't think the world comes to an end January 1st, 2001 for radio. In fact, it may just be getting going. I think radio people like **Lowry Mays**, **Mel Karmazin** and a lot of other broadcasters out there are not going to let it be anything but spectacular going forward.

Have you been working with a pretty con-

sistent level of inventory?

Inventory is in the same range as 1998 and 1999. All the stories of station groups increasing inventory, that occurred, but it occurred in 1998 and 1999. We really don't have more inventory to work with other than what we had during those periods. So the gains that we are seeing in 2000 are coming from new advertisers, reduced attrition, the value of radio moving up due to demand and the fact that it moves products for advertisers.

Is business booked a lot earlier?

Yes, in some cases as agencies try to make planning costs more closely reflect the buying investments in a high demand marketplace.

Is demand across all markets or stratified by size?

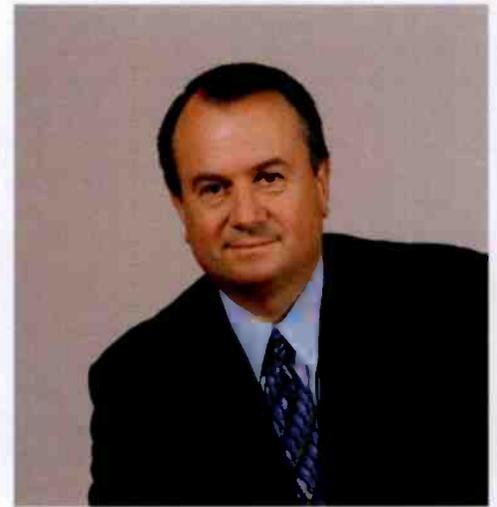
All markets in 2000 as a whole are up. If you look at 1998, it was a perfect bell curve. Markets 1-10 were up 13.8%; 11-25, up 19.1%; 26-50, up 18.6%; 51-75, up 16.8%; and 76-100, up 9.6%. If you go to 1999, it was a perfect U-curve. Top ten were up 24.1%; 11-25, up 10.7%; 26-50, up 6%; 51-75, up 1.1%; and 76-100, up 10.2%. If you now go to this year and look at the year to date numbers that we have, it's a ramp up from the smallest to the largest. 76-100 are up 8.4%; 51-75, up 13.7%; 26-50, up 22.8%; 11-25, up 32.5%; and the top ten markets are up 41.2.5%. So the good news is that all market segments are up with the exception of 23 individual markets in the top 100 which are not experiencing growth. The common factor in those is that they're not dot-com markets and they have not seen increased category expenditures from some of the growth categories.

How are automotives looking?

On a like-to-like basis, the KRG is pacing about 58% ahead for the year for automotives. And that's being led by Dodge and Saab. Interestingly, if you look at it in terms of how much the automotive category represents of our total expenditures year to date, it is only 14.8% of our total business. In terms of categories this year, it would rank number three. Consumer products is number one in which dot-coms are lumped into in some cases. And retail is number two.

Do you have any policies for dot-coms?

Our policy for dot-coms are pretty simple. It's cash in advance unless it's placed by one of the AAAA agencies. Then we get a letter of guarantee if it's not cash in advance. Ultimately it's the individual station or group's choice in terms of how they want to handle it. We recommend cash in advance unless it's placed by one of the AAAA agencies and then we get



a letter of guarantee and that policy has worked fine.

How are the agencies dealing with strong demand?

I think they are doing four things: one, clearly they're doing some earlier placement and trying to get the planning costs more in line with the buying investment. Secondly, they are recognizing the demand and more aggressively budgeting the cost per point. Thirdly, they are trying to make greater use of clusters in the individual marketplaces to take advantage of some packaging opportunities. Fourth, unfortunately in some cases, they are shortening the market list because they're only buying as deep as they can go. That's one of the reasons that you are seeing the top ten markets and 11-25 up more dramatically than some of the other markets because, if you're going to buy from the top down in terms of market size, then the dollars go only as deep as they can get.

Are you hearing similar demands on TV and other media or is radio just enjoying exceptional times?

TV is having a good first quarter and probably when all is said and done, it is going to be up somewhere in the low double digits. But it is no where near as tight as radio, with the exception of dot-com markets and big political markets during selected periods. It is not as broad based in terms of the tightness as radio.

Will Katz be starting an Internet media buying site like broadcastspots.com and BuyMedia.com?

We're working with a variety of vendors and competitors to try and provide an end-to-end business solution that offers agencies and stations the ability to execute spot advertising through the use of the Internet. What we are not looking to do is to commoditize the radio industry or reduce the growing value of the

medium by turning it into only ratings and rates. Broadcasters don't want a machine determining what the best way to buy an individual market is; it requires knowledgeable buyers and sellers. Commodity buying is not in the best interest of the agencies, individual stations or consolidated groups. We do understand the need to continue to make radio easier to buy and more efficient to process and are supportive of making that happen with a single industry solution. In the back half of this year we'll be announcing some things we're working on now that incorporates Katz' MediaAdLink and other systems. Agencies are not saying that the need and desire to negotiate and understand the dynamics of the market is not a valued resource. We're just trying to make the whole process more efficient for agencies.

Are you selling ads on stations' websites?

We're doing that now for groups with centrally hosted websites through a division of ours called Katz Interactive Marketing and we're doing that with some success.

Is it a significant revenue stream?

It will be. We're projecting that in the first 18 months we will see \$75M in terms of sales.

What are your thoughts on Arbitron?

Through **Gerry Boehme**, we are active participants on the Arbitron advisory board and have found that to be a very productive avenue for any concerns we have or for any concerns our stations suggest to us. They get the feedback directly and they get it in a consensus type format and I do believe that for the most part, they're responsive to that board.

Do you see any new technologies like satellite radio affecting radio?

Streaming will be a factor as one to one marketing through the streaming abilities of the Internet takes radio's terrestrial signals to a new targeting level. I think that the streaming of formats that most of the groups are going to become involved with is going to provide another outlet with unlimited ability to target those audiences that choose to listen to the radio over the Internet. Satellite radio may have some impact but I think it's going to be a very fragmented business from an advertising standpoint. They're talking about offering, depending on the estimate, about 500 formats. When you start breaking that down on a local market basis, it's not that impactful. The vast majority of dollars are being spent in the local marketplace because people want local news and local information. As a result, you're not going to see a significant impact against the very core of the radio business, which is an individual market medium.

Media Index

Dot-coms diversify ad spending

by Jack Messmer

Television got a dot-com boost in December, surpassing radio in ad spending by dot-com companies. Of course, the pie was also larger and the boost could be due to Christmas retailing...or rather, e-tailing. Radio's share of other markets was in line with other months, but we do notice a gradual up-trend in the minor monthly fluctuations. Radio's overall share in Miller, Kaplan's X-Ray markets rose to 14.3% in December 1999, compared to 13.67% a year earlier.

RBR/Miller Kaplan Total Media Index

December 1999 (Expenditures in 000)

Category	Radio	TV	Newspaper	Total Media	Radio% of Total
Automotive	26,806	163,664	205,308	395,778	6.77%
Restaurants	10,882	43,198	5,927	60,007	18.13%
Department Stores	14,973	49,952	155,941	220,866	6.78%
Foods	7,367	28,403	1,893	37,663	19.56%
Communications/Cellular	18,572	35,702	71,925	126,199	14.72%
Furniture	4,726	21,440	27,210	53,376	8.85%
Financial Services	11,327	16,018	34,724	62,069	18.25%
Movies/Theater/Concerts	6,686	26,678	33,444	66,808	10.01%
Grocery Stores	8,041	15,509	19,558	43,108	18.65%
Appliances & Electronics	6,233	29,572	52,632	88,437	7.05%
Hotel/Resorts/Tours	3,084	6,082	27,746	36,912	8.36%
Drug Stores/Products	5,677	19,604	18,670	43,951	12.92%
Computers/Office Equipment	9,716	7,626	28,034	45,376	21.41%
Specialty Retail	19,914	41,145	47,170	108,229	18.40%
Health Care	6,202	11,882	8,495	26,579	23.33%
Auto Parts/Service	3,046	5,324	5,000	13,370	22.78%
Music Stores/CDs/Videos	7,436	19,034	23,131	49,601	14.99%
Transportation	2,923	3,090	5,100	11,113	26.30%
Entertainment-Other/Lottery	8,222	8,630	4,743	21,595	38.07%
Home Improvement	2,594	5,690	7,927	16,211	16.00%
Professional Services	8,986	11,176	9,263	29,425	30.54%
Beverages	11,254	14,315	6,232	31,801	35.39%
Television	10,875	5,544	11,046	27,465	39.60%
Personal Fitness&Weight Ctrs.	935	3,221	1,371	5,527	16.92%
Publications	2,862	5,915	24,030	32,807	8.72%
Internet/E-Commerce	32,087	50,726	21,627	104,440	30.72%
TOTAL	251,426	649,140	858,147	1,758,713	14.30%

*Based on Media Market X-Ray composite data for 15 markets (Atlanta, Charlotte, Cleveland, Dallas, Houston, Minneapolis-St. Paul, New York, Philadelphia, Pittsburgh, Portland, OR, Providence, Sacramento, San Diego, San Francisco, Seattle). Newspaper and television data compiled by Competitive Media Reporting and radio data compiled by Miller, Kaplan, Arase & Co., CPAs. For further information contact George Nadel Rivin at (818) 769-2010.

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75,000 hits in December*

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