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The Kennard challenge; FCC priorities become clearer at NAB

by Frank Saxe

FCC Chair **Bill Kennard** (D) challenged broadcasters at last week's NAB Las Vegas Convention to present him over the next two months their best ideas toward increasing minority ownership. "The industry probably won't have a concrete plan to give to Kennard in 60 days," said NAB President **Eddie Fritts**, adding, "We're willing to explore new options." Kennard said tax certificates may be the way to go, and he and Fritts agreed an abuse-proof system is needed.

Kennard was presented with the results of the NAB survey showing radio and TV stations gave nearly \$7B worth of air time to public service last year, but rather than applauding broadcaster achievements, he seemed dismissive. "Some broadcasters take their public interest obligations seriously. Others don't." Kennard said he wants to open a "dialogue" on the public service obligation, reiterating plans to launch an inquiry while stopping short of imposing requirements (*RBR* 3/30, p.3).

The NAB survey shows radio & TV stations gave \$6.85B worth of community service last year. The average radio station aired 122 PSA's a week, with an average of \$400K annually; or \$3.14B industry-wide. Radio also raised \$1.2B for various charities. Survey results will be presented to the FCC Commission tomorrow, April 14.

In a separate report, the Ad Council says there was a 6% increase in

donated radio time. Radio remains the Ad Council's largest supporter, contributing over \$573.7M or 58% of the total donated media.

During his State of the Industry Address, Fritts congratulated broadcasters for their public service, while challenging them to let policy makers and the public know what is given. "Tell them how broadcasters do well by doing good," said Fritts. The Gore Commission is already pushing free time, and Fritts feels whatever decision is made for TV will ultimately affect radio.

Minority ownership, however, seemed to have most of Kennard's convention attention. He lauded praise on Radio One owner **Cathy Hughes** for giving Washington, DC a black-owned voice. He said Hughes saw radio as a way to serve her community, not to make a buck. In 1997, minority ownership fell to 2.8% from 3.1% in 1996, the year the Telcom Act was passed. "I am committed to reversing that trend during my chairmanship," he said.

Micro-radio stations, a concern of many broadcasters, did not get much lip service from Kennard in Vegas, although he has expressed some support for low power stations as a way to increase the diversity of voices. Fritts, echoing broadcasters' general view, strongly disagreed, and last week called them "interference" which will clutter the airwaves.

Q2 pacing picks up

Demand for radio time usually picks up in Q2 and this year is no exception. According to the latest *RBR*/Miller Kaplan forward pacing report, as of April 1, May is running only slightly behind last year at 62.9% sold and June with 44.8% of inventory sold, is running slightly ahead.

RBR observation: Lots of grumbling in the TV network world that a soft scatter market could lead to a soft upfront market. So far, few are expecting that will have an adverse affect on radio—early signs are that Q2 is looking strong.—KB

RBR/Miller Kaplan Market sell-out percentage report

	1998	1997
April	75.6%	74.6%
May	62.9%	65.8%
June	44.8%	42.4%

RBR observation: While we don't doubt Cathy Hughes' heart is in the right place, if she wasn't making money she wouldn't be the successful group owner she is.

Programs to recruit minorities are something broadcasters have been taking very seriously, as evidenced by the RAB's Radio Careers Fair, which, through workshops in more than 40 cities have increased the size of recruitment pools by nearly 25,000 individuals, 40% of them minorities.

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News Briefs from NAB '98

- Behind closed doors at the NAB, CBSI, the company known for its traffic & billing software, was demonstrating its Digital Universe, an on-air digital system offering uncompressed or compressed audio storage from a single server.
- RCS is integrating AP NewsDesk into its Master Control on-air system.
- Broadcast Electronics will market Auditronics' digital consoles, becoming Auditronics' largest dealer.
- Harris Broadcast (N:HRS) and Arrakis Systems have teamed up to introduce Audiometrics Sound Source digital workstation. Harris is the marketer and Arrakis is the manufacturer.
- ABC Radio's (N:DIS) 26 O&Os and ABC Radio Networks have chosen RealNetworks' (O:RNWK) RealAudio for streaming all of ABC's programming on the Internet.
- What's in a name? Now stations can have a "dotFM" [.fm] web site address by registering with BRS Media, who, in conjunction with Internet service provider, FSM Telecom Corp has secured the premium domain.
- BIA Research is taking its radio and TV database to the Internet with MEDIA Web Search.
- Sen. **Joseph Lieberman** (D-CT) and conservative commentator **William Bennett** urged broadcasters to bring back the NAB Code of Conduct, which was dropped in the 1970's amid a DOJ investigation. The pair are urging TV and radio to "clean up their act."
- Sen. **John McCain** (R-AZ) said the FCC is taking a "Nehru-jacket approach" to public interest obligations and expanding minority ownership. He said its "tinkering" may create more problems than it solves.
- Concern over pirate radio remains high, and several broadcasters gave FCC Chair **Bill Kennard** an earful during the Chairman's breakfast. Roughly two dozen pirate supporters protested outside the convention.

News Analysis

Survival gets tough for syndie shows

by Katy Bachman and Carl Marcucci

Last month syndicated shows were dropping like flies as hundreds of affiliates were told shows would be dropped. Among those shows packing it in: SJS's "The **Ed Lover** and **Dr. Dre** Morning Show," Westwood One's (O:WONE) "The **Mary Matalin**" and "**Adrienne Berg** Shows" and United Stations' "The **Victoria Jones** Show" (*RBR* 3/16, p. 2).

"We were hoping that the future of our Talk programming would be brighter than it is today," said **Andy Denmark**, VP programming, United Stations Radio Networks. "If you notice, most of the latest programs being dropped are Talk. We've found many stations are in contract to be sold, and they are reluctant to sign 15 hours per week of programming—Talk programming takes up more time." Talk also takes the longest to build an audience, and many pull the plug before a show is given a chance.

United Stations isn't alone in its disappointment. Consolidation gave birth to the belief among many execs that demand for syndicated programming would climb exponentially. Instead, demand has remained fairly stable, and the sheer number of shows has led to a soft advertising marketplace. As a result, those radio groups that own radio programming, such as Jacor (O:JCOR) with Premiere, look to their own stations for distribution of programming. "People like **Randy Michaels** and **Mel Karmazin** are smart. They're absorbing their own products on their stations, but they're not saying you can't clear somebody else. They recognize that the smaller syndicators may be coming up with stuff that's really hot," said ProStar Entertainment President **Bob Dane**.

Some smaller syndicators are staying afloat through mergers and marketing agreements. Late last year, Prime Sports merged with Radio Shows (*RBR* 12/15/97, p. 8), which recently merged its PrimeSports overnight programming with Sports Byline (*RBR* 3/16, p. 2). United Stations is also transitioning **Barry Farber** to Talk America, but may continue repping the show. NetStar is adding the rep business to its repertoire to put money in the bank while it continues to build audiences for **Susan Powter** (*RBR* 3/30, p. 4).

Distribution power aside, even well-established players are facing the crunch, both from smaller competitors jumping into the market and from large radio groups using their station portfolios to get their programming distributed. Said Dane: "Syndicators like WW1 have overhead that you and I can't even imagine. They've got a bunch of shows that they have to roll out, while maintaining older ones. For a guy like me, I've got an electric bill, a computer and a fax line and not a whole lot else. I'm light and fast on my feet. If I can grab hold of something that has a tremendous talent level and is well-niched, I can move it to market a lot faster than the big guys can."

Mel moves up to #2 spot

by Katy Bachman

There's no question who's in charge at CBS these days and now **Mel Karmazin** has the title to prove it. As the new President and Chief Operating Officer of CBS Corp., the Zen Master heads all broadcasting operations which includes the CBS Radio group, the CBS TV Group, TDI, CBS Cable, and CBS Television, including the TV network. Already reports are saying Karmazin is the heir apparent to CBS.

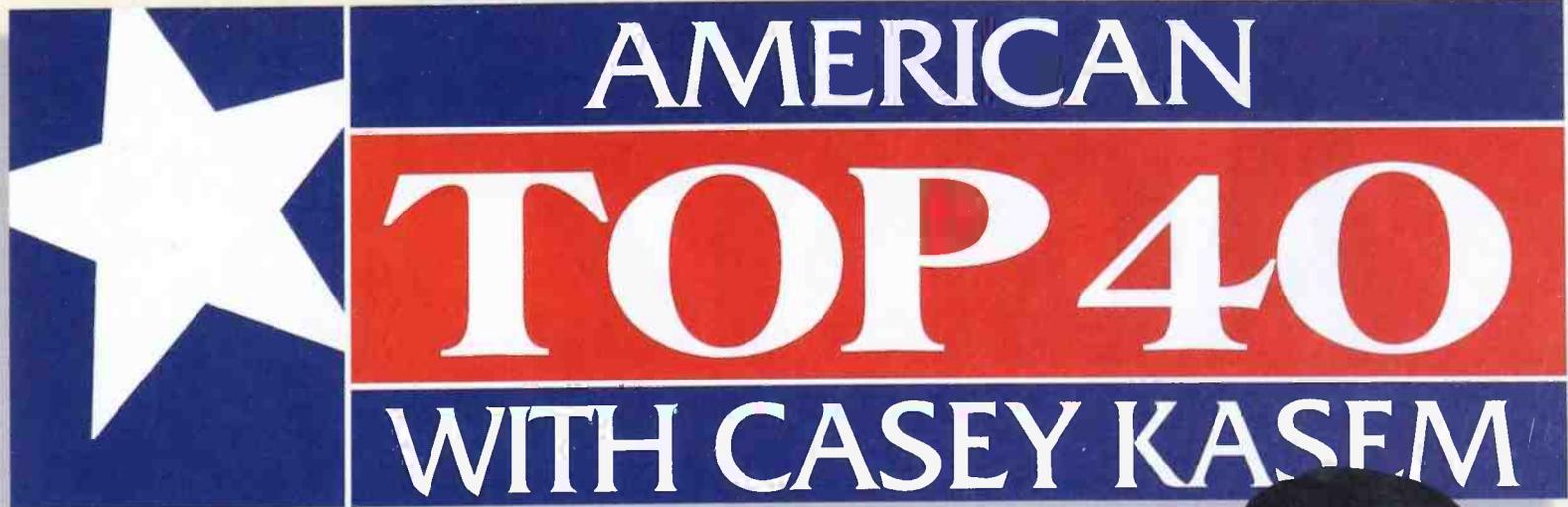
Leslie Moonves gets a new title—President/CEO, CBS Television—and as head of programming for CBS, will report to Karmazin.

Since he sold Infinity Broadcasting to CBS for \$4.9B, Karmazin has been on the CBS corporate fast track. It didn't hurt that his total CBS shares—19.8M—are nearly 10 times those of his boss, **Michael Jordan**. Analysts applauded the new management, but CBS' stock price was virtually unchanged. Jordan, still in the #1 spot, made these management changes a little less than a year after he put Karmazin in charge of the CBS TV O&Os, ousting long-time CBS vet, **Peter Lund** (*RBR* 5/26/97, p. 3).

More AMFM shows in the works

Chancellor's (O:AMFM) AMFM Radio Networks has two shows in development for syndication: **Hollywood Hamilton**, morning personality on WKTU-FM NY, could be headed for a countdown show while WKTU guest host, **RuPaul**, is likely to have a show featuring dance music. No launch dates have been set. —KB

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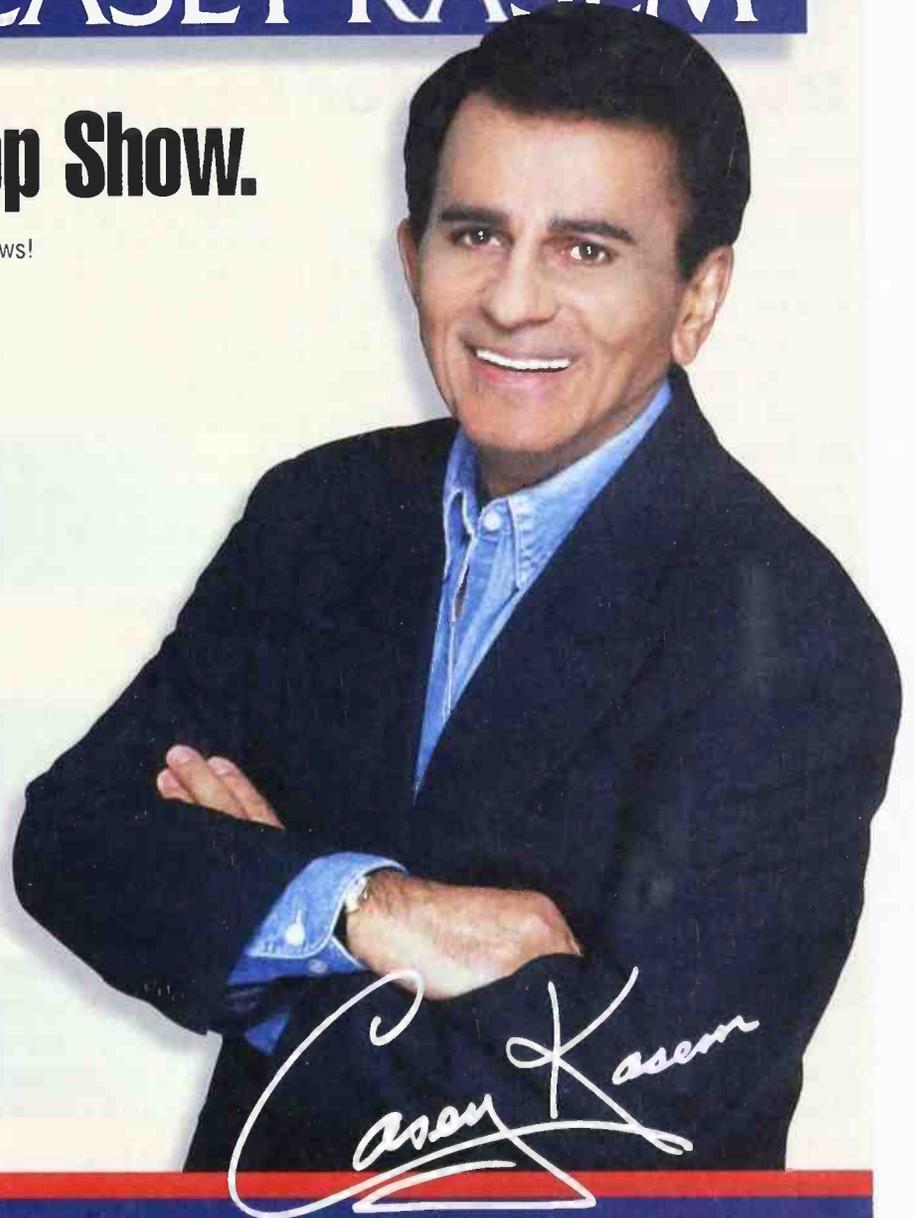
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Suds up! Radio hops for brew battle

by Frank Saxe

Radio has always been a battleground for beer makers, and we've noticed several brewmeisters are stepping up their use of radio just in time for the all important Summer selling period. Competitive Media Reporting data, provided by Interep, shows beer spending on radio traditionally peaks in Q3, with June the biggest single month.

Last year, national spot beer ads totaled \$15.96M—that is more than newspapers and syndicated TV got. The lion's share still goes to network TV, which got \$423M in 1997.

Radio links beer & tattoos

Want to create a buzz with a limited budget? A White Fish, MT brewery has discovered the power of radio thanks to a promotion that had tattoo-clad guys competing for a Hog. **Hal Riney & Partners Inc.** ran Black Star Beer spots in San Francisco and Montana on Alternative, Sports, AC and Classic Rock stations aimed at

its core demo, Men 21-34. The offer? Whomever donned the biggest Black Star logo tattoo wins a Harley Davidson Heritage Springer bike worth \$20K. The winner now sports a 23 inch Black Star logo on his back. (below)

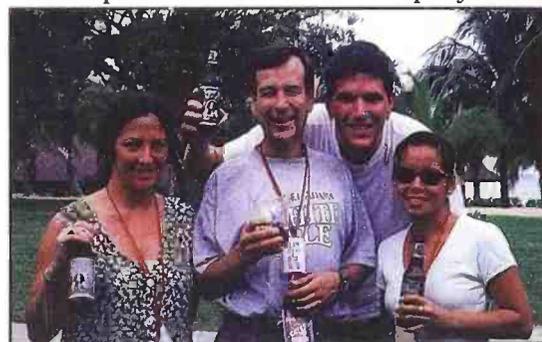
Black Star's budget was a mere \$15K spread over three weeks, but it created enough of a buzz to make a splash. "We didn't do it big at all, we were really just literally testing to see how it would work," says **Marni Feld**, brand manager.

More radio is in Black Star's future, says Feld. "TV is great but it doesn't really work until you have sampling and people are familiar with who you are. I think in radio we can relate who we are and it's a pretty good way to laser in who your target is."

Spring break, radio style

DJs from nine stations around the country spent a week last month at Club Med Turks & Caicos in the British West Indies broadcasting live and singing the praises of Boston Beer Co.'s new Samuel Adams White

Ale as part of a \$1.5M product launch which included live remotes, radio giveaways, spot buys, a national sweepstakes, and POP displays.



Boston Beer Founder Jim Koch with Nicole Sandler and Chris Cantore of XTRA-FM in San Diego, with contest winner.

In the two weeks leading up to the trip, the company gave away 40 trips for two on Rockers WKLS-FM Atlanta, WAAF-FM Boston, WKQX-FM Chicago, KTCL-FM Denver, KLLC-FM San Francisco, WRQC-FM Minneapolis, WAXQ-FM New York City, XTRA-FM San Diego and WARW-FM Washington, DC and Talk KLSX-AM Los Angeles, which sent Westwood One's **Tom Leykis** to the isle. His syndicated show took the White Ale message nationwide.

It took the installation of 33 phone lines, bringing a satellite uplink to the remote island, even stringing phone lines through trees to Leykis' computer—but the brewer says it added up to a successful product launch.

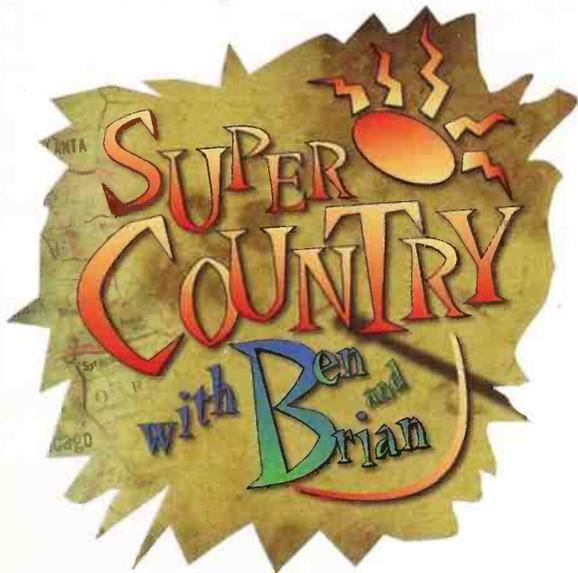
"Disc jockeys are some of the most crazily energetic, wildly funny, immensely talented people that I've ever met in my life," says **Jim Koch**, founder of Boston Beer, which plans more radio promotions.

"Our afternoon DJs were totally inspired by all the experiences and activities happening on the island," adds **Ann Marie Blood**, promotions director, WAAF-FM Boston.

Continued on p.8



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Beer spots on Tap

Continued from p.6

Other examples of beer companies using radio to reach targeted demos include these campaigns planned for 1998:

•Beck's Beer is stepping up its radio buys and expanding its TV buys, while scrapping its sweepstakes and contest focus. Beck's will try outdoor for the first time too. Budget is estimated at \$10M. Agency: **Rapp Collins**, NYC



•Labatt Blue launched a new beer spot April 6 on radio, TV & print. Budgets are up four-fold, to \$5-7M. Agency: **Ammirati Puris Lintas**, Toronto & NYC

•The Mexican brew battle heats up, with Labatt USA upping spending for its Tecate beer to include Hispanic radio. Agency: **Cartel Creativo**, San Antonio

•Red Stripe Beer will use snippets of Jamaican radio for its US spots. Tagline: "Soak it up." Agency: **North Castle Partners**, Stamford, CT

•CBS' **Charles Osgood** pushes Anheuser-Busch's new Black & Tan beer during Thursday and Friday "Osgood Files" broadcasts. Agency: **Leap Partnership**, Chicago

•Radio is in the plan for Molson beer this summer, when its "Camp Molson" spots will play up the brew's Canadian heritage. Agency: **Young & Rubicam**, NYC

•Pete's Extra Smooth Pub Lager is hitting radio airwaves with its "almost as easy to drink as free beer" campaign. Agency: **Black Rocket**, San Francisco

Radio cracks Red Lobster

Hearing PM drive talent go on about the sweet meat of lobster was the thrust of Red Lobster's radio campaign last month. The restaurant chain used radio in top 20 markets during its "Lobster Fest" promotion.

"We have found that disc jockeys reading in their own words and speaking about their own personal experience is a very effective way to personalize a promotional message," says Red Lobster spokesman **Andrew Dunne**.

The chain targeted Adults 25-54, and bought Country, AC, Urban and Hispanic formats. The live reads cost more but Dunne says, "you get what you pay for."

Red Lobster is continuing the promo through the Summer in Cleveland, Miami, Pittsburgh and Norfolk, VA—four markets where its nationwide turnaround has been lagging. Agency: **Local Marketing Corp.**, Cincinnati



Kodak pictures more radio

Man-on-the-street interview spots promoting Eastman Kodak's new Max film are running through year's end in the top 20 markets where Kodak retailer activity is the strongest. The radio spots highlight photography problems, with the solution being Kodak's new all-purpose Max film.

"We are using radio this year from a continuity point of view," says **Marianne Samenko**, marketing communications manager for Kodak's Consumer Imaging division. "It gives us a presence in all the markets that are important to us for the year."

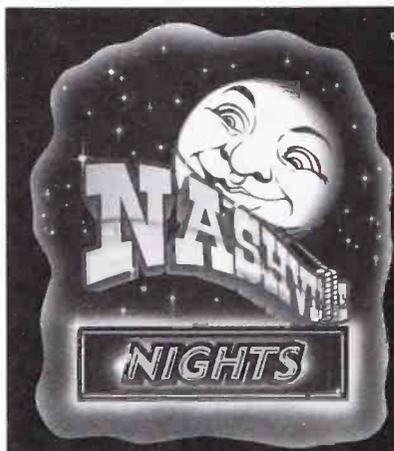
The budget is not being released but Kodak is aiming at delivering at least 25% more GRPs, according to a spokesman. Samenko says the radio spots will tie into key retailers. Agency: **Ogilvy & Mather Worldwide**, NYC



Snapple returns to radio

Radio talkers **Rush Limbaugh** and **Howard Stern** will once again be touting Snapple beverages, since both have been chosen for Triarc Beverage Corp.'s new ad campaign. The radio flight runs through the Fall. The radio budget is not being released, although a combined radio, TV and print spending is estimated to be \$30M. Triarc bought the Snapple line from Quaker Oats Co. last year, and has had some success at reversing its downward spiral. Agency: **Deutsch**, NYC.

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AdBiz Interview: Amy Nizich

by Frank Saxe

Amy Nizich is Media Director of Western International Media Corp.'s Los Angeles office. Western had 1996 billings of \$2.35B, with \$300M in national spot and network radio. Among its biggest clients are Acura, Bell South, Home Depot, Jenny Craig and Walt Disney.

Nizich has 18-years of national and local buying experience. Aside from her years at Western, she has worked with Eisaman Johns & Laws Advertising, Vista Advertising and Grey Advertising.

Why do you use radio?

We tend to use it when someone cannot afford other types of defensive forms of media, such as outdoor and print. Radio also stands alone especially in a retail situation where they're trying to do something quickly.

"I like radio spots that add some humor. They capture the imagination of the listener."

When you use it, you should use it with frequency because that is how you break through the fact that radio is background. That's how you get the message across and that is how you get people to use the product.

Compare buying radio to buying TV.

In TV we buy programs because people watch programs. In radio, the stations are the programs because they run on formats. What you're doing in radio that is different from TV is you're looking for a line-up of stations that target the audience that you think is going to want your product.

You want to use as many viable dayparts in radio as you can because people listen to fit their own lifestyle. You don't just want to be in the highest cuming hour on a radio station, you want to rotate through, otherwise you won't get much reach with radio.

Do you think radio should post like TV?

Radio doesn't vary seasonally like television does, which is the basic principle behind TV estimations. Things are going to change in TV ratings seasonally because viewing goes up and down so you adjust your ratings and you make predictions on how things are going to appear in the next book. In radio, what we find is that even if the ratings fluctuate a little, they're still going to be the same top ten stations.

It might come back if technology were to change radically and it became something that became predictive.

Have you noticed any effects of radio consolidation?

We used to have tons of companies. We now have relatively few companies; in most of the top markets; companies are now dominating markets. I worry about it, I think it's reason for concern. So far we haven't seen a lot of bad things happening. You talk to the station groups they'll tell you they're going to be able to offer better programming and more choice. Of course I look at it as they have higher debt service—so what are they going to do to service that debt? What are they going to do to rates? So far I haven't found it to be a huge problem, but we keep a good eye on it.

J. Walter Thompson's Jean Poole says she's seen 5% to 50% rate hikes in top 5 markets. Have you seen a similar trend?

I haven't seen it for myself here in Los Angeles, not for Western. I know there are some bumps in a couple of markets but I haven't seen anything like she describes.

Could consolidation allow radio to play hardball?

That's what everyone is concerned about. CBS now has 173 stations and Capstar now owns 324 stations, the



Idea is that they could start consolidating in that way. So I think there is some reason to keep an eye on them, and I think the whole industry feels that way.

But there are other reasons that you're going to see some problems with radio. It is just the growth of radio itself. Spending on radio is expected to grow 40% by 2000. Markets used to be wide open, regardless of consolidation, now there will be less inventory. This is another issue that comes into pricing. Radio is now big business.

What do your clients want from radio?

They expect it to sell product just like they expect everything you place for them to. They are concerned about formats and rating point delivery. That is the method we use to sell the widgets.

I don't really have favorite formats in terms of buying. We try not to do that here, we don't think that's a smart way to approach radio. We want to buy what is going to sell the product for our client and address their targeting needs.

What do you think of network radio?

We do a lot of network radio. It gives you national coverage. Of course you have the problem with uneven delivery, but for national accounts it is very cost effective and you can do spot along with it much like television.

With the new AMFM Radio Networks there's going to be a lot more competition. We were down to two networks. When Westwood One and CBS merged, all we had was ABC and Westwood One, and now with Chancellor coming in with AMFM Networks, this is going to create more competition in the network area which I think is great.

Has radio ever failed you?

There have been a couple of times when we didn't have enough budget to do it correctly that it hasn't worked well, and I usually try to direct clients out of wasting their money that way. But when you buy it correctly, it tends to work as long as the message is good.

BROADCAST INVESTMENTS™

April 8—RBR Stock Index 1998

Company	Mkt:Symbol	4/1 Close	4/8 Close	Net Chg	Pct Chg	4/8 Vol (00)	Company	Mkt:Symbol	4/1 Close	4/8 Close	Net Chg	Pct Chg	4/8 Vol (00)
Ackerley	N:AK	21.312	20.438	-0.874	-4.10%	95	Jacor	O:JCOR	60.937	57.250	-3.687	-6.05%	5726
Alliance Bcg.	O:RADO	0.812	1.000	0.188	23.15%	0	Jeff-Pilot	N:JP	88.937	89.625	0.688	0.77%	599
Am. Radio Sys.	N:AFM	63.875	65.375	1.500	2.35%	760	Jones Intercable	O:JOINA	18.750	17.406	-1.344	-7.17%	92
AMSC	O:SKYC	12.937	10.172	-2.765	-21.37%	991	MetroNetworks	O:MTNT	43.750	40.250	-3.500	-8.00%	334
Belo Corp.	N:BLC	53.687	52.938	-0.749	-1.40%	686	NBG Radio Nets	O:NSBD	1.625	1.750	0.125	7.69%	0
Big City Radio	A:YFM	12.812	12.688	-0.124	-0.97%	77	New York Times	N:NYT	71.000	70.125	-0.875	-1.23%	2839
CBS Corp.	N:CBS	33.562	35.750	2.188	6.52%	35046	News Comm.	O:NCOM	1.437	1.375	-0.062	-4.31%	0
CD Radio	O:CDRD	24.000	26.000	2.000	8.33%	2995	Otter Tail Power	O:OTTR	37.375	36.656	-0.719	-1.92%	39
Ceridian	N:CEN	53.500	51.125	-2.375	-4.44%	4333	Pacific R&E	A:PXE	4.750	5.000	0.250	5.26%	34
Chancellor	O:AMFM	45.375	48.750	3.375	7.44%	18108	Pulitzer	N:PTZ	80.312	83.000	2.688	3.35%	841
Childrens Bcg.	O:AAHS	3.187	3.500	0.313	9.82%	1545	RealNetworks	O:RNWK	32.500	34.000	1.500	4.62%	5379
Clear Channel	N:CCU	97.250	96.313	-0.937	-0.96%	3640	Saga Commun.	A:SGA	20.875	21.500	0.625	2.99%	13
Cox Radio	N:CXR	49.687	46.625	-3.062	-6.16%	289	SFX Bcg.	O:SFXBA	97.500	99.750	2.250	2.31%	755
DG Systems	O:DGIT	3.812	3.500	-0.312	-8.18%	76	Sinclair	O:SBGI	58.125	56.563	-1.562	-2.69%	58511
Disney	N:DIS	106.062	106.875	0.813	0.77%	9680	SportsLine USA	O:SPLN	31.500	29.625	-1.875	-5.95%	2032
Emmis Bcg.	O:EMMS	55.125	52.000	-3.125	-5.67%	525	TM Century	O:TMCI	0.437	0.406	-0.031	-7.09%	0
Faircom	O:FXCM	0.906	1.063	0.157	17.33%	330	Triangle	O:TBCS	0.125	0.100	-0.025	-20.00%	1050
Fisher	O:FSCI	64.500	66.000	1.500	2.33%	231	Triathlon	O:TBCOA	10.000	10.063	0.063	0.63%	499
Gaylord	N:GET	35.937	36.125	0.188	0.52%	230	Tribune	N:TRB	70.187	69.188	-0.999	-1.42%	2335
Granite	O:GBTVK	11.500	11.125	-0.375	-3.26%	444	Westover	A:WTW	26.125	26.188	0.063	0.24%	124
Harris Corp.	N:HRS	52.437	50.188	-2.249	-4.29%	4496	Westwood One	O:WONE	30.000	29.000	-1.000	-3.33%	367
Heftel Bcg.	O:HBCCA	43.250	43.125	-0.125	-0.29%	1646	WinStar Comm.	O:WCII	43.000	43.250	0.250	0.58%	12109

Clear Channel still wants More

Clear Channel Communications (N:CCU) hasn't raised its bid for More Group Plc in the face of a higher bid by France's Decaux SA (RBR 4/9, p. 20), but did extend its offer until today (4/16). **Lowry Mays** and company may be hoping that shareholders will prefer to take the sure thing, rather than risk getting nothing if British antitrust officials nix the sale to Decaux, whose acquisition of More Group would give it near total control of certain types of outdoor advertising in Britain.

Times buying back debt

Being able to borrow money at 8.25% would seem like a dream come true for many radio groups, but The New York Times Company (N:NYT) considers that rate too expensive in the current environment. The Times Co. has offered to buy back any or all of its \$150M face value in outstanding 8.25% debentures which will be due March 15, 2025. Sellers who take the company up on its offer will be paid a premium price of \$1,143.81 per \$1,000 face value.



Kerby E. Confer, CEO/Radio Division
of Sinclair Communications, Inc.

has sold

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by Jack Messmer

Missouri attorney general attacks Zimmer deal

The Attorney General of Missouri, **Jay Nixon**, has jumped into the continuing national debate over radio ownership concentration, urging the FCC to hold off on letting any member of the **Zimmer** family acquire more stations in the Jefferson City, MO area until the impact of concentration is examined.

Although Jefferson City isn't an Arbitron metro, it is the capital city of Missouri, which may explain why the AG is taking notice.

In a filing with the FCC by Assistant Attorney General **J. Robert Sears**, the AG asks the Commission to hold off acting on two applications: 1) By Zimmer Radio of Missouri (ZRM) to buy KLIX-AM & KTXY-FM for \$6.625M; and 2) By MVP Radio to buy KATI-FM for \$1.05M—all from Brill

Media (RBR 11/3/97, p. 15). ZRM is owned by brothers **Jerry, Don, John** and **James Zimmer**, while MVP is owned by two additional brothers, **David** and **Tom Zimmer**. The deals would give ZRM a 2 AM/4 FM superduopoly and MVP a 1 AM/2 FM duopoly.

"Commission approval of the applications should be delayed pending an investigation of the effect on listeners in Cole County and on competition for advertising time on the stations involved," Sears wrote. "The market served by the stations whose licensing is at issue is already highly concentrated, and the proposed purchasers already control a major portion of that market. The proposed acquisitions will significantly increase the degree of concentration. Commission approval of the applications,

by increasing the concentration of the market, may result in the substantial decrease of variety of opinion offered in the Cole County area and in the increase in the cost of advertising on radio in that same area."

According to the AG, the proposed sales by Brill would result in the various Zimmer entities increasing their share of radio revenues from 44% to 85%, including a 96% share of ad revenues for the Country format. The source of the AG's figures was not identified.

In response to the AG's filing and a petition to deny by Columbia FM, the owner of a competing superduopoly, ZRM and MVP have affirmed that the two companies are separate and independent. They say there is no basis for the FCC to accept their opponents' claims that ZRM will control the MVP stations.

ZRM also takes issue with its opponents' focus on Cole County and notes that Arbitron's Columbia market has a TSA of 13 counties with service from 68 stations. If you look only at the metro (Boone County), ZRM notes that Columbia FM has the highest 25-54 ratings.

On a second front, ZRM's FCC filing included a dozen letters to the Attorney General from Jefferson City advertisers who support the KTXY acquisition. Several stated that rates have gone down since ZRM assembled its station group and applauded being able to deal with fewer account reps. "I implore your office to take a positive view of the recent consolidation and allow free enterprise to survive!" wrote **Barbara Hayden**, CFO, Starline Inc.

Fear strikes Kinetic

John Dawson's Cape Fear Radio is buying WRCQ-FM Fayetteville, NC from **Howard Johnson's** and **Jon Peterson's** Kinetic Communications. The deal will give Cape Fear a four station superduopoly. Broker: **Michael Bergner**, Bergner & Co.

Bonneville International Corporation

has agreed to exchange the assets of

KLDE-FM Houston, Texas
WDBZ-FM New York, New York
KBIG-FM Los Angeles, California

with

Chancellor Media

for

WTOP-AM and WGMS-FM Washington, D.C.
KZLA-FM Los Angeles, California
and additional cash consideration

in a total transaction valued at

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Capstar swap scoreboard

As Capstar prepares to close its \$2.1B SFX buy and sell its IPO (*RBR* 4/6, p. 18), CEO **Steve Hicks** won't be looking forward to a rest. Rather, he'll be back on the acquisition trail with a deadline of 2/20/2001 to cover \$637.5M in tax-free swaps with Chancellor Media (O:AMFM), which is getting 11 large market SFX stations (*RBR* 3/2, p. 12).

Hicks' agreement with Chancellor CEO **Scott Ginsburg** specifies values for each station, along with monthly LMA fees to be paid to Capstar by Chancellor for each until the swaps close. So far, Capstar has only designated swap transactions for one of the 11 stations—KODA-FM Houston (*RBR* 4/6, p. 19).

Here's a list of the stations and the values specified in the 2/20/98 deal. Look for *RBR* to run an update once several more swaps are announced.

Station going to Chancellor Media	Value [Monthly LMA fee]	Station(s) going to Capstar	Value
KODA-FM Houston	\$143.25M [\$1,193,750]	KVET-AM & FM & KASE-FM Austin	\$90.25M
		WAPE-FM & WFYV-FM Jacksonville	\$53.00M
KKRW-FM Houston	\$83.25M [\$693,750]	Not yet named	
KQUE-FM Houston	\$15.00M [\$125,000]	Not yet named	
KBFB-FM Dallas	\$55.00M [\$458,333]	Not yet named	
KTXQ-FM Dallas	\$55.00M [\$458,333]	Not yet named	
KYXY-FM San Diego	\$83.00M [\$691,667]	Not yet named	
KPLN-FM San Diego	\$35.00M [\$291,667]	Not yet named	
WDVE-FM Pittsburgh	\$83.00M [\$691,667]	Not yet named	
WVTY-FM Pittsburgh	\$35.00M [\$291,667]	Not yet named	
WXDX-FM Pittsburgh	\$30.00M [\$250,000]	Not yet named	
WJJJ-FM Pittsburgh	\$20.00M [\$166,667]	Not yet named	
Totals	\$637.50M		\$143.25M

Source: Capstar S-1 filed with SEC 3/27/98

FCC proposal would keep station sale prices secret

In a surprise move, the FCC has proposed eliminating its decades-old policy that requires sale contracts, including details of all cash or other consideration changing hands, to be filed with the Commission whenever an application is filed for an assignment of license (Form 314) or transfer of control (Form 315). The proposal was included in a notice of proposed rule making (NPRM) for streamlining the applications, rules and processes of the FCC's Mass

Media Bureau (Docket No. 98-43).

Although the key proposal of the NPRM, allowing electronic filing of station transactions, would enhance the availability of information to the public, the proposal to end the practice of filing contracts would have the opposite impact. Rather than having all contracts available at a central point—currently the FCC's public reference room—the proposal would scatter the contracts across all 50 states, the Dis-

continued on page 15

SOLD!

Bloomington Broadcasting Corporation, Timothy R. Ives, Chairman, has reached an agreement to a recapitalization and buy-out by its management team headed by Ken Maness, President & CEO and Richard Johnson, CFO.

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**This is what Transaction Digest
will look like if the FCC gets its way.**

Radio Business Report opposes the following provision in FCC MM Docket 98-43:

proposal to streamline broadcast application and licensing process

"Proposals to eliminate the requirement that sales contracts be filed as part of assignment and transfer applications, substitute a certification that the agreement complies with the Commission's policies and require that applicants place copies of such agreements in the station's public inspection file."

See pages 13 & 15 for details. If you wish to support us in our effort to prevent secrecy in radio transactions, call Jim Carnegie, 703-719-9500.

The secrecy proposal

Here, from MM Docket No. 98-43, is the FCC staff's discussion of the pros and cons of eliminating the filing of station sale contracts:

"We propose to eliminate the requirement that such contracts and/or agreements be filed as part of assignment or transfer applications as well as the portion of Section 73.3613(b) that requires that such agreements be filed with the Commission within thirty days of execution. To the extent that we can rely on applicants' certifications regarding the contents of sales agreements rather than on a direct review of the relevant documents, the Commission could achieve significant resource savings. However, we also recognize that any processing changes must not impede our ability to discharge our obli-

gation under Section 310(d) of the Act to grant only those applications that serve the public interest, convenience and necessity and must preserve the public's ability to monitor and participate in the consideration of sales applications."

Further on, the discussion raises these issues:

"If the Commission eliminates the requirement that applicants file sales agreements with their applications and the rule requiring that such agreements be filed with the Commission within thirty days of execution, we propose to require that applicants place all such agreements in the station's public inspection file and to modify our public inspection file rule accordingly. The revised assignment and transfer forms would require the current permittee or licensee to

certify that this has been done. However, we are concerned about preserving meaningful public participation under Section 309(d) of the Act and minimizing applicant filing burdens. Are the proposed procedures sufficient to permit the public to monitor station transactions? Does Section 309(d) of the Act effectively mandate that we require applicants to place copies of sales agreements in their public inspection files or some other place? We also seek comment on the impact of ending the practice of having sales agreement available for inspection in the Commission's Washington, D.C. public reference room."

Comments on the proposed rule making are due in early June and should be addressed to Federal Communications Commission, 1919 M Street, N.W., Washington, DC 20554.

continued from page 13

tract of Columbia, Puerto Rico, Guam and other US territories. The contracts would theoretically be available for public scrutiny in each station's public file, but as a practical matter they would be useless to broadcasters, analysts, publications such as *RBR*, data base services and anyone else with an interest in tracking radio and TV station price trends.

"I don't know about you, but *RBR* doesn't have sufficient staff to travel around the country collecting contracts from individual stations," *RBR* Publisher **Jim Carnegie** said in a letter sent to other publishers, editors and data base managers. "Obviously, the intent of this move is to prevent us from gathering and reporting this data."

RBR intends to file comments on the NPRM which will support electronic filing, but strongly oppose the provision which would end the filing of contracts. Several other publications and data base companies have indicated that they will do likewise.

RBR observation: Obviously, we have something at stake in this, since we report on transactions in each issue of *RBR* and include sale information in the *RBR Source Guide & Directory*. You, our readers, will be the big losers, though, if this irresponsible measure wins approval. You will be denied access to reliable information on station pricing which would help you in assessing any potential deal to buy or sell a station.

What could happen? Just look at the deal Hearst Corp. ended up with when it agreed to sell four radio stations to SFX (*RBR* 3/31/97, p. 12) for \$35M. Apparently, no one at Hearst had noticed that radio price calculations had changed a bit since the company's previous radio deal more than two decades earlier—an oversight that may have cost the company \$20M or more.

Can you afford to make a mistake like that?

4/13/98 *RBR*

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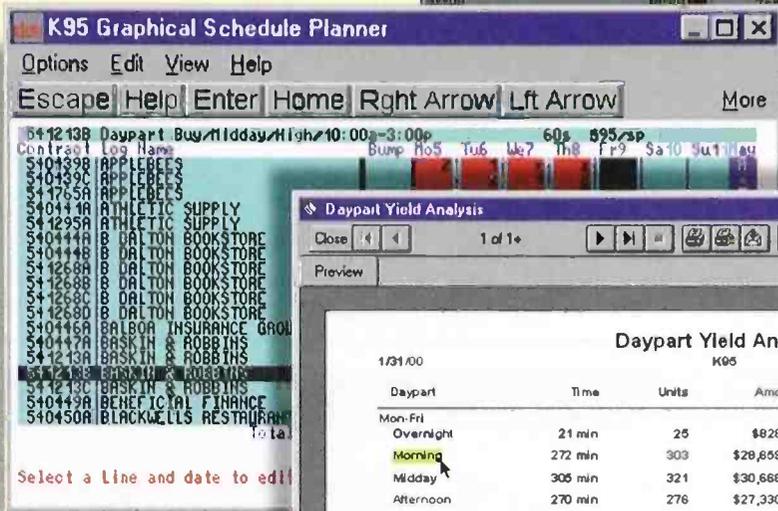
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Daypart Yield Analysis

1 of 1+ 80% Total 2987 100% 2987 of 2987

Preview

Daypart Yield Analysis

1/31/00 K95

Daypart	Time	Units	Amount	Yield	Avg per Spot
Mon-Fri					
Overnight	21 min	25	\$828.00	\$39.43	\$33.12
Morning	272 min	303	\$28,659.00	\$105.43	\$94.58
Midday	305 min	321	\$30,688.00	\$100.55	\$95.54
Afternoon	270 min	276	\$27,330.00	\$101.41	\$99.02
Evening	236 min	323	\$25,098.00	\$84.78	\$77.70
Full Day	1,163 min	1,248	\$112,583.00	\$96.78	\$90.21
Sat					
Overnight	11 min	11	\$462.00	\$42.00	\$42.00
Morning	30 min	36	\$2,623.00	\$87.43	\$72.86
Midday	27 min	28	\$2,228.00	\$84.00	\$79.50
Afternoon	31 min	32	\$3,105.00	\$101.80	\$97.03
Evening	27 min	27	\$1,915.00	\$70.93	\$70.93
Full Day	125 min	134	\$10,331.00	\$82.65	\$77.10
Sun					
Overnight	9 min	9	\$378.00	\$42.00	\$42.00
Morning	21 min	21	\$1,843.00	\$89.90	\$87.76
Midday	15 min	16	\$1,273.00	\$84.87	\$79.56
Afternoon	26 min	26	\$2,261.00	\$86.96	\$86.96

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