

MANAGER'S BUSINESS REPORT™

MBR

Radio Business Report, Inc.

17 Years

March 2000

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Clear Channel



Chuck Armstrong
AMFMi

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1999 revenues break all records; 2000 pacing to beat 1999

Radio took in an estimated \$17.6B in 1999, a 15% gain over 1998, which itself was a record-breaking year. Both national and local business were strong, and all regions of the US participated in the bonanza. December revenues were up 20% over the same month a year ago, ending an upbeat year on an even bigger upbeat. And advance time sales give every indication that 2000 will handily defeat 1999 for best-ever bragging rights.

One stat which does not appear on any of our charts this month is perhaps the most important of all for the radio industry. For the first time in years, radio snagged over 8% of the total media pie—8.2% to be precise, according to a press release from the Radio Advertising Bureau. This proves that radio's gains are based on much more than simply raising rates. It's value is such that it is taking business away from competing media, which is very good news for the future.

Many of radio's strengths were quantified in a recent RADAR study released by Statistical Research Inc. Exerpts of that study are presented on the next page.—**Dave Seyler**

Radio Revenue Index

Double-digit December seals radio revenue record

Radio's total revenue for 1999 was an estimated \$17.6B, easily surpassing the latest record set in 1998. In fact, the total bested 1998 by a full 15%, with 14% coming from local sales and another 16% gain in national business.

December was particularly spectacular. Its bottom line came in 20% higher than that of December 1998, and it made a good year even better, bumping up the 15% year-end total gain from 14%, where it had stood for most of Q4. A hard-to-beat 21% gain in local business fueled to surge. The lowest region was the Southeast, which nonetheless gained an entirely acceptable 15%. National chipped in an extra 17% for the month.

Dec 1999	Local	National
All markets	21%	17%
East	20%	20%
Southeast	15%	8%
Midwest	17%	24%
Southwest	22%	30%
West	29%	17%

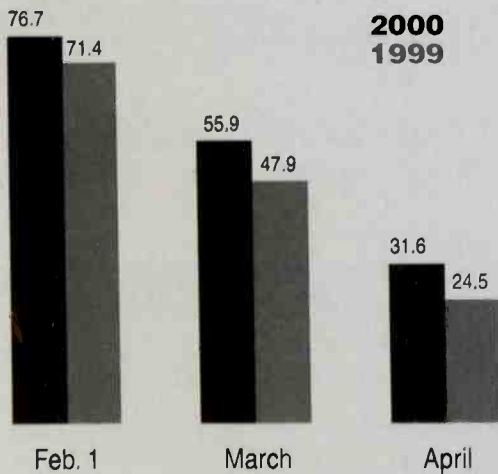
Jan-Dec 1999	Local	National
All markets	14%	16%
East	13%	20%
Southeast	15%	8%
Midwest	11%	14%
Southwest	14%	18%
West	16%	16%

Local & Nat'l revenue Dec 1999
All markets **20%**

Local & Nat'l revenue Jan-Dec 1999
All markets **15%**
Source: RAB

Forward Pacing Report

Advance sales of radio time are picking up steam after the standard beginning-of-the-year breather, and they are coming in well ahead of sales for the same time period last year. It appears that 1999's reign as the greatest radio revenue ever will be a short one.



Superduopoly Dimensions

Industry Consolidation
(as of February 21, 2000)

Superduopoly: 54.5%

Market	# of stns	percent
1 to 50	893	57.4
51 to 100	659	58.3
101 to 150	415	50.4
151 to 200	415	49.5
201 to 261	458	52.8
All markets	2,840	54.5

Total consolidation: 75.4%

Market	# of stns	percent
1 to 50	1,220	78.5
51 to 100	864	76.4
101 to 150	595	72.2
151 to 200	615	73.4
201 to 261	637	73.6
All markets	3,931	75.4

Note: The "# of stns" shows the total count for stations in either a superduopoly or, in the case of total industry consolidation, in an LMA, duopoly or superduopoly. The "percent" column shows the extent of consolidation for each market segment.
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Year-to-date stock price performance

December's end-of-year run-up gave way to a January slump as investors fretted about rising interest rates. Most radio stocks fell along with the broader market.—JM

Company	1/31/00 Close	YTD Net Chg	YTD Pct Chg
Ackerley	16.563	-1.562	-8.62%
Alliance Bcg.	0.188	-0.062	-24.80%
Am. Tower	35.875	5.500	18.11%
Am. Comm. Ent.	3.000	1.125	60.00%
AMFM Inc.	78.000	-0.250	-0.32%
Belo Corp.	15.875	-3.188	-16.72%
Big City Radio	7.500	2.750	57.89%
CBS Corp.	58.312	-5.626	-8.80%
Ceridian	16.000	-5.563	-25.80%
Cir. Rsch. Labs	3.250	1.250	62.50%
Citadel	50.003	-14.873	-22.92%
Clear Channel	86.375	-2.875	-3.22%
Cox Radio	88.000	-11.750	-11.78%
Crown Castle	31.625	-0.500	-1.56%
Cumulus	39.063	-11.687	-23.03%
DG Systems	6.875	-0.250	-3.51%
Disney	36.313	7.063	24.15%
Emmis	88.437	-36.204	-29.05%
Entercom	53.125	-13.125	-19.81%
First Entertain.	1.350	0.710	110.94%
Fisher	57.000	-4.750	-7.69%
FTM Media	10.500	-2.250	-17.65%
Gaylord	27.876	-2.062	-6.89%
Gentner	12.750	-1.250	-8.93%
Global Media	7.625	2.937	62.65%
Harman Intl.	58.375	2.250	4.01%
Harris Corp.	29.000	2.313	8.67%
Hearst-Argyle	24.375	-2.250	-8.45%
Hispanic Bcg.	103.938	11.719	12.71%
Infinity	32.500	-3.688	-10.19%
Interop	13.250	-0.125	-0.93%
Jeff-Pilot	58.750	-9.500	-13.92%
Launch Media	17.500	-1.438	-7.59%
NBG Radio Networks	2.750	-0.344	-11.11%
New York Times	45.688	-3.438	-7.00%
Pinnacle Holdings	42.437	0.062	0.15%
PopMail.com	3.938	0.938	31.27%
Radio One	76.500	-15.500	-16.85%
Radio Unica	24.000	-4.875	-16.88%
RealNetworks	157.188	36.875	30.65%
Regent	11.750	3.250	38.24%
Saga Commun.	21.750	1.500	7.41%
Salem Comm.	17.250	-5.375	-23.76%
Sirius Sat. Radio	41.375	-3.125	-7.02%
Spanish Bcg.	34.250	-6.000	-14.91%
SpectraSite Hldgs.	19.376	8.501	78.17%
SportsLine USA	35.313	-14.813	-29.55%
TM Century	0.875	0.250	40.00%
Triangle	0.025	0.005	25.00%
Tribune	42.187	-12.876	-23.38%
WarpRadio.com	4.125	-0.500	-10.81%
Westwood One	60.875	-15.125	-19.90%
WinStar Comm.	70.813	-4.438	-5.90%
XM Satellite Radio	28.625	-9.500	-24.92%

Major stock market indices		
The Radio Index™	219.480	-36.580 -14.29%
Dow Industrials	10940.530	-556.590 -4.84%
Nasdaq comp.	3940.350	-128.960 -3.17%
S&P 500	1394.460	-74.790 -5.09%

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MBR Stats

Radio success story is a product of superior performance

Any way you slice it, radio proves to be an excellent vehicle for marketing goods and services in the United States. The fact that radio alone has a significant presence in vehicles is one of the keys to its usefulness. The fact is that year in and year out, nearly everybody uses radio, particularly members of key demographic groups. There is the fact that, again almost alone among the media, radio is used while people are engaged in other things, particularly while working at home and on the job. The numbers below, from RADAR's Statistical Research Inc., tell the story.

Radio Reach

	Week	Daily
12+	95%	74%
12-34	98%	77%
18-49	97%	77%
25-54	97%	77%

Point of purchase

	30 min prior	60 min prior
Radio	52%	63%
TV 6%	18%	
Newspaper	4%	10%
Magazine	1%	4%

Key Demographics by Daypart

	6A-10A	10A-3P	3P-7P	7P-12M
Prof/Mgr	94%	90%	93%	71%
\$50K+hh	95%	93%	94%	68%
AA, A Cnty	88%	86%	86%	64%
Wrkg Women	91%	90%	91%	64%

Reach of Network Radio

P25-54	71%
Prof/Mgr	77%
\$50K+hh	80%
AA, A Cnty	73%

Radio Consistency

	Fa96	Fa97	Fa98	Fa99
12+	95%	96%	95%	95%
12-34	98%	98%	98%	98%
18-49	97%	98%	97%	97%
25-54	97%	98%	97%	97%

Reach of Network Radio by Daypart

	6A-10A	10A-3P	3P-7P	7P-12M
P25-54	51%	54%	52%	31%
Prof/Mgr	56%	56%	58%	34%
\$50K+hh	59%	60%	60%	34%
AA, A Cnty	54%	55%	55%	34%
W25-54	48%	52%	50%	29%
Wrkg women	53%	54%	50%	31%

Radio usage by location

	6A-10A	10A-3P	3P-7P	7P-12M
Home	48%	33%	29%	27%
Car	71%	68%	75%	47%
Work/other	31%	37%	31%	12%

Reach Buying Network Radio

	\$50K+hh	Prof/Mgr	AA,A Cnty
1 week/50 GRP	30%	28%	27%
1 week/100 GRP	41%	39%	38%
1 week/200 GRP	49%	46%	44%
4 weeks/200 GRP	53%	51%	50%
4 weeks/400 GRP	63%	61%	59%
4 weeks/800 GRP	68%	66%	63%

Source: RADAR Radio Handbook 2000 by Statistical Research Inc.

Non-Traditional Revenue Track

November brought shifts

Recruiting shot up in November as a source of non-traditional revenue for radio stations. Other notable shifts: Automotive fell off, as did Clothing, but Home Improvement recorded a boost.—JM

**Non-Traditional Revenue Track
 % of Vendor/New Business by Category
 (November 1999)**

	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD
Automotive	16.01	4.29	16.09	6.76	19.67	17.81	3.15	11.55
Food/Grocery	23.20	49.33	25.44	30.62	13.31	28.40	24.13	28.44
Leisure	30.43	25.73	26.66	26.69	35.69	24.74	31.38	30.12
Health & Beauty Care	9.26	2.67	10.60	3.31	11.53	11.32	10.88	7.33
Home Improvement	3.57	5.50	5.58	5.58	6.41	5.08	12.08	6.25
Office	2.02	2.75	0.26	17.15	2.13	2.70	3.64	3.71
Clothing	2.75	6.38	7.62	2.88	2.24	5.78	1.26	4.52
Recruiting	12.78	3.36	7.74	6.99	9.03	4.17	13.47	8.08

Source: Revenue Development Systems, based on revenues from 76 stations in 32 markets.

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Jimmy de Castro bids AMFM goodbye

As we've recently reported announcement after announcement of management realignments and execs leaving AMFM (N:AFM) in anticipation of the merger with Clear Channel (N:CCU), it was probably inevitable that AMFM Vice Chairman, Radio President and AMFMi CEO Jimmy de Castro would be following suit. The man who was more than instrumental in building the largest radio company in history announced 2/16 he is "retiring" (certainly not at 47) from the company and its board of directors.

Among his major accomplishments in building AMFM: • Co-founded Evergreen Media • Worked the merger of Evergreen and Chancellor • Recruited and built the management team that operates AMFM • Founded AMFM Radio Networks and recruited a team that includes David Kantor • Helped engineer and establish the "Alice" and Jammin' Oldies formats nationwide • Helped build and form partnerships with AMFMi, AMFM's Internet arm • Forged the CNET partnership to form "CNET Radio" • Pioneered and put into place AMFM's "cluster" management strategy • Helped drive AMFM's stock price from \$16 at Evergreen's IPO in 1993 (RBR 5/24/93, p. 14) to an all-time high of \$85.625 in trading 1/21/00.

"I'm retiring—Michael Jordan, Wayne Gretzky, John Elway, Jimmy de Castro. I've done it all—the Internet is the wave of the future. I can't be 90 years of age, sitting in my rocking chair having let this exciting wave of technology go by—it's like radio was 20 years ago. I'm starting my own company," said de Castro, who will have somewhere in the neighborhood of \$250M to do it with. He tells MBR the company will be Internet-related.

Jimmy was all for staying on with Clear Channel after the merger (RBR 10/19/99, p.4), but after a series of meetings in San Antonio, with the team of Clear Channel Radio President Randy Michaels and the Mays family on one side and de Castro on the other, they decided to part ways instead. Ken O'Keefe, AMFM Radio Group's COO is assuming de Castro's responsibilities on the radio side and will likely stay on past the merger; Michael Levitt, AMFM and AMFMi Director, becomes CEO of AMFMi. As if to make his exit complete, de Castro left for a Caribbean vacation with his wife Annie (2/17). MBR will follow de Castro's new company as it takes shape.—CM



Lytle training company becomes Cumulus subsidiary

With more than 1,000 salespeople and an array of different training programs spread across its newly consolidated medium and small markets, Cumulus Media (O:CMLS) had been talking with various vendors about a group-wide sales training program. In the end, though, the winner went a step further and became a wholly owned subsidiary.

What had been known as The Lytle Organization and The AdVisory Board is now The Cumulus AdVisory Board. The sales training company, founded in 1982 by Chris Lytle and partner/spouse Sarah McCann will remain headquartered in Madison, WI—an easy drive from both Cumulus Media's corporate HQ in Milwaukee and the Radio Division HQ in Chicago. Lytle and McCann were in Atlanta last month to meet fellow Cumulus execs at a group-wide GM meeting.

"People are hungry for good training," Cumulus Vice Chairman Lew Dickey Jr. told MBR. He said the addition of Lytle's sales training would help Cumulus recruit and retain good salespeople. A key focus of the training program will be going beyond existing radio advertisers to take ad dollars from the broader media market.

The Cumulus AdVisory Board will continue to serve clients besides Cumulus, although Dickey acknowledged that a few would be lost due to market conflicts with Cumulus.

Financial details weren't released, but we hear that the acquisition exchanged Cumulus stock for Lytle's assets, with a total value of \$3.5M-\$4M. Broker: The Jeffrey Group.—JM

Westwood One sees strong growth for radio networks

There's no denying that radio is on a strong growth curve. But as good as the local radio business is, says CBS (N:CBS)/Infinity (N:INF) CEO Mel Karmazin as he switched to his third hat as a Director of Westwood One (N:WON), "The network [radio] business is even better."

In a conference call with analysts and investors 2/10, WW1 officials reported that the company's 1999 net revenues grew by 38% to \$358.3M, operating cash flow gained 74% and after-tax cash flow rose 68%. But the story was even better for the year's final quarter. Q4 net revenues shot up 104% to \$154.5M, operating cash flow gained 186% to \$48.5M and after-tax cash flow rose 197% to \$29.7M. Even adjusted to be pro forma for WW1's acquisition of Metro Networks, Q4 revenues gained 22% and operating cash flow 48%.

Various reports have indicated that network radio upfront sales have been about 25% ahead of a year ago. "We're doing better than that," said WW1 President/CEO Joel Hollander.

Despite the company's growth, WW1 officials have been disappointed in the company's stock price. WW1 bought back \$54M of its own stock in 1999 and has already bought back \$7M in 2000. Until the stock price improves, Karmazin says there is no better use of WW1's free cash flow than to buy its own stock: "We think it is a buy, certainly at current prices."

Karmazin said he would prefer to see WW1 continue as an independent company, but he didn't rule out rolling the company up into Viacom (N:VIA) after it completes its pending stock-swap acquisition of CBS. "I wouldn't rule out anything in the future if our stock doesn't perform the way we think it ought to," Karmazin noted.—JM

LPFM under House scrutiny

Rep. Billy Tauzin (R-LA) came down hard on the FCC last month for moving too quickly on the creation of a low-power FM radio service and not dragging its feet on the issue as the agency has been known when evaluating license transfers.

"Perhaps you [the FCC] should have talked to us first," Tauzin, Chairman of the House Telecom Subcommittee, said during a hearing to investigate the FCC's decision to launch the new service. "We get elected by those Americans who buy the radio stations as well as those Americans who use the radio."

Many House members have voiced their concern that 10- and 100-watt LPFM stations would create interference to current full-power FM stations. Last month the FCC relaxed 3rd-adjacent channel protections for LPFM stations in order to shoe-horn the stations into an already congested band (RBR 1/24, p. 2). The stations are to be used by church groups, schools, neighborhoods and local governments.



Studies commissioned by the National Association of Broadcasters and the FCC to test the level of interference caused by potential new stations have produced different results. According to Bruce Franca, the engineer who conducted the FCC's test, LPFM would not have an adverse impact on the reception of full-power FM stations and any areas receiving interference would be "very small and would be outweighed by the benefits of the new service."

But House members were not convinced that the American people would be willing to accept interference on inexpensive radios, such as walkmans and clock radios, so that an LPFM station may get on the air. "That's a pretty nasty way to treat the public," said Tauzin.

The NAB's study, conducted by independent engineer Charles Jackson, found that listeners with an LPFM station in their range would hear significant interference to a full-power station. According to Jackson, the FCC produced different findings because the agency "measured interference but reported the results as if it had measured harmonic distortion...Such distortion is much harder to hear than is noise or cross-talk." The NAB defines noise and cross-talk as interference and distortion measures how good amplifiers perform.

"This is a serious error—roughly as bad as telling someone to suit up for a football game in a basketball uniform," Jackson told the Subcommittee.

The NAB has filed a petition in the US Court of Appeals for DC, asking the Court to strike down the LPFM rules as the Commission "has turned its back on spectrum integrity," said NAB's CEO/Pres. Eddie Fritts.—TS

Speaker blasts FCC for LPFM

US Speaker of the House Dennis Hastert (R-IL) says it's time for certain regulators to be reminded that they answer to the Congress, not the White House, and they should not be trying to use their agencies to legislate rather than regulate. "That certainly

hasn't been truer than the recent FCC action to authorize low-power FM," Hastert told the NAB 2000 State Leadership Conference (2/14).

"We should not be in the business of destroying the FM band," the Speaker said as he vowed to reverse the action on Capitol Hill. "We can say no to this misguided legislative action by the FCC and we will."

Earlier, in a panel discussion with congressional staffers, some broadcasters had worried that they could end up being cast as the "bad guys" in the battle over LPFM, since the licenses are supposed to go to schools, churches and the like. The staffers suggested that lobbying to overturn the FCC action continue to focus on the interference that LPFM will cause to current stations. They urged broadcasters to use maps showing where listeners are likely to have to deal with interference to make the case to their home state Senators and Representatives.—JM

The Wicks Group buys CBSI and Datacount

The "most fascinating transaction I've seen in my 17-year career," is how Randy Jeffery, Sr., Chairman, The Jeffery Group, describes the "friendly buyout" of CBSI, Inc. and Datacount Inc. by The Wicks Group of Companies, L.L.C. 2/4. The two acquired companies will be owned by newly-created Wicks Broadcast Solutions but will each maintain separate product lines.

Jeffery says that this was a takeover initiated by CBSI 30 months ago. Unable to buy out CBSI President Jerome Kenagy's stock share, management decided to find a buyer instead. All the Kenagys will be leaving but Bob Richardson, GM, and Wes Lockard, VP, Research and Development will stay with CBSI. Jeffery says it was difficult initially finding the right buyer. Some fell short on the price; others thought that since CBSI is so successful, there was little upside potential for it. That was when Jeffery decided to consolidate the business—by combining CBSI and Datacount and presenting both to potential buyers. The Wicks Group, according to Jeffery, immediately took to the idea and seized the opportunity.

"We are very excited to have the opportunity to acquire two of the best providers of traffic and billing systems in the country," said Pete D'Acosta, President/CEO, Wicks Broadcast Solutions, in a press statement. He added, "These companies have long histories of being very well run and we expect to continue to provide the best service to the radio industry. The combined operations will now have the resources and knowledge to provide even better software and services to our customers. We are eager to work with the experienced and respected management teams in place at CBSI and Datacount."

Wicks Broadcast Solutions was formed to acquire and grow ancillary businesses to the broadcast industry. Jeffery says that these businesses have to consolidate, the way the radio industry itself has consolidated, if they are to stay competitive.—KM

Radio got a boost in October

By Jack Messmer

Department Stores have always been a tough category for radio. The stogy old chains have remained wedded to spending huge shares of their ad budgets on overpriced multi-page newspaper spreads, even as they've watched their profits deteriorate and numerous long-established stores go out of business. Is there hope for these dinosaurs? Perhaps. Department Stores allocated over 10% of their October ad spending to radio in Miller, Kaplan's X-Ray markets, although 71% still went to put ink on bird cage liners.

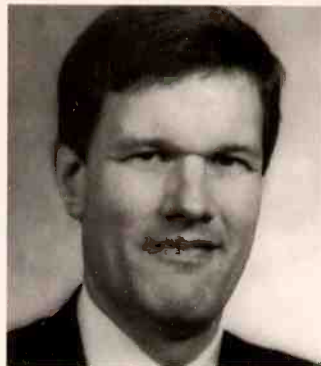
MBR/Miller Kaplan Total Media Index - Oct. 1999 (Expenditures in 000)

Category	Radio	TV	Newspaper	Media	of Total
Automotive	43,711	207,525	206,436	457,672	9.55%
Restaurants	15,847	63,253	5,263	84,363	18.78%
Department Stores	14,231	24,080	94,473	132,784	10.72%
Foods	10,925	39,899	2,473	53,297	20.50%
Communications/Cellular	22,532	32,211	49,499	104,242	21.62%
Furniture	8,649	21,932	39,937	70,518	12.26%
Financial Services	23,195	33,859	51,061	108,115	21.45%
Movies/Theater/Concerts	10,827	23,378	27,984	62,189	17.41%
Grocery Stores	9,427	14,424	19,387	43,238	21.80%
Appliances & Electronics	4,112	11,972	38,017	54,101	7.60%
Hotel/Resorts/Tours	4,874	12,650	39,418	56,942	8.56%
Drug Stores/Products	7,654	13,247	12,896	33,797	22.65%
Computers/Office Equipment	8,693	9,773	23,362	41,828	20.78%
Specialty Retail	19,949	25,235	40,876	86,060	23.18%
Health Care	15,811	24,656	21,065	61,532	25.70%
Auto Parts/Service	6,240	7,927	6,505	20,672	30.19%
Music Stores/CDs/Videos	3,767	6,969	3,124	13,860	27.18%
Transportation	4,361	6,332	12,497	23,190	18.81%
Entertainment-Other/Lottery	10,163	9,078	4,955	24,196	42.00%
Home Improvement	5,529	12,555	11,682	29,766	18.57%
Professional Services	10,656	11,265	13,540	35,461	30.05%
Beverages	12,800	16,653	3,802	33,255	38.49%
Television	24,019	7,847	12,499	44,365	54.14%
Personal Fitness&Weight Ctrs.	1,023	4,343	1,367	6,733	15.19%
Publications	5,401	6,002	40,467	51,870	10.41%
Internet/E-Commerce	40,464	32,633	15,760	88,857	45.54%
TOTAL	344,860	679,698	798,345	1,822,903	18.92%

*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.

"In small markets, anyone who can make a penny is already in the business...where there is demand is in the major urban markets...but those are precisely the markets where few of any new licenses will be created for low-power FM."

FCC Commissioner Harold Furchtgott-Roth, before a House Telecom Subcommittee hearing to investigate the creation of LPFM.



"I'm retiring—Michael Jordan, Wayne Gretsky, John Elway, Jimmy de Castro. I've done it all—the Internet is the wave of the future. I can't be 90 years of age, sitting in my rocking chair having let this exciting wave of technology go by—it's like radio was 20 years ago. I'm starting my own company."

Jimmy de Castro, Vice Chair AMFM; Radio Pres. AMFM; CEO AMFMi, upon announcing his retirement.



"The FCC's claims about the harmful effects of interference approach junk science."

Charles Jackson, independent engineer for the NAB, chiding the FCC for a significant flaw in its LPFM study.



"The cost of the ineffective spectrum allocation is the creation of a Swiss cheese coverage pattern for existing full-service broadcasters."

Bonneville Pres./CEO Bruce Reese, testifying on Capitol Hill against LPFM.

"Affected listeners would be able to receive an incumbent station by simply moving their radios a few feet or by rotating them on their nightstands."

Theodore Rappaport, engineer for United Church of Christ, one of many who defended LPFM during the hearing.



"Low-power sucks, and I've said that from the very beginning."

Radio One CEO Alfred Liggins, in a 2/10 conference call with Wall Street analysts.

"The FCC needs to be independent of the administration. I think the structure makes sense...My job is to speak for the President."

Greg Rohde, Assistant US Secretary of Commerce and NTIA Director, when we asked whether it would make better sense to merge the NTIA and FCC.



"Could you tell me what Docket 80-90 is?"

Greg Rohde, when asked at the NAB 2000 State Leadership Conference in Washington to explain how he would balance the Clinton Administration's desire to increase localism and diversity in radio with the impact of Docket 80-90.

"Other than spending Valentine's Day with you, it's an honor to be here."

US Speaker of the House Dennis Hastert (R-IL), as he addressed the NAB 2000 State Leadership Conference. Hastert said he even had to cancel a planned Valentine's breakfast with his wife because the couple's dog had to make an emergency visit to the veterinarian.



"We should not be in the business of destroying the FM band...We can say no to this misguided legislative action by the FCC and we will."

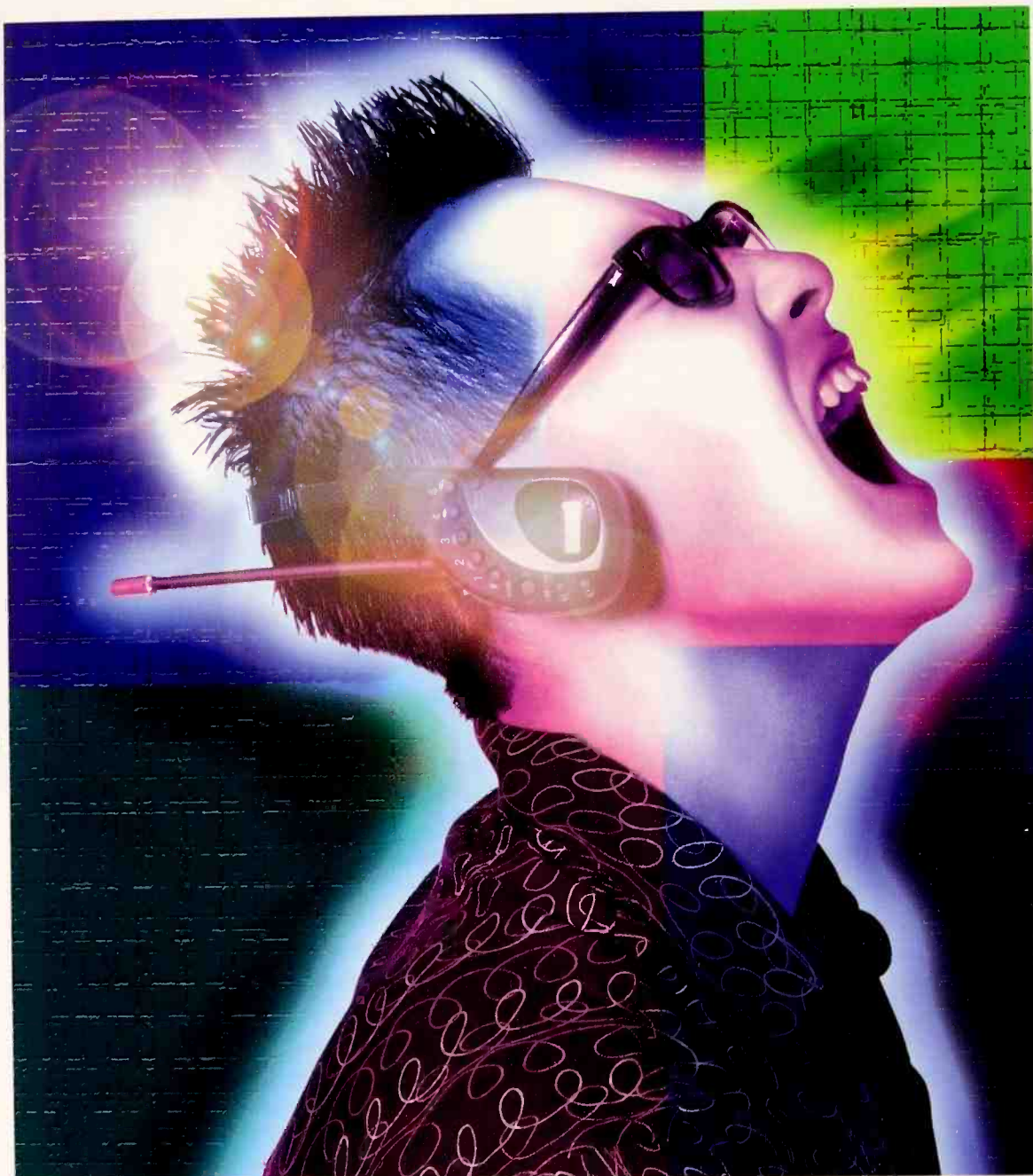
Dennis Hastert, who told the broadcast gathering that he is opposed to LPFM. He accused the FCC of usurping the Congress' legislative authority and promised a reversal.

"An agency that holds people up and lets other people shake them down is aiding and abetting corruption."

Rep. Billy Tauzin (R-LA), to the NAB gathering as he accused certain unnamed FCC staffers of holding up transactions to extract concessions, such as station spin-offs, from licensees to gain approval of deals. Tauzin vowed to pass legislation putting FCC deal approvals on a strict timetable.



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Each month we ask a few general managers from around the country to share with us, and you, their views of the industry. This month we quizzed: University of Florida's Robert Clarke of WRUF-AM & FM Gainesville-Ocala, FL; and Hall Communications' Tom Devoe of WCTK-FM Providence, RI and WNBH-AM New Bedford, MA.

1

Do you have any changes or improvements in store for your web site? What is the station doing to drive traffic to the site?

Robert Clarke:

We have been on the web for five years. Our traffic studies consistently show most popular pages being live audio, web cam and program information for our two sites. We recently replaced old cameras with Axis webcams. We take up to 150,000 hits on a busy day so we have upgraded our Internet audio with two dedicated G2 Surestream capture servers and a high-end Dell Poweredge Dual Pentium-III server with 256 megs of ram. In addition we added true audio processing to control bandwidth. We connect to the Internet with a 100-Mb fiber feed soon to be upgraded to a gigabit backbone. We can stream at 56K to a listener with a cable modem! We stress quality.

Our plans also call for the addition of e-commerce to experiment with participatory transactions with retail sales. Radio must get credit for its ability to drive listeners to retail locations, especially off the web. We will also capture demographic data and use it for targeted direct email marketing.

To drive people to the site we promote heavily on-air, use bumper stickers with our URL, handout one-sheets at events, cross-promote with other web sites and use our web address in print advertising.

Tom Devoe:

Lots of changes coming this year. We're completely redesigning our site, adding a lot of features that our audience wants and dropping some they don't. We'll get into streaming when we launch the new site. We plan on tapping heavily into the new crop of search engines and web promotions companies to get the word out.

2

How are you making the site profitable for the station?

Robert Clarke:

Right now it does not generate much cash. We constantly evolve the product to keep it fresh. How many sites have you seen which have not been updated for months? We dedicate an employee to web content. It is updated hourly. Advertising is planned as a back-end strategy. Currently we use the web as part of value added. I have

experienced the web for eight years and firmly believe that we must make entry for listeners free as we do over our air services. We will then develop revenue from receiving commissions on traffic and participation in transactions.

Tom Devoe:

We're not concerned with web site profitability at this point. Honestly, most of the much-talked-about revenue streams, such as banner ads and click through partnerships, have not generated much profit. Our focus over the next couple of years will be to develop e-commerce with better margins.

3

How did you get into radio and why did you stay?

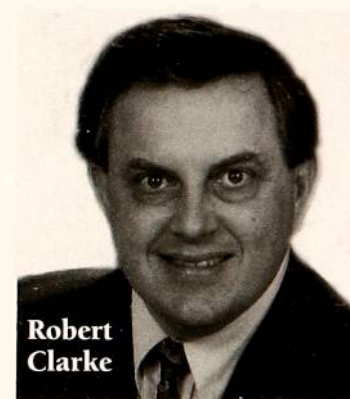
Robert Clarke:

I got into radio in school in 1966 when I built a small station in Connecticut at a boarding school. One of the project partners was Greg Finch, son of the WNEW Finch of Claven and Finch. Then I got into sports radio as a hockey announcer at Clarkson College and was soon totally consumed by the "bug." It has been a real love affair for the 34 years since then. I cannot imagine not being in radio. Radio is an unspeakable joy in my life. It is a gift that must be cherished. I have always felt that my stations have been placed in my care and I must always respond as best I can. I falter sometimes, speak out of turn at others; I am too controlling at times, but as we learned from our great ancestors, we must be willing to make split second decisions and never look back.

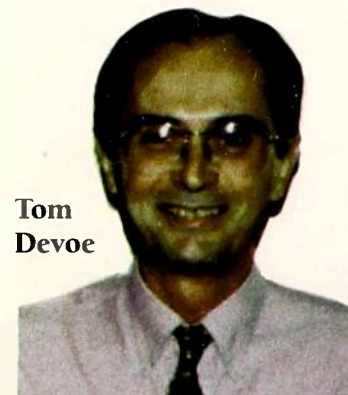
I am grateful for the experiences that I have had, from reporting on a storm to telling the country that the Shuttle had exploded over Florida's beaches. I have worked in Boston, MA, Orlando, FL, Portland, ME, Potsdam, NY and now for the state of Florida in Gainesville with the State's two self-supported commercial/teaching stations. As once asked by a print reporter for the *Orlando Sentinel*, what would I do if radio ceased to exist? My answer was to create it again! Radio is too powerful not to be loved passionately by its devotees.

Tom Devoe:

I got the radio bug from doing a weekly Saturday night show at the student radio station at the University of Maine at Orono in the early 70s. I migrated from programming to engineering, back to programming, into sales and then management. I love every aspect of the business. I believe that radio is the most powerful medium in the world, second to none.



Robert Clarke



Tom Devoe

"My Two Stations Save \$130,000 per Year Using Scott Studios Voice Trax"



Ron Castro, co-owner and GM, KRPQ Q-105 and KMHX MIX 104.1 Santa Rosa, California

A former San Francisco and nationally syndicated Concept Productions air personality, Ron has recorded 300,000 voice tracks for automated stations across three decades. Ron's own stations have used Scott Studios' Voice Trax systems for several years.

(Continued from upper right) "I wouldn't ask the staff to use anything I don't use myself. If it didn't work great, it wouldn't be here."

Scott Studios has money-saving features you can't get anywhere else. Scott's exclusive Voice-Music Synchronizer guarantees every voice track plays only with the intended songs, in spite of log updates. Worst case, you'll still sound great because your Scott system airs replacement tracks with the right voice for the shift. Scott has exclusive watchdog circuits that make our systems more self-healing than any other. Scott also predicts most problems before they occur, usually as soon as logs are done. Scott also pages people who can make last minute adjustments off-site by modem if needed. After years of trouble-free operation, Ron Castro says his two "Scott Systems are truly 'lock-the-door-and-go-home' reliable."

Ron's "two station combo saves at least \$130,000 a year using Scott Studios' Voice Trax. When we put our second station on the air 3 years ago, we debuted with the best ratings of any sign-on in the history of the market!"

Scott Systems are delivered with pre-dubbed custom music libraries, time-saving CD rippers that digitally transfer music to hard drive in seconds, no-dub instant LAN spot uploads from Sonic Foundry multi-track production, MPEG and uncompressed digital audio (at a compressed price) and a week of staff training at your station. You get Cart Walls for instant requests, a phone recorder with waveform and audible scrub editing, AutoPost to make announcers sound better and minimize re-cuts, title and artist displays for your website, time announce, plus Cat. 5 audio wiring for fast installation. Our SS32 System plays 8 simultaneous recordings thru 8 separate console channels, feeds different spots to webcasts or second stations, plus auto-transfers spots and Voice Trax to distant stations over Internet or WAN. Scott Studios offers optional temperature announcers, wire capture and newsroom editors, unattended school closing reports and 24/7 live support via toll-free cell phones.

Scott Studios' unequalled money-saving features mean more U.S. stations use Scott than any other digital air studio systems (5,500 workstations in 2,250 U.S. Stations and nine of the top ten groups). See our web site and toll-free phone at the right.

Ron Castro says his KRPQ and KMHX, Santa Rosa, California *save serious money* because "Scott Studios' Voice Trax automation cuts voice-tracking time to 5 minutes per hour for a 'live-sounding' show. Our Air Personalities are freed up to do other work at the stations, drastically reducing the need for additional management, music, production and promotion staff. That cuts boredom, burn-out and turnover, while increasing productivity.

"Scott Studios' Voice Trax lets the talent hear their music, spots and voice-over, running the show the way they would live, including air-tight talk-ups. Scott's whole recording process is handled with just one button. We hardly ever use a mouse or keyboard. Each voice track takes only seconds.

"Not only am I an owner and GM, but I'm also an Air Personality. I produce 34 hours each week of voice tracked programming using Scott Studios' Voice Trax.

9:23:13	Breathe Faith Hill :11/3:30/F HIT HM9834 9:23 #1 for 2 weeks In January, 2000	Born Country Alabama L 6/28 2p N 7/10 3p	Close En...Perfect Alabama L 7/5 5p N 7/13 6a	Dixieland Delight Alabama L 7/2 3a N 7/9 3p
On-Air 2	When I Said I Do Clint Black :17/4:13/F HIT HM2608 9:27	Down Home Alabama L 7/9 4p N 7/12 7a	Face To Face Alabama L 7/6 11a N 7/18 8p	Feels So Right Alabama L 7/4 2a N 7/12 7p
Start 3	Clint Black Backsell Ron Castro :00/0:13/C VT JU1094 9:31	Forever's As Far.. Alabama L 7/7 4p N 7/10 2a	Forty Hour Week Alabama L 7/2 7p N 7/13 8a	Give Me One More Alabama L 7/1 5a N 7/8 10p
Start 3	Dodge Trucks Q: Your Dodge Dealer :00/0:60/F COM DA2215 9:32	Here We Are Alabama L 6/30 5a N 7/13 9a	High Cotton Alabama L 7/2 8p	Hometown Honey Alabama L 7/4 3a N 7/11 5p
Start 3	California Country Cookin' Q: Kids Eat Free Tonight :00/0:60/C COM DA1234 9:33	If I Had You Alabama L 7/2 9p N 7/15 4p	If You're Gonna PI Alabama L 7/2 10a N 7/15 3p	I'm In A Hurry (& I Alabama L 7/1 3p N 7/13 7a
Start 3	Q-105 Fast Jingle Q: Q-105 :00/0:13/C JIN DA4315 9:34	In Pictures Alabama L 7/4 10a N 7/12 11a	It Works Alabama L 7/1 9p N 7/20 10a	Jukebox In...Mind Alabama L 7/2 2a N 7/14 3p
Stack	Title Time Year Cat.	Lady Down On Lo Alabama L 7/5 8p N 7/13 5a	Love In the 1st De Alabama L 7/5 12m N 7/9 11p	Mountain Music Alabama L 7/5 7p N 7/18 8a
Auto	Back Forward Stop	Once Upon A Life Alabama L 7/3 1p N 7/17 9p	Pass It On Down Alabama L 7/3 7p N 7/12 5a	Reckless Alabama L 7/1 11p N 7/12 3p
:08		Roll On (18 Wheel Alabama L 7/6 1p N 7/14 8a	Say I Alabama L 7/4 12n N 7/13 8p	She Ain't Your Ord Alabama L 6/27 1p N None
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z		Small Stuff Alabama L 7/9 2a N 7/10 7p	Straight Tequila N Alabama L 7/2 3p N 7/16 6p	Song of the South Alabama L 7/1 10a N 7/15 6p

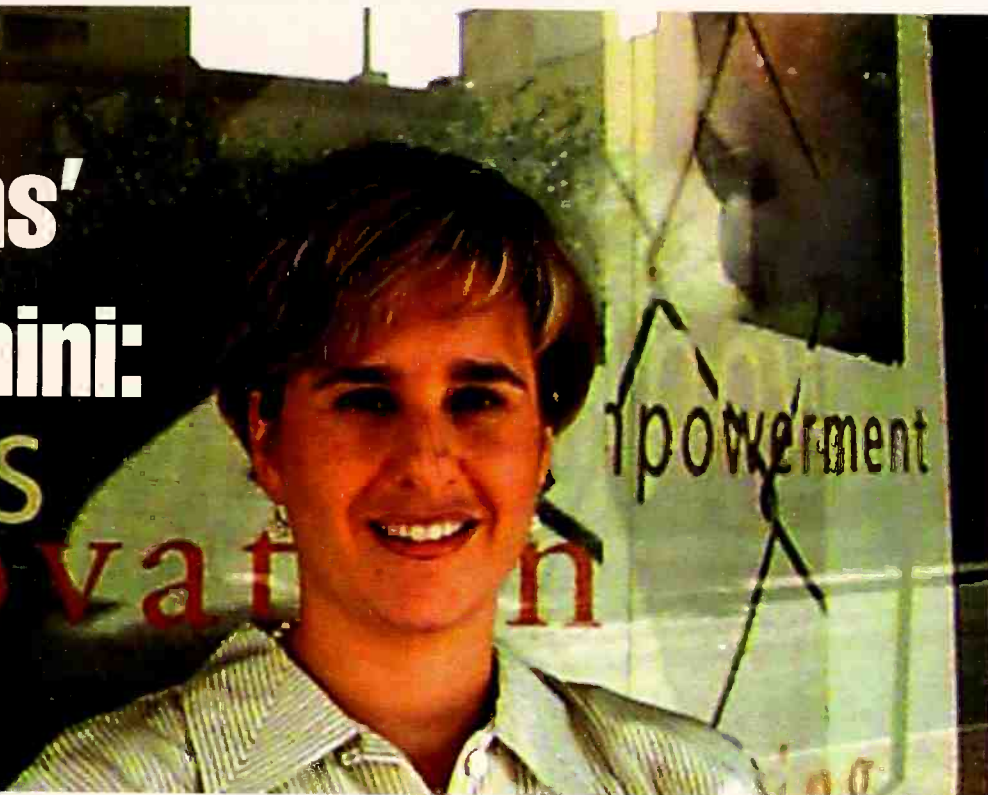
The Scott System is radio's most user-friendly. You get instant airplay or audition of any song simply by spelling a few letters of its title or artist. You see when songs played last and when they'll play next. You also get voice tracking while listening to music in context, hot keys, automatic recording and graphic waveform editing and scrub of phone calls, all in one computer!

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Bromley Communications' Jessica Pantanini:

insights

Nothing in the world
she'd rather do



You would think being Latina helps a whole lot in the business of reaching out to Hispanic consumers. But Jessica Pantanini, Media Director at Bromley Communications in San Antonio, doesn't think so. Long before joining Bromley, she was offered a position with a Hispanic group. She turned it down because she sensed that she was chosen because she was Latina. That didn't seem right to her; she thought the right person should know what he or she is doing, regardless of race.

After a brief stint in radio sales, Pantanini decided that she was better suited on the opposite side of the desk. In 1999, she accepted a position at Noble Y Asociados as a media buyer. In 1995, Noble and Bromley merged. Five and a half years later, Pantanini says that "it was the best career move ever."

Pantanini now oversees the planning and buying of companies like Continental Airlines, Western Union, The American Legacy Foundation, Sprint, Pontiac and Avon. Bromley is also the Agency of Record (AOR) for Procter & Gamble and Mars.

Since you're experienced in both general market and Hispanic radio, what would you say are the major differences?

Inequality. If an English-language radio station hits number one, everyone talks about what format or personality changes took place in order to get to where they are. If a Spanish-language station ranks number one, stations and buyers question the integrity of the measurement.

Reverend Al Sharpton has made a concerted effort to bring attention to the lower rates and subsequent lower revenue that "ethnic" media has to contend with. What are your thoughts?

I believe that comparisons should be made on a CPM basis. In television most often you

will find that Spanish-language CPMs are higher than that of the general market. In Spanish-language radio, that is not the case.

Are you suggesting that all Spanish-language stations go out and raise their rates?

If the market conditions justify it, then they should be able to raise their rates in reasonable increments.

My understanding is that television has been the preferred medium for most clients in the Hispanic market. Is there change in the future?

There were two catalysts at work here. First, when I started in the Hispanic business just 10 years ago, Spanish-language television was

very inexpensive in comparison to the general market. As a result, it made sense to focus efforts on a broad reach vehicle. Secondly, for most national clients, Hispanic advertising is just one of their many jobs and television was safe.

Five years ago, Univision made an aggressive effort to increase rates. It was the best thing that happened to radio. Now that the tide has shifted, clients are looking for ways to build efficient reach. Over the past several years, we've seen television budgets shrink and more dollars being allocated to radio.

Many English-language radio stations have strong numbers against Hispanics. Are you purchasing these stations?

The Hispanic market was built on the "Spanish-dominant" consumer base. Initially it created a niche that marketers could get their arms around—reach those that cannot be reached through English language efforts. It ended up being a double-edged sword. Clients wanted to focus on those that weren't being reached, not those that were getting the English language message.

I assume that this was the same situation that African American agencies faced from the onset. The argument is message effectiveness. Any national client that continues to have a problem on the West Coast after targeting the "Spanish-dominant" consumer for years is beginning to understand that.



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So to answer your question, in some cases we plan general market radio, and the general market agencies will purchase the activity on behalf of the client. In others, we may purchase it ourselves. It all depends on who can get the best deal.

How strong is network radio in the Hispanic market?

It's back in full swing again. This market has seen network radio come and go, but this time I believe it's here to stay. There is a tremendous amount of flexibility in creating programming environments that suit individual client needs, and there are efficiencies to be gained. What more can we ask for?

Since you oversee both planning and buying, which do you like best?

I really enjoy both equally. They both are so unique and the learning gained by doing each is so different but yet so satisfying. For example, in planning not only do you get knee deep into the marketing plans and sales data of your individual clients but you also get to understand how different mediums work together to best deliver the clients' objectives. In buying, you gain a better understanding of how combinations of vehicles within a medium can be leveraged to expand. I think that media people should have an opportunity to experience both. It's very hard to find someone who can do both planning and buying equally well. Planning has a much more holistic effectiveness, and watching trends and doing the research behind each of the stations sets the ground work for negotiations.

Do you believe that media people should have experience in both?

I believe that people should be exposed to both. Each discipline requires unique traits. A planner needs to be someone who can think big picture, but not get so absorbed in it that they can't bring it down to a tactical level. A buyer needs to be extremely detailed and organized, to be able to look at data in its finest detail in order to be able to develop a strategy for negotiation.

Exposure is the key word here. There are people who are terrific at one, but not the other. They should be given enough exposure to the other disciplines to understand the basics and appreciate the work that their counterparts do.

What do you think is missing in the industry today?

Talent. I hear the same cry from general market and Hispanic agencies from coast to coast. The Hispanic marketplace is growing so fast and there's an unbelievable demand for bright people who are interested in the culture and who are willing to work hard. The rewards are incredible. There aren't as many layers as you find in the general market. I have planners with just a few years of experience meeting and presenting to the VPs of marketing. Now, some may be of the opinion that that's not necessarily a good thing, but think about it for one moment—you go to college for four years, have a few years of experience under your belt, and you're bright, so why shouldn't you be able to present your work? That's not to say that everyone gets the same exposure at the same point in his or her career at Bromley, because not everyone develops at the same pace.

So what do you like best about radio?

Definitely the flexibility. The most creative ideas come from radio.

So let me guess, your favorite format is Spanish?

I actually enjoy several formats. Salsa and Merengue are at the top followed by Spanish ballads. But I grew up in LA and I love KROQ. I have great memories of listening to Richard Blade in the morning, the Poor Man, and Freddy Snakeskin. So now when I go home to visit, I am a flashback "weekend-aholic." I also enjoy Hip Hop, some Pop and of course Alternative.

If you could give station executives one piece of advice what would it be?

I recommend that they pick up a media planning book and read it. Local station representatives spend a lot of time trying to convince us to spend more money in their market. The problem is that they don't understand that geography for a client is based on several marketing factors—sales, distribution, competitive pressures and etc. National reps need to spend more time understanding the client objectives. I can't tell you how many reps have tried to sell me on an idea that was totally off strategy. Forget the time wasted on putting the presentation together and in the actual presentation. From the agency perspective, we analyze each package that crosses our desk, then there are the internal meetings and client discussions.



The Hispanic marketplace is growing so fast and there's an unbelievable demand for bright people who are interested in the culture and who are willing to work hard.

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Radio's Top Groups Tackle the Internet

AMFM INTERACTIVE: BUILT ON PARTNERSHIPS

by Carl Marcucci

AMFM Inc's (N:AFM) Internet initiative, AMFM Interactive (AMFMi), was to be the Internet platform for all AMFM radio properties. However, how it will play into Clear Channel's (N:CCU) plans after the merger is still unknown. The AMFMi model is focused on integrated marketing partnerships rather than traditional click through banner advertising. "It's not the traditional web ad model. Unless the offer is consumer-centric and is attractive (makes sense) to the listener, it won't come on the site. Click through ads run the risk of potential site hollow-out and being dilutive to the user experience", says AMFMi's Chuck Armstrong, EVP/Chief Marketing Officer.

AMFMi's job is to enhance both the station brand and the local listening experience while creating a commercially viable Internet business. "Our goal is to truly not affect nor impact the station commercial environment. And as the revenue numbers attest, we really don't need to help the advertising sales folks with getting dot-com business—they're doing terrific without us!"

AMFMi's vision is to be a network of local "mini-portals" with all AMFM stations across the country. Using XML technology, each station's site is slated to eventually offer customized content, interactive visual support for jocks (webcams in the studio), e-mail between DJs and listeners, polling, interactive playlists, news, online yellow pages, music and more.

AMFMi's beta test has been with AMFM's Philadelphia station sites:

WIOQ-FM (www.q102philly.com),

WLCE-FM (www.alice1045.com),

WJJZ-FM (www.wjjz.com),

WUSL-FM (www.power99.com),

WDAS-FM (www.wdasfm.com), and

WDAS-AM (www.wdasam.com), as well as

WXKS-FM (www.kiss108.com) in Boston.

"Radio stations are self-selected affinity groups and a great web presence will allow us to close the loop with our listeners. There-

fore each station brand has to have as individual a presence online as they do on air," Armstrong explains. "An XML environment enables us to take common data elements and make them look uncommon, and to deliver the information in a customized and instantly updatable format."

AMFMi's revenue strategy relies on working with major affinity partners, such as Internet service providers (ISPs), search engines, long distance carriers and financial services. Not all the partners have been determined yet, but AMFMi is demonstrating progress. In February, RCN (*RBR* 2/21, p.X) partnered with AMFMi in Philadelphia to offer co-branded ISP service to their listeners visiting the six Philadelphia stations beginning in late March. The stations will promote the service powered by RCN on-air, and the sites will have a direct link for new subscribers to sign up. Besides the cross-promotion and a powerful on ramp for RCN, the alliance will include interactive email campaigns, software giveaways and marketing tie-ins with other AMFMi market partners, to be announced.

"Just as we are our listener's local media of choice on air, this is our first foothold in extending our local media brand online," Armstrong tells *MBR*. "However, no matter how great the beachhead established, when you truly participate in the customer path, you have a huge responsibility to make sure every aspect of the offer is focused on your end and future goals of enhancing the listeners' experience. Therefore, anything that reflects on the radio station has to have the maximum customer benefit and requires that you and your partners are on the same page. This is the key reason we are working with RCN. Their customer strategy perfectly complemented ours."

What AMFM markets are next with RCN, assuming Clear Channel gives the go-ahead? "They [RCN] have the ability to come in other markets that are in our test phase, but at this point we are going to get it right in Philly be-

fore we try and roll it out anywhere else. After that, it's not a matter of which markets, it's just how many can you roll out in what time frame," he adds.

How does the merger look so far for AMFMi? "We are just getting to know each other, but the Clear Channel team has been great!"

AMFM allies with Traffic.com

AMFM's Internet strategy also includes using what the net has to offer to help its stations on-air. A possible hit to Westwood One's (N:WON) Metro and Shadow traffic services, AMFM announced a non-exclusive alliance (1/24) with Traffic.com to make traffic information available to all of its Philadelphia stations and associated Websites through AMFMi beginning in April. Of course, existing Metro/Shadow contracts will continue to be honored. Clear Channel has granted pre-approval of the deal, a source said, in consideration of the upcoming merger with AMFM. We speculate that the Traffic.com deal could spread to Clear Channel stations down the road.

While many would think the relationship of Metro/Shadow Traffic with AMFM—and possibly Clear Channel down the road—is looking doomed, an industry source tells *MBR* negotiations for an AMFM groupwide deal are going on with Westwood regarding Metro Source [Westwood's digital news and show prep source that competes with AP].

Traffic.com's technology uses an advanced network of radar sensors that provide real time personalized commute estimates (map, text, camera images) through the stations' Web sites and a variety of incident and "flow data" for stations to report on-air. So far, the company doesn't have immediate plans for offering an audio feed with the reports. Traffic.com will also act as AMFM's national rep for a portion of the stations' active 10-second sponsorship inventory via a Web-based application. As part of the deal, Traffic.com will get spot and promotional time on the stations and AMFM gets a minority stake in the Wayne, PA company. Pittsburgh is the next market Traffic.com will launch, but "there is a series of large markets after that are planned to be rolled out in the next 24-30 months," said Jim Smith, Director of Marketing, Traffic.com.

"As you look at the nature of the deal, if it



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works in Philadelphia, it should work in other markets as well. And because we're really changing the whole model of traffic delivery to radio, it really is changing the way the business is going to be done in the future," added Al McGowan, Traffic.com SVP. "The traffic companies would go out and sell the barter inventory and keep the money. Our model shares that revenue with the stations."

"We will work with Metro and Shadow on a market-by-market basis, but over time, Traffic.com will be the dominant player in our markets," Gary Lee, AMFM's VP of Media Partnerships and Initiatives tells *MBR*. "We're looking at this from both a short and long term revenue perspective—compelling technical and business reasons have brought us together. This deal is not so much based on cost savings as it is on gaining revenues."

CLEAR CHANNEL: RAMPING-UP INTEGRATED WEB STRATEGY

by Carl Marcucci

While 80% of all Clear Channel stations in the US have websites, the group is just now ramping up for a group-wide Internet strategy that will include and complement the work AMFMi has done after the AMFM-Clear Channel merger. So far, Clear Channel has leveraged the radio group with an integrated approach, leveraging spot time and banner ads for larger advertiser campaigns. The company has avoided the equity for spots model, like CBS (see below right). Mays has done that in a couple of situations. BuySellBid.com is one (*RBR* 11/29/99, p.8). Others, like NBCi (*RBR* 12/6/99, p.8) have been cash deals.

Jenny Sue Rhoades, SVP Clear Channel Internet Group (CCIG), tells *MBR* the strategy so far: "The last two years, we've been real successful, and we've brought in a lot of new business to the company. Our strategy all along has been to go out and develop new business and to generate income for the field," she explains. "What we had done as all the money that we brought in to CCIG went right back out to the general managers who kept their websites fresh and entertaining. And their motivation for doing that was that CCIG would be sending cash to their markets."

Clear Channel has always been a decentralized business model, so it lets the GMs in the field develop their sites the way they want them developed. One consistency throughout, however, is the Net Gravity ad serving software linked to each site. "We can serve ads on our sites nationwide from our CCIG offices in Orlando. When we sell a national deal, we can traffic it from one location," says Rhoades.

Clear Channel Internet Group's purpose is to send cash back out into the field for all the Internet group sold nationally. "We understand that as the radio markets are our partners, they have to be compensated for what they do to make their Web sites fresh and compelling. We hope to help pay for that as we send money

back into the markets. We never ask them to do anything for free—we don't give away our marketing or promotions for free. We're paid for everything that's on our sites, just as we're paid for what's on our radio stations," explains Rhodes.

And for a groupwide streaming strategy, Rhodes says CC Internet is also going to wait for the AMFM merger. "We have to determine what we think the return on that investment is going to be. We're waiting for the AMFM stations to join ours because they had a streaming model that they were working on and we don't want to duplicate the work that they've already done."

One recent deal forged was an agreement in early January with SamsDirect Internet to market and sell domain name registrations



with the ".cc" suffix. The rollout was last month. Assigned by the Global Internet Assigned Numbers Authority, .cc is actually assigned to the Cocos Islands in the Indian Ocean. However, through its radio websites and "Spot.cc" website, Clear Channel is opening up a variety of desired URLs that have long been taken on the .com and .net domains. The charge is \$100 for a two-year registration. Clear Channel is test-marketing the site in Orlando, Houston, Tampa, Jacksonville, Grand Rapids and Little Rock.

Once the stations start promoting Spot.cc on air, they get a link on their websites. The stations will be paid based on the success in their markets of domain name registrations. Many of Clear Channel's market station sites are already transitioning to the .cc domain, but it is left up to the GM.

The most recent development: Clear Channel named (2/14) John Martin President of Clear Channel Website Services Group. "On the short term, I am going to try and facilitate a smooth transition between Clear Channel and AMFM. Long term is all about asset development—getting our Internet assets organized and in great shape so as the Internet conductivity, as the distribution increases in the upcoming years, we will be in a perfect position for it."

At presstime, Mays and Rhoades are discussing how CCIG will play a role in the Internet strategy of the newly formed Website Services Group. Martin is also President of Clear Channel's research and database marketing arm, Critical Mass Media, but his duties there will change. Critical Mass EVP Research Operations, Carolyn Gilbert, was named EVP/GM (2/17). "So I move out of the day-to-day of Critical Mass and will be more involved in global leadership of the company," Martin tells *MBR*.

CBS/INFINITY KEEPING INTERNET STRATEGY UNDER WRAPS

by Jack Messmer

Yes, CBS Corp. (N:CBS) and its radio subsidiary, Infinity Broadcasting (N:INF), are developing an Internet strategy. No, it's not yet ready to roll out. And no, they're not going to disclose the details. That about sums up *MBR*'s brief discussion with Russ Pillar, President and CEO, CBS Internet Group.

When CBS/Infinity does roll out its comprehensive Web approach, you can bet that it will be a big deal—and that it will leverage the company's wide-ranging media empire across the entire spectrum of Internet sites.

"We believe that radio is key to a well-

rounded Internet strategy because it allows us to reach our local audiences," Pillar said.

Exactly how that strategy will work is still a closely guarded secret. It's a safe bet that it will involve many of the Internet companies in which CBS is an investor, such as SportsLine.com (O:SPLN), MarketWatch.com (O:MKTW) and FTM Media (O:FTMM).

Phoenix, AZ and Burbank, CA-based FTM Media has been designing specialized, high-tech, state-of-the-art Web sites for the Infinity radio stations. So far, only three of those sites have been unveiled—KROQ-FM Los Angeles' www.kroq.com, KITS-FM San Francisco's



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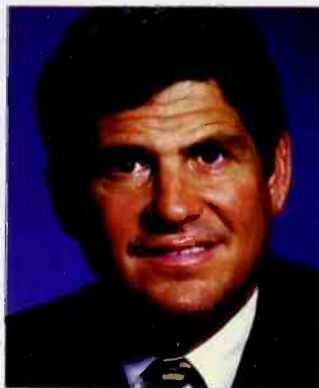


www.live105.com and WBCN-FM Boston's www.wbcn.com—but they don't yet incorporate the e-commerce links and other features that are being assembled by Pillar and his team.

Obviously, CBS Television is the brand name which will get the most attention in the company's Internet strategy—along with MTV once the merger with Viacom (N:VIA) takes place—but look for Pillar to turn to radio as the way to link on a more personal

basis with local audiences.

"Radio is key to part of an integrated offering to serve the consumer of the CBS family of brands," he noted.



EMMIS' "LOCAL MEDIA INTERNET VENTURE" GETTING GROUPS TOGETHER

by Carl Marcucci

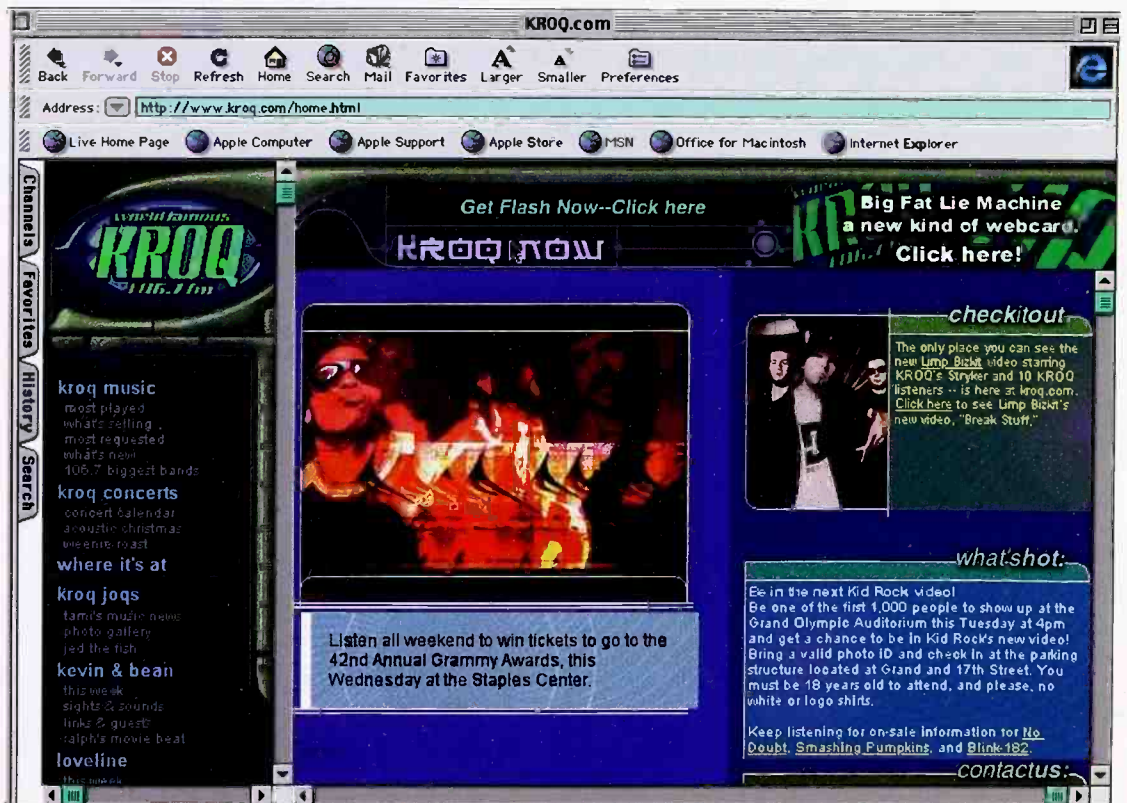
A broadcasting milestone in the making: multiple groups getting together and working together on one grand Internet strategy. While still in the R&D phase, the "Local Media Internet Venture" conceptualized by Emmis Communications (O:EMMS) CEO Jeff Smulyan and Radio Division President Doyle Rose is a national Internet portal network concept that now includes Bonneville, Greater Media, Citadel (O:CITC), Susquehanna, Jefferson-Pilot (N:JP) and others. "There are seven companies that are working as members of what we call the founding or working group. We have had discussions with an additional 32 media companies who have asked that we consider their participation," Jack Swarbrick, an independent consultant hired for the venture, tells *MBR*.

Smulyan contacted the other groups with the idea in 6/99, shortly after realizing critical mass was the solution. AMFM, with 465 stations had critical mass, but Emmis' 16 didn't. "In this process, we all realize that 1 + 1 = 3, because the more consumers we can bring under one umbrella, the more impact we can have," Smulyan told *MBR*. "We are going to make this equitable for everyone. No one party will control it, and we'd like to hold it open to more broadcasters."

"We have every confidence that the network will launch with at least the reach of 75M, and we're pretty confident that we can do better," adds Swarbrick.

"We're very interested in it," said Citadel CEO Larry Wilson. "We [will] have individual sites for our radio stations and they would bring e-commerce links to a site that's run by a major technology partner. All the e-commerce would be done through there."

Swarbrick tells *MBR* the latest: "Our schedule is business formation in March, beta site launch in mid-summer and then network rollout in Q4. It has a level of detail and sort of the refinement of the plan and model have evolved as you'd expect. But the core notion hasn't changed at all—we continue to pursue this as an open industry standard. We are setting this up so it will remain open to any local media that wants to participate in the network.



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be located on BroadcastAMERICA's music channel.

Why is this a test? "We've been very hesitant to do anything that might affect our relationship with LMIV. We're still very much involved with that and plan to be further. LMIV continues to be developed and we're encouraged with what we've seen and there's a business model that's been prepared. We are committed, like we were early on, to be a part of it. We think it's a great opportunity for ourselves and other mid-sized broadcasters to pool our assets." Citadel President Bob Profit tells *MBR*. "[However,] we felt that we needed to get in the streaming business. We have had tremendous opportunities from various sources to enter the streaming business. Based upon the initial positive relationship that our Maine and New Hampshire acquisitions—Portland and Portsmouth—had with BroadcastAMERICA.com, we decided to go ahead and test it with another six markets. These guys worked real hard working on us, and I think they're good guys. It could turn into a long-term deal, but at this point it is just truly a test for us to be able to determine how well it works for us."

"No one knows where streaming is going other than the fact that it's a critical part of your Internet plan. We have developed, and are in the process of rolling out our Internet strategy to our markets. Bill Perot is our VP of New Media (Narragansett, RI). There are a lot of issues how we co-exist with LMIV, and at the same time have our own Internet venture and play on it. This is a small part of it to test the streaming aspect," he adds.

Could all Citadel stations eventually stream audio? Says Profit: "It could happen. We need to move quickly, but I also feel we need to move judiciously to see where streaming is going to end up. We still feel, and will continue to feel that radio is a local medium, and that is where we make our bread and butter and that's where we choose to operate. So we don't have any grandiose plans of taking our programming, just because there is Internet streaming availability, and think somebody in Providence is going to love listening to one of our stations in Spokane—we're doing this to get streaming at the local level."

Profit says a final decision will be made between eight and 11 months into the test.

WHAT'S AN INTERNET COMPANY WORTH?

With dozens (if not hundreds) of Internet start-ups clamoring to do ads-for-equity deals with radio groups, radio group owners need to know how to value what they could be getting in such swaps. After all, spots traded for stock aren't free—they are valuable inventory that can never be recovered.

In an effort to make some sense of skyrocketing values for Internet companies, Tom Buono, Chairman/CEO, BIA Financial Network, compared the new e-companies to traditional media companies to come up with a valuation model.

With the Internet's share of US ad spending projected to grow from 1.6% to 12.2% in 2009 (surpassing radio, by the way), Buono found that some aggressive pricing is justified—but not the stratospheric values seen on Wall Street for some Internet companies. Of course, most Internet companies have no profits and negative cash flow, so Buono had to resort to comparing values based on multiples of revenues.

"In order to support a 50-times revenues multiple, our model shows that revenues must grow at least at a 30% compound annual growth rate for an extended period and operating expenses must grow at less than 20% per year over this period," Buono concluded. "This would lead to EBITDA (earnings before interest, taxes, depreciation and appreciation—similar to broadcast cash flow) in the 50%-plus per year range over the projection period. In addition to sustainable growth at these rates, the company must have a high terminal value at the end of the projection period and a relatively low cost of capital. The terminal value would need to be in the 20 times EBITDA range, comparable to similar industry multiples today. The cost of capital would need to be in the 17% pre-tax range, implying a relatively low return on equity."

Buono noted that some Internet companies are now being valued on par with non-Internet companies with 10 times their revenues. "With a 26% compound annual revenue growth rate, the Internet company will reach the same level of revenues in 10 years as that non-Internet company has today," Buono calculated. "While the margins may be different and the future growth potential may be very different, it is hard to justify some of the prices being assigned to many of these Internet companies."

With some very aggressive growth assumptions, Buono estimated that some of the Internet's best known companies could be worth a multiple of 20 to 35 times their trailing revenues. At the end of 1999 however, Wall Street investors were adding a 50%-100% premium to even such aggressive valuations.—JM

Note: Buono's complete report, "Valuing Internet Companies," is available from BIAfn, (703) 811-2425 or www.bia.com.

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Upped & Tapped

Casting Stones? AMFM consulting/research subsidiary Broadcast Architecture has cast Brian Stone in the role of Senior VP/COO. He will report to president/CEO Frank Cody.

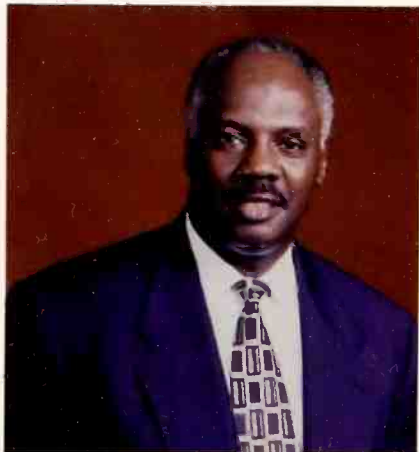


AMFM takes care of its Philly stake: The sales departments at AMFM's Philadelphia superduopoly cluster will be under the care and feeding of Kim Dziabus, who has been promoted to the newly-created position of senior VP/sales; there were two promotions at the Houston cluster, where Kathy Gonzales was named senior VP/sales and Muriel Funches was named VP/sales.

Radio Unica has named Steve Cabezas GM at its new Fresno AM, KFRE, and Victoria Urtasun GM of its new San Diego AM, KURS. It has also named a pair of national sales managers. WWRU New York has hired Gary Pacheco; at KXYZ Houston it will be Rick Cruz-aedo.



Marketer is all ears in Denver: Communications business owner Rhonda Sheya has decided to let Radio Disney cut her paycheck as she accepts the GM slot at Children's simulcast KADZ/KDDZ.



Internet company knocks on Woodbeck: ABC Radio Network veteran Frank Woodbeck has accepted the position of senior VP/radio at Adauction.com, an Internet company which helps to sell time and space for radio and a variety of other media.

Since he's available in Cincy? Blue Chip has taken advantage of exec consolidation at Infinity's crosstown stations to bolster its own leadership at WIZF-FM. Former WGRR-FM GM Jim Richards will man the GSM slot for Blue Chip.

Rose rises at Arbitron; Seely'd with a kiss? Bill Rose has been promoted to VP/GM, Arbitron Internet Information Services. Meanwhile, Dennis Seely was upped to the director/marketing for Radio Station Services.

Bob Morrison is the new News Director at USA Radio Network, replacing John Clemens.

President Ford, the sequel? This one isn't named Jerry, but Bob Ford is the new president at radio station group owner Artistic Media Partners. He reports to chairman/CEO Art Angotti.

Club Medd? Westwood One's Metro Networks/Shadow Broadcast Services has named Mary Medd VP/consumer marketing.

Jeff Howard has been promoted to SVP/GSM at Eastman Radio.



Polly want a Crocker? Jones Radio Networks CEO Ron Hartenbaum announced to promotion of Patrick Crocker to the VP/affiliate sales post.

At Interep, Sherman Kizart has been upped to VP/director of Urban Radio.

Cumulus is creating corporate-level executive posts to help rein in its fast-growing, geographically diverse group. Two recent promotions from within its roster of market executives are: Mark Sullivan, now regional director of sales, Central State region; and Scott Farkas, regional director of sales, Mid-South region.



Laura Hagan has been promoted to President of Katz Hispanic Media (KHM), a division of Katz Radio Group (KRG). She moves up from KHM's EVP slot.

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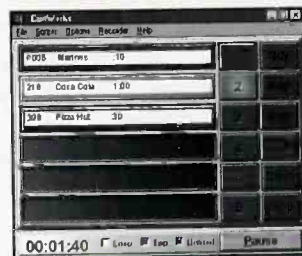
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1-3

AAAA Media Conference & Trade Show.
Disney Contemporary Resort, Orlando, FL.
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1-5

Canadian Music Week,
Toronto, Canada (416) 695-9236

3-5

RAB Spring Board Meeting, Las Vegas, NV
(972) 753-6740

10-12

IBS National College Radio Station Con-
vention, Hotel Pennsylvania, New York,
NY. Contact: Fritz Kass (914) 565-0003

16

Radio and Television News Directors Founda-
tion 10th annual Banquet and Celebra-
tion of the First Amendment. Washington
Monarch Hotel, Washington DC Contact:
Colony Brown (202) 467-5217

24-26

NAB Education Foundation Making News:
An Executive Seminar in Broadcast Jour-
nalism. Swiss Hotel, Atlanta, GA Contact:
John Porter (202) 775-2559

27-28

The Citizenship Education Fund "Minority
Broadcast Advocacy: Turning the Tides for
Minority Entrepreneurship" Conference.
The International Trade Center, Washing-
ton, DC. (202) 544-6708

27

Broadcasters' Foundation Golden Mic
Award. The Plaza, New York, NY. Contact:
Gordon Hastings (203) 862-8577

30

National Association of Black Owned
Broadcasters (NABOB) 16th Annual Com-
munications Awards Dinner. Marriot
Wardman Park Hotel, Washington, DC
(202) 463-8970

April

6-9

Louisiana Broadcasters Convention, Baton
Rouge, LA (225) 295-1110

7-8

Texas Associated Press Broadcasters Annual
Convention. Marriott Quorum, Dallas, TX
Contact: Diana Heidgerd (972) 991-2100

7-10

Broadcast Education Association
45th Annual Convention. Las Vegas, NV
(202) 429-5354

8

Broadcasters' Foundation Golf Tournament
at NAB 2000, Las Vegas, NV
(203) 862-8577

10-13

NAB 2000 Las Vegas Convention Center,
Las Vegas, NV (800) 342-2460

12

Broadcasters' Foundation American
Broadcast Pioneer Awards. Las Vegas, NV
Gordon Hastings (202) 862-8577

13

National Association of Farm Broadcasters
Annual Radio Conference, New Orleans, LA
(651) 224-0508

17

American Women in Radio & Television
2000 Gracie Allen Awards. Hudson
Theatre on Broadway, New York, NY (703)
506-3290

18

Illinois Broadcasters Association annual
Silver Dome Conference and Awards. Crown
Plaza Hotel, Springfield, Il. (217) 793-2636

21-22

Collegiate Broadcasting Group 22nd Annual
Black College Radio Convention, The Renais-
sance Hotel, Atlanta, GA Contact:
Lo Jelks (404) 523-6136

28-29

Hawaiian Association of Broadcasters An-
nual Convention, Hilton Hawaiian Village,
Oahu, Hawaii. (808) 599-1455

29-May 1

California Broadcasters Convention, Palm
Springs, CA (916) 444-2237

May

7-9

Pennsylvania Broadcasters Convention,
Hershey, PA (717) 534-2504

19-21

Vermont Broadcasters Convention, Stowe,
VT (802) 476-8789

19-23

National Association of Black Owned Broad-
casters Spring Broadcast Management Con-
ference, St. Martin, Antilles (202) 463-8970

24-28

National Public Radio Conference,
Orlando, FL (202) 414-2000

June

5-6

New Jersey Broadcasters Convention,
Atlantic City, NJ (609) 860-0111

13-14

NAB Summer Board of Directors Meeting,
Washington, DC (202) 775-3527

14-15

Wisconsin Broadcasters Convention, Eau
Claire, WI (608) 255-2600

15-17

Missouri Broadcasters Convention, St.
Louis, MO (573) 636-6692

16-17

Wyoming Broadcasters Convention,
Gillette, WY (307) 632-7622

16-17

Nevada Broadcasters Association Golf and
Tennis Tournament and Awards Luncheon,
annual Hall of Fame dinner-dance, Desert
Inn Country Club, Las Vegas, NV. Contact:
Bob Fisher (702) 794-4994

19-22

New York State Broadcasters Association
39th annual Executive Conference.
Sagamore Resort Hotel, Lake George, NY.
Contact: Mary Anne Jacon (518) 456-8888.

22-25

Mississippi Broadcasters Convention,
Biloxi, MS (601) 957-9121

22-24

Montana Broadcasters Convention,
Red Lodge, MT (406) 442-8121

22-24

New Mexico Broadcasters Convention,
Albuquerque, NM (505) 881-4444

23-25

Georgia Broadcasters Convention,
Macon, GA (770) 395-7200

23-26

Florida Broadcasters Convention, Palm
Beach, FL (850) 681-6444

26-27

Iowa Broadcasters Convention, Des
Moines, IA (515) 224-7237

30-July 2

Virginia Broadcasters Convention,
Homestead, VA (804) 977-3716

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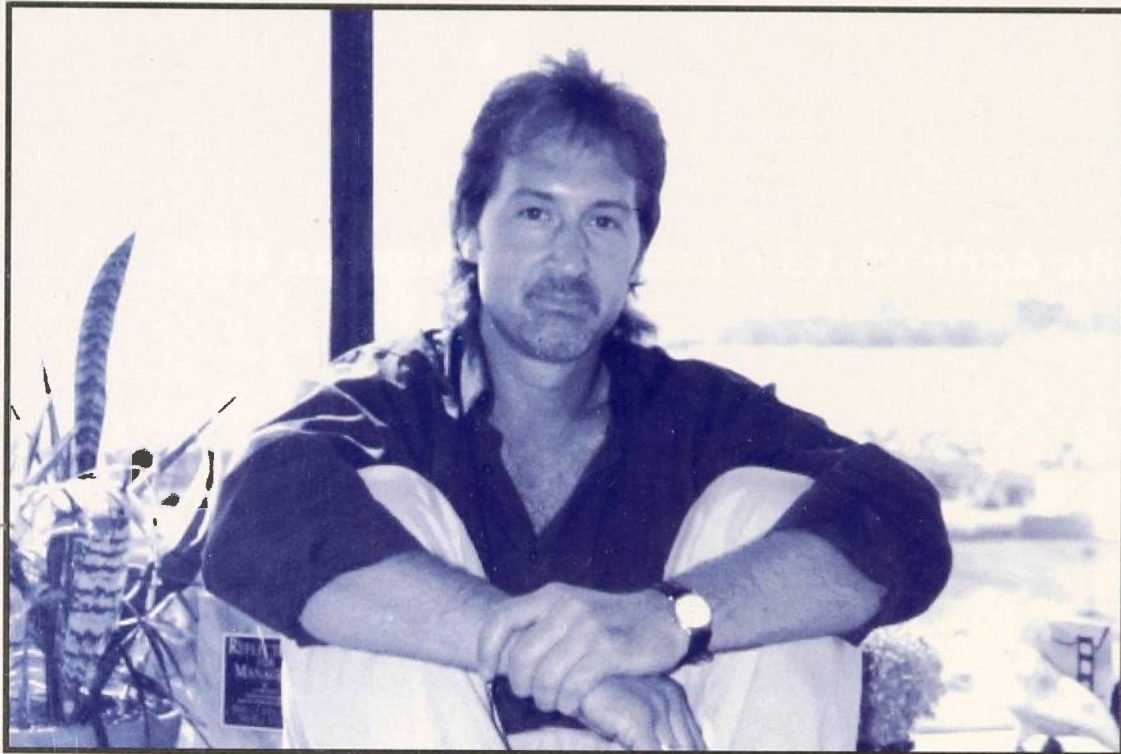
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IN PRAISE OF LOW-POWER FM

by Matt Feinberg



The recent move by the FCC to allow more low-powered radio stations to be licensed shows that they may finally be representing the American people—not the big business concerns that have clearly influenced their decisions over the last decade. By letting these low-powered radio stations take to the airwaves, the FCC is giving freedom of choice back to the people.

Not that our choice was ever *truly* taken away. But with the constant convergence of broadcast group owners, our programming choices become less localized and more homogenous, and our choice becomes a “lesser of two evils”-type of decision.

By allowing competition to take place in a country where free trade is one of our basic tenets, the FCC is finally correcting many years of neglect and considering the interests of the general public.

In truth, these low-powered FM stations will probably not make monumental in-roads into general-market listening, but I am sure that many of the contemporary music stations will lose some audience to them. It doesn't take

much to out-program most FM radio stations today with “hipper,” newer and more cutting-edge music. And, of course, the idea of mini-

“The NAB’s oh-so-lame argument that LPFM’s will clutter the broadcast spectrum—thus interfering with the more powerful commercial stations —is weak. Very weak”

mal clutter is universally appealing to both listeners and potential sponsors. However, the ability to choose is the paramount issue here. I don't foresee advertisers flocking to these new stations next year, primarily because they will be classified as non-commercial. Advertisers and their respective agencies will, however, be able to seek sponsorships similar to those available on National Public Radio. NPR has become a limited, but relatively powerful, force for many advertisers. For certain niche marketers (youth fashion, beverages, etc.), these low-powered stations could provide a new and more-targeted avenue to their po-

tential customers. Certainly, as they mature, these stations may very well take on a life force of their own.

The NAB's oh-so-lame argument that LPFM's will clutter the broadcast spectrum—thus interfering with the more powerful commercial stations—is weak. Very weak. It is also indicative of most broadcast trade organizations. While I'm not a technician, I believe Michael Bracy's (of the Low Power Radio Coalition) comment regarding the precision of today's tuners being able to distinguish signals within three steps is accurate (a step in radio is a 0.2 MHz on the dial). In the New York market where I live, the smaller college and public stations never seem to interfere with the commercial signals. And, given that NY's spectrum is very crowded, I think this is a good benchmark from which to do an amateur technical judgement.

What stations, and station owners, are afraid of is competition!

Competition is good for the consumer. With competition comes choice, and choice is what makes America great. (No, I'm not playing the “Star Spangled Banner” in the background.) It also makes for better radio. It makes for more diverse programming, opens up more strategic alliances for advertisers to choose from, and it will keep the arteries of broadcasting from being clogged up with the sludge of corporate programming.

Matt Feinberg is Vice President/Manager National Broadcast, Zenith Media Services, Inc., a major advertising agency



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If you still think every person counts and mass marketing still works, you need to sit down with Arbitron's PD Advantage. And maybe a beer.



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



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