

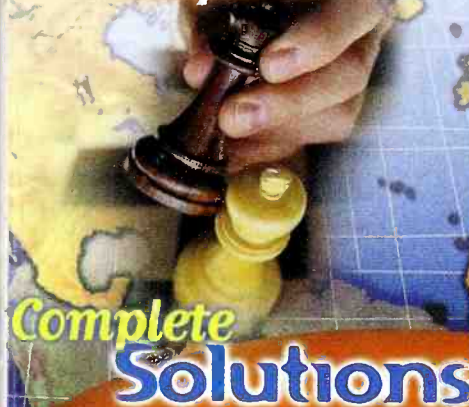
# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

September 25, 2000

Volume 17, Issue 39

Leaders Know That  
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Domination  
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**Complete  
Solutions**

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## RADIO NEWS

<b>Radio not going anywhere soon .....</b>	<b>3</b>
Radio survived the onslaught of television, and it will survive the Internet, too, said a panel of experts at the NAB Radio Show.	
<b>NAB draws a record-breaking crowd .....</b>	<b>3</b>
<b>Klein declines to continue at the DOJ .....</b>	<b>3</b>
<b>Line not as long at LPFM window #2 .....</b>	<b>3</b>
<b>\$#%&amp;!—FCC penalty hikes go into effect .....</b>	<b>3</b>
<b>Tillotson calls for formal LMA rules .....</b>	<b>3</b>

## RADIO ADBIZ

<b>News/Talk still king of the formatics hill .....</b>	<b>8</b>
<b>Boom times for network radio .....</b>	<b>10</b>

## RADIO OPERATIONS

<b>Making a radio pit stop with Bob Pittman .....</b>	<b>12-13</b>
---	--------------

## VENDOR NEWS

<b>Announcements and unveilings from all over .....</b>	<b>14</b>
---	-----------

## MEDIA MARKETS & MONEY

<b>Wall Street: Feel radio's super-strong pulse! .....</b>	<b>16</b>
Panelists at the 10th Annual Conference on Broadcast Financing documented radio's robust health. Wake up, Wall Street!	
<b>Emmis makes a date with Denver's Alice .....</b>	<b>16</b>
<b>Clear Channel takes a hike in the VA mountains .....</b>	<b>17</b>
<b>SabreCom expands out of Elmira .....</b>	<b>17</b>
<b>Lowry finds a partner south of the border .....</b>	<b>17</b>

## Mays still bullish

“We understood that this [heavy dot-com ad spending] was not sustainable, at least our company did,” Clear Channel (N:CCU) CEO **Lowry Mays** said of the decline in dot-com spending, and that his company had worked all along to build other business. “I think it was all kind of blown out of proportion,” he said of Wall Street’s panic selling of radio stocks.

In perhaps the biggest draw of the NAB Radio Show, former CNN anchor **Lou Dobbs** began by asking Mays about his overall view of the economy. “I am an unabashed bull,” Mays said, adding that the radio business is still good and that he still sees great opportunities to consolidate out-of-home media businesses, whether in Norway, Denmark or San Antonio, TX.

Mays expressed surprise that there has been so much concern from some investors about Clear Channel’s purchase of SFX. Mays suggested that he was just doing on a larger scale what nearly every radio station owner in the room was already doing. “We are all in the live entertainment business,” he said.—JM

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**RADIO BUSINESS REPORT**  
**APPLIES FOR**  
**BPA INTERNATIONAL BUSINESS PUBLICATION MEMBERSHIP**

New York, September 2000 – **RADIO BUSINESS REPORT**, which serves the radio broadcast field, has applied for membership in BPA International. **RADIO BUSINESS REPORT** is published by Radio Business Report, Inc., Alexandria, VA.

BPA International will track circulation for **RADIO BUSINESS REPORT** based on business/industry and geographic coverage. The magazine will have 18 months to complete its initial circulation audit.

"We are proud to be the first publisher covering the radio business to step up and have its publications audited," said Jim Carnegie, Publisher. "First with our monthly *Manager's Business Report* and now with our flagship weekly **RADIO BUSINESS REPORT**, we are making the commitment to give our advertisers an accurate picture of who our publications are reaching and what they are getting when they advertise with us. Radio has Arbitron, TV has Nielsen and publishing has BPA. We want our circulation figures to have the same credibility that our readers are expected to have when they approach an agency for a radio buy."

Glenn Hansen, BPA International President and Chief Executive Officer, said, "We are pleased to have **RADIO BUSINESS REPORT** apply for membership in BPA International. I'm confident that our audit of their circulation will help the publication in their efforts to assure advertisers that it effectively serves their target markets."

A not-for-profit organization since 1931, BPA International is the measure of success — the preferred global provider of audited data for the marketing and media/information industries. Media owners, advertisers, and advertising agencies govern the tripartite organization. Our international membership consists of more than 2,500 media properties (print, electronic, face-to-face, wireless, databases) and 2,800 media buyers in over 20 countries. Visit [www.bpai.com](http://www.bpai.com) for the latest audit reports, membership information and news.

###





there are currently no objective standards for determining what sort of activities under a time brokerage agreement [LMA] will be deemed by the Chief of the Mass Media Bureau to constitute a violation," Tillotson wrote in his petition for rulemaking.

As reported, the US government dropped its case against Tillotson's client after admitting that none of the allegations was, in and of itself, a violation of any FCC rule. Although Tillotson claimed victory, and the case was indeed dropped, the Mass Media Bureau continues to claim that its policy of judging the totality of circumstances is still valid in determining whether an unauthorized transfer of control has taken place.

The petition was received by the FCC on 9/6 and is available on the Commission's docketed proceedings database.—JM

## Chase H&Q rates

### CCU strong buy

With radio stocks at bargain basement levels and still falling, even one of the top tech stock brokerages is taking notice. Chase Hambrecht & Quist has initiated coverage of Clear Channel (N:CCU), rating it a "strong buy" with a 12 to 15 month price target of \$108. That's nearly double the current depressed price.

"We believe that Clear Channel is an especially compelling investment given its primary exposure to the higher-growth out-of-home advertising sector, premiere large-market assets (coming from its recent acquisition of AMFM, Inc.), its premiere national-scale out-of-home platform, burgeoning international media platform, seasoned management team and strong balance sheet which can be used to further enhance shareholder returns," Chase H&Q said.

Meanwhile, Moody's Investors Service has upgraded several debt ratings for subsidiaries of Clear Channel Communications (N:CCU). Most of those were for units that Clear Channel recently acquired by merging in SFX and AMFM. "The Clear Channel group rating outlook remains positive," said Moody's.—JM

# Radio News®

## RADAR 66

### Network audience continues to grow

National radio revenues, while slowing in recent months, have for most of the year been enjoying explosive growth. RADAR 66 shows that this growth has been built upon a very solid foundation. The 26 networks measured by Statistical Research Inc. registered a total audience gain of almost 5%, rising from 61M to 64M. 15 networks improved their totals, with nine suffering drops. Two others were making their debut.

Westwood One's CNN Max continued to lead all networks in total audience by a comfortable margin. Premiere AM Drive, AMFM Sapphire, ABC Prime and Westwood Source Max round out the top five.

American Urban's (AURN) Pinnacle and Renaissance Networks were measured for the first time, replacing American Urban's old, unsplit network (RBR 6/19, p.3). The strategy seems to have paid off handsomely. Its total audience mushroomed from 866K to a combined 3,282M.—DS

Rank	Network	RADAR 65		RADAR 66		
		Aud(000)	Rtg	Aud(000)	Rtg	%Chng
1	Westwood CNN Max	7,113	3.2	7,185	3.2	1.0
2	Premiere AM Drive	5,750	2.6	5,778	2.6	0.5
3	AMFM Sapphire	5,138	2.3	4,961	2.2	-3.4
4	ABC Prime	3,280	1.5	3,525	1.6	7.5
5	Westwood Source	3,342	1.5	3,518	1.6	5.3
6	Premiere Focus	3,098	1.4	3,185	1.4	2.8
7	AMFM Ruby	2,424	1.1	2,571	1.1	6.1
8	AMFM Diamond	2,515	1.1	2,460	1.1	-2.2
9	ABC Advantage	2,464	1.1	2,367	1.0	-3.9
10	ABC News/Talk	2,044	0.9	2,331	1.0	14.0
11	ABC FM	2,356	1.0	2,240	1.0	-4.9
12	ABC Young Adult	2,376	1.1	2,208	1.0	-7.1
13	AMFM Emerald	2,077	0.9	2,043	0.9	-1.6
14	Westwood CBS	2,003	0.9	1,948	0.9	-2.7
15	Premiere Axis	2,123	0.9	1,922	0.9	-9.5
16	AURN Pinnacle	—	—	1,870	0.8	—
17	ABC Platinum	1,794	0.8	1,792	0.8	-0.1
18	ABC Genesis	1,712	0.8	1,736	0.8	1.4
19	Dr. Laura	1,659	0.7	1,662	0.7	0.2
20	Westwood NBC	1,605	0.7	1,646	0.7	2.6
21	Westwood NeXt	1,560	0.7	1,588	0.7	1.8
22	AURN Renaissance	—	—	1,412	0.6	—
23	Westwood WONE	1,199	0.5	1,305	0.6	8.8
24	Premiere Core	1,046	0.5	1,155	0.5	10.4
25	Westwood Edge	828	0.4	905	0.4	9.3
26	ABC Galaxy	717	0.3	724	0.3	1.0
—	American Urban	866	0.4	—	—	—
	<b>TOTAL</b>	<b>61,089</b>	<b>27.3</b>	<b>64,037</b>	<b>28.4</b>	<b>4.8</b>



**NATIONAL NEWS**

**NATIONAL SPORTS**

**"WHITE HOUSE REPORT"**  
with April Ryan

**"HOLLYWOOD LIVE WITH TANYA HART"**  
The Hottest Gossip from Tinseltown

**"USA MUSIC MAGAZINE"**  
The Urban Sound of America with John Monds

**"THE BEV SMITH SHOW"**  
National Nightly Talk Show

**"COMING SOON"**  
Movie Review with Lorraine Turner

**"BLACK COLLEGE FOOTBALL WEEKLY"**  
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- "The Bev Smith Show," the only national nightly talk show that explores today's issues affecting the African American community;
- Comprehensive sports coverage on the Black Collegiate scene.

## WE ENTERTAIN

*AURN is...*

- "Coming Soon," daily movie reviews on the latest box office coming attractions;
- "USA Music Magazine" America's top urban entertainment program featuring the best in urban music, news and interviews on the industry's hottest stars;
- "Hollywood Live with Tanya Hart," a daily show that goes behind the scenes to bring listeners the juiciest gossip on Hollywood's celebrities.

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## Redstone sees 20% growth

Viacom (N:VIA) CEO **Sumner Redstone** told a DB Alex. Brown conference in London that he expects his company to deliver growth of at least 20% in 2000 and 2001. "We intend to grow EBITDA for core Viacom operations at more than 20% a year and use our strong free cash flow for accretive acquisitions of TV stations, radio stations and outdoor properties," Redstone told the gathering. He also dismissed notions that the advertising market is slowing. "We don't expect advertising to slow next year as we can see our own numbers and they are going to be great through the quarter and year. I expect to see advertising grow more than the economy every year into the indefinite future."—JM

## The lies have it: WIP-AM run afoul of Miss America

On August 22, Philadelphia radio talk show host, **Howard Eskin** made remarks on-air claiming that the Miss America Pageant was "fixed" and that "they already know who's going to win..." Eskin, along with WIP-AM owner, Infinity Broadcasting is being sued for slander by the Miss America Organization as a result of last month's accusatory comments. "[They] acted with malice by knowingly broadcasting untrue statements that maligned, impugned and damaged the reputation of the Miss America Organization," said the organization's president and CEO, **Robert Renneisen**. According to Renneisen, before the envelope that contains the winner's name is opened, the only people who know the final results are Ernst & Young, which is the national accounting firm responsible for the tabulation of all scoring by pageant judges.—KR

## Salem spins its web at OnePlace.com

Christian supergroup Salem Communications and its online division OnePlace.com have established the Salem Web Network (SWN). **James Cumbee**, president of Salem's non-broadcast media division, is using the site to provide rebroadcast privileges of Salem's ministry content to websites and other media.

SWN's first deal is with popular Christian web portal Crosswalk.com, which will make SWN's custom audio & video players available for live and archived streaming. Programming includes 130 broadcast programs and 50 live Internet radio stations featuring a variety of Talk and Christian Music formats.—DS

## de Castro, McCord touch down in cyberspace

Two radio veterans have entered the upper echelon of Internet executives. **Jimmy de Castro**, late of the now defunct AMFM radio group has been named CEO of Ultimate Inc., a firm which allows bidders to participate in once-in-a-lifetime events such as a round of golf with **Tiger Woods** or join songstress **Christina Aguilera** on the concert stage. Ironically, this puts de Castro back in touch with Clear Channel—its SFX events division holds a stake in Ultimate.

**Herb McCord**, one of the architects of the old Granum Communications radio group and president of the active consultancy of the same name, has joined the advisory board of SurferNETWORK.com Inc., a Internet marketing and content distribution company. Another radio vet is joining him—Edison Media Research's **Larry Rosin** also will take a seat on the advisory board.

Meanwhile, Internet A/V provider Coolink Broadcast Network has inked **Leo Hindery Jr.** as its new Chairman of the Board.—DS

# Radio News®

## Top 10 webcasting radio stations

Web-only services dominate the top of the Arbitron Webcast Rating's July streaming ratings chart. Here are the top ten radio stations, including overall rank and aggregate tuning hours:

Station	ATH	Rank
WABC-AM	119,500	8
CFNY-FM	115,000	9
KPIG-FM	111,700	10
KLTY-FM	105,200	11
KPLU-FM	94,600	14
WPLJ-FM	92,100	15
KQRS-FM	91,300	16
WJZW-FM	86,600	17
WGMS-FM	83,000	20
KPLZ-FM	79,400	21

Source: Arbitron Webcasting Ratings

## RBR NEWS BRIEFS

### WABC-AM gets visit from Secret Service

Watergate all over again? After the DNC lost three computers last week, WABC-AMNY, which is two floors above DNC offices, was paid a visit by the secret service. WABC PD **Phil Boyce** told reporters the visit was in the middle of the night and staffers had to spend a "lot of time with them." Boyce also said he didn't get the impression the Secret Service suspects anyone at WABC to be involved.—CM

### Unica gets signal upgrade

Radio Unica (O:UNCA) says the FCC has approved a signal upgrade for its Dallas-Ft. Worth station. KAHZ-AM, which operates on 1360 kHz, will increase its daytime signal from 5kw to 50kw. The company says the upgrade should be completed within six to 12 months.—CM

### Viacom puts headlock on USA Network

The World Wrestling Federation's "WWF Raw is War" and several of its other programs have been wrestled away from USA Networks Inc. by **Mel Karmazin** and crew at Viacom, a deal confirmed by the Delaware Supreme

Court. Some titles are earmarked for Viacom's TNN cable network, others for MTV. In addition, "WWF Smackdown" remains on over-the-air TV network UPN.—DS

### Dr. Laura Foundation teams to help children in crisis

The **Dr. Laura** Foundation, extreme athlete **Tom Jones** and his sponsor Logic Nutrition have teamed up to ship thousands of "My Stuff" care bags to children in crisis centers across the country. Created by The Dr. Laura Foundation, the My Stuff bags contain blankets, toys, books and other personal comfort items to let them know someone cares. In the partnership, Jones' 3,500-mile "Extreme Run 2000" creates public awareness and raises funds for kids in crisis, the Dr. Laura Foundation donates the care bags and Logic Nutrition pays for all the shipping costs. Since last year, 10,000 My Stuff bags have been delivered. To donate to the cause, find more info at ([www.dr.laura.com](http://www.dr.laura.com) or [www.run4kids.com](http://www.run4kids.com)), or call the Dr. Laura Schlessinger Foundation at 888-222-9158.—CM

## Formatics: News/Talk still reigns in the big markets

Interrep has come out with its quarterly numbers crunch following release of the Spring 2000 Arbitron books, documenting the relative strengths of format groups in the 93 continuously-measured markets. Rankings for the format groups are pretty much the same as they were after the Winter book came out. News/Talk and Spanish remain #1 and #3 despite some ratings softening. #2 Urban and #4 CHR enjoyed modest gains, but not enough to jump a spot on the chart. Perhaps the best news was for purveyors of Country, which reversed a long, slow spiral downward with an 0.2 gain.—DS

### Katz Interactive to toot Revele's bugle

Revele Technologies, an Internet video broadcasting company which provides highly-targeted educational and entertainment websites, has inked Katz Interactive Marketing to sell ads for its services.

"Revele will offer advertisers the incredible ability to a target specific consumer profile with virtually no waste," said KIM's Managing Partner Mitch Kline. "For example, a travel consumer browsing on a Revele partner site such as Sky Auction could select a video clip detailing a Kenyan safari and then view an ad targeted specifically for that selection."

The partnership launched in August.—DS



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Format	Sp99	Su99	Fa99	Wi00	Sp00
News/Talk	13.5	13.5	13.7	13.5	13.1
Urban	11.0	11.5	13.5	11.4	11.5
Spanish	8.1	7.9	8.6	8.9	8.5
CHR	7.7	7.9	7.7	7.6	8.0
Country	7.9	7.8	7.6	7.4	7.6
AC	7.8	7.7	7.9	7.8	7.5
Rock	4.9	4.8	4.5	4.5	4.7
Classic Rock	4.1	4.2	4.2	4.5	4.6
Oldies	4.8	4.6	4.4	4.4	4.4
Modern Rock	3.4	3.3	3.2	3.1	3.2
Standards	2.4	2.4	2.4	2.6	2.6
Hot AC	2.3	2.2	2.2	2.5	2.4
Smooth Jazz	2.5	2.3	2.3	2.3	2.3
Classical	2.4	1.3	1.5	1.5	1.3
Black Gospel	1.0	0.9	1.0	1.0	1.0
Adult Alternative	1.0	1.0	0.9	0.9	0.9
Religious	0.5	0.5	0.6	0.5	0.5
Contemp Christian	0.4	0.3	0.4	0.4	0.3
Ethnic	0.2	0.2	0.2	0.3	0.2
Easy	0.3	0.3	0.1	0.1	0.1
Christian Ctry	0.1	0.1	0.1	0.1	0.1
Children	0.0	0.0	0.0	0.0	0.1
Variety/Other	0.0	0.0	0.0	0.0	0.0

Source: Interrep study of Arbitron data

### E-advertisers fuel Big Apple growth

Dot-com advertisers remain the biggest spender in the New York radio market so far this year, despite losing the top spot for the month of June to automotive advertisers. At the midpoint of 2000, e-spending had nearly tripled over its 1999 level. Its \$54.2M in billings represents 13.4% of all radio spending in the market. Stats are from a report released by New York Market Radio (NYMRAD), prepared by the accounting firm Miller, Kaplan, Arase & Co.

Automotive dealers, manufacturers and leasing agencies spent \$8.4M in June alone, and the category's \$47.1M total YTD accounts for 11.6% of New York radio revenue. TV stations/networks, communications/cellular/public utilities and health care round out the top five categories.

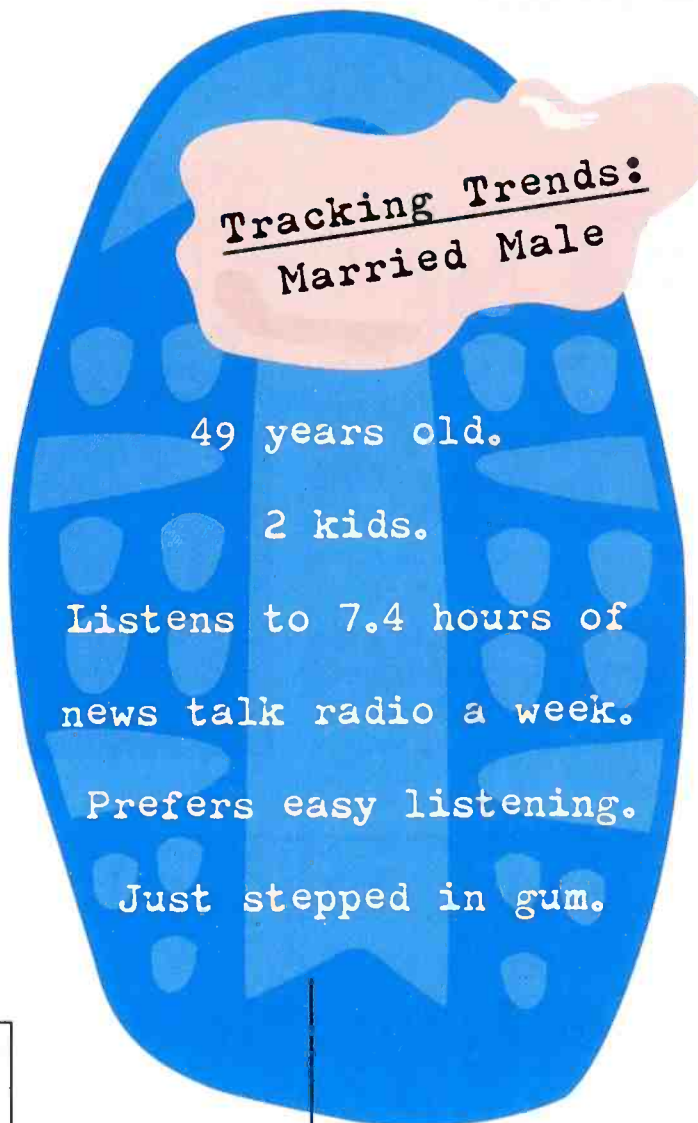
Moving ahead two months, the market enjoyed a revenue hike of 11.1% for the month of August on a \$63.6M take. Comprised of an 11.3% gain in local business and a 9.9% gain in national, it represents the 16th consecutive month of double-digit gains for the nation's most populous radio market.

YTD, New York radio's local business stands at 25.4% to the good, and national is up 40.7% for an overall gain of 28.1%.—DS

Category	YTD Spending	%chng
Dot-com	\$54,200,000	277.3
Automotive	\$47,100,000	34.3
Television	\$27,300,000	41.6
Communications	\$23,400,000	37.2
Health care	\$18,600,000	39.7

Source: NYMRAD; Miller, Kaplan, Arase & Co.





Tracking Trends:  
Married Male

49 years old.

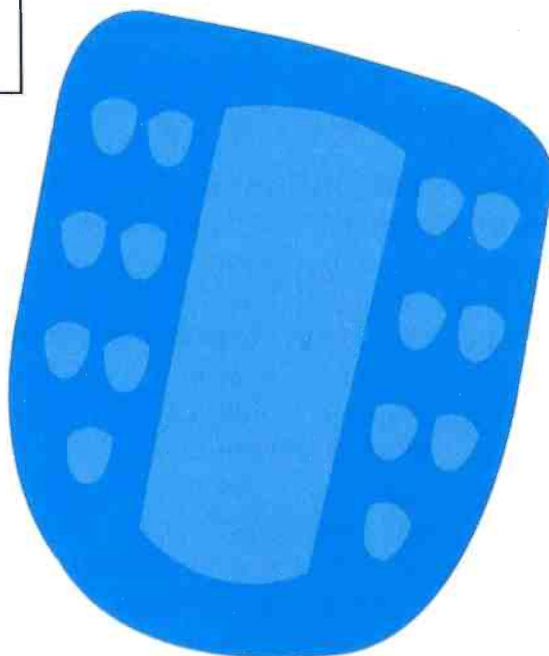
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Listens to 7.4 hours of  
news talk radio a week.

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# Network Radio Makes Waves

Call it what you wish, the new paradigm, out-of-the box, or breakthrough thinking, network radio has stepped into the spotlight of today's media mix.

Listen and you'll hear what I'm talking about. The fact is that blue-chip advertisers now dominate the medium. Consumer packaged goods giants Kraft and Proctor & Gamble have leapt into the medium, having quadrupled their spending. Both historically regarded radio as a secondary medium. No longer. McDonalds is now also using network radio for the first time in years to bolster key promotional periods.

And let's not forget e-commerce. The radio craze by last year's dot coms may have downshifted, but no one questions the research indicating that almost half of all on-line users have visited a web site as the result of something they heard on the radio.

Radio the new paradigm, radio as the breakthrough medium? Radio the brand-builder? Absolutely.

But aside from radio's proven ability to drive web traffic, what other developments have sparked advertisers newfound interest? One critical factor is reach. Five years ago, network radio's four-week reach, regardless of the demographic, peaked at 60%. Today, with the addition of strong stations in top markets, that four-week reach figure climbs to 90%—a number long reserved for radio's sexier counterpart, network television. And when you factor in the cost efficiency of radio ver-

## Radio AdBiz<sup>®</sup>

by Reyn Leutz

sus television the comparison becomes even more dramatic.

Better stations also mean greatly improved market deliveries. Historically, if an advertiser purchased 100 TRPs nationally, they were lucky to achieve an overall index of 60 in the Top 25 markets. Today that index surpasses 100 and in some critical markets like New York, Chicago and Detroit, exceeds 140. Why the focus on the Top 25 markets? Because more than half of the U.S. population resides here, and as such,



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**If you believe that the message closest to the point of purchase is most valued, then radio shines**

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accounts for a high percentage of most advertiser sales.

The increased use of radio is further attributed to advertisers' embrace of recency theory. If you believe that the message closest to the point of purchase is most valued, then radio shines—particularly when you consider that almost half of all listening is in the car. Consumers in transit to a retailer like Sears or a grocery store truly become captive audiences. Kraft Foods knows this better than anyone. A full 75% of households don't know what they'll be preparing for dinner on any given evening drive home. As a result, Kraft uses PM Drive to influence moms by suggesting meal solutions using their brands either already at home or that can be purchased with a quick

stop at the grocery store.

Furthermore, network radio will soon have amazing ability to split advertiser copy right down to the individual station level within each market. As business is increasingly won or lost on a local level, this can only enhance this medium's future use.

Here are a two recent success stories. In January, General Foods International Coffees boldly cancelled all television in favor of network radio. The results were remarkable as sales rebounded significantly versus the previous year. Mailboxes etc. also reported strong franchise results this past Christmas when network radio was incorporated into the media plan as a means to drive holiday gift-giving.

Network Radio is one of the few media that has proven and will likely remain very resilient to technological changes as people's listening habits change. Early next year, Satellite Radio becomes a reality and most new cars will be equipped for listening. Internet listening or streaming is also fast becoming a popular listening outlet. In fact, consumers will soon be able to tell their computer exactly what they want to hear and a private, personalized radio station will appear as a "bookmark". And if you think that wireless web radio is in the distant future, think again. The technology is already here and is flourishing.

Network radio will continue to make waves. Advertisers interested in continued brand growth are sure to increase its usage.





# Arm Your PDs in the Battle for Listeners

Your PDs are in a daily fight for listeners—those you already have and those you want to win over to your station. PD Advantage<sup>SM</sup> digs deep into ratings data to deliver detailed reports that help your PDs understand your audience better and get an edge on the competition.

Plus, PD Advantage allows PDs to review diary comments right on their computer desktop—PDs see exactly what diarykeepers are saying without making a costly trip to the Arbitron diary review office in Columbia, MD (a feature worth the price of the service alone!).

To learn more about providing your PDs with PD Advantage, log onto [www.arbitron.com/pdadvantage](http://www.arbitron.com/pdadvantage) or contact your Arbitron representative.

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# Step aside Howard, Bob Pittman is the true King of All Media

by Jack Messmer

He built MTV from an idea into a movement: "I want my MTV!" Then he joined Steve Case to develop another idea into a big business—America Online. Now he's the guy who's going to be in the hot seat, melding old media and new media as Time Warner and AOL merge into a media giant. But before any of that happened, he was a small town kid who got a job playing records on the radio. Bob Pittman spun the platters, then rose through the ranks to program NBC's flagship station in New York, before heading off to pursue those new projects in other media (not to mention stints in theme parks and real estate franchising). The AOL President and COO reflected on his multi-faceted career for MBR, along with sharing his vision of where all media are heading in the new millennium.

**Many people in radio have suggested that your success at MTV and AOL is due in part from your radio background—that you "think like a radio guy." Do you see any truth in that view?**

Yes, I do. I think radio is a business of brands, it's a business of knowing your market segment. It is a tough business in the sense that it is hard to have any major points of differentiation from your competitor other than those that you have created through marketing or through

## Radio Operations



the products itself, but not based on patents or other structural advantages. I think that training—of understanding how you position a product, how you can stay true to that, how you have a laser-focus on your audience segment—is critical in any business. It has certainly helped me in every business that I've been in, not only at MTV and AOL, but probably Six Flags and Century 21 as well.

**What attracted you to radio? And why did you leave for other media?**

I was attracted to radio because that was the only job that I could find at age 15 in my small hometown of Brookhaven, Mississippi. I actually tried to get a job working in a men's clothing store first and then bagging groceries. Radio, ironically, was third choice. So although radio didn't start out as a great passion it certainly turned into one. I left radio—I was working at NBC in New York—when I had an opportunity to join this new company

called Warner AMEX Satellite Entertainment Company, which was going to start this new stuff called Cable Networks Narrowcast [later known as MTV], which was like radio and the possibilities were unlimited. It was sort of the Internet 20 years ago—just too irresistible to pass up.

**What do you consider the highlights of your radio career?**

I think the highlights of my career were the people I worked with, and there were some real stars out of the bunch, from Don Imus to Lee Masters, who has been very successful in the Internet business and was very successful in the TV business. Charlie Warner, who was my first mentor, and Bob Sherman. And I worked with lots of other people who had major influences on my career.

**Do you listen to radio today? Who do you think is really good in radio now?**

I listen to radio every morning, I listen to WTOP in Washington

DC and I am a news radio junkie. I think I probably am out of the business enough that I really couldn't say what is really good; I think you really have to be in the business to pass that judgement.

**As part owner of Roberts Radio, were you involved in the radio business or did you leave it all to your partner, Bob Sherman?**

I'd earlier said that one of the really great joys in the radio business was the people I'd worked with, and Bob Sherman was my boss at NBC. He's a terrific guy, he and I have stayed friends through the years. He helped me out when I was at Six Flags, building a whole sponsorship sales group. After he left his last job, he and I talked about creating a radio group, which we did with Roberts Radio—a huge success for us. We are now in the process of closing the deal now to sell it to Clear Channel. I will tell you I am smart enough to let Bob



Sherman run the company and I made certain that we had all the capital resources needed to execute his vision.

**What interested you in making the investment in Roberts Radio?**

I think the investment was really developed from when Bob Sherman and I talked about our mutual interest in seeing a great opportunity in small market radio which I think had really been left out of the growth of radio, but it was all changing as a result of regulatory changes and also as a result of technology which could substantially improve the economics in those markets. I had actually owned a couple of radio stations before Bob and I decided to create a company out of it, and I had done it just to sort of keep my fingers in radio.

**Why did the two of you decide that this was the time to cash out?**

Well, I think in any business you either grow or you sell, but what you don't do is sit still. We had originally started buying radio stations when we could buy them at a low multiple and when the multiple got so high that we thought we couldn't buy anymore, we thought it was time to sell.

**Do you consider AOL's Spinner.com to be a competitor to radio or something else?**

I don't think Internet radio stations are really competitive to radio stations; I think they are an extension of the music experience, programmed by someone else. I think radio is enormously portable. Clearly Spinner and the other Internet radio sites are really tethered to the computer so I think in that regard they are probably a "specialization" or a "subset" of radio in general.

**Do you think radio as we know it will continue independently of the Internet, be killed by the Internet or converge with other audio services from**

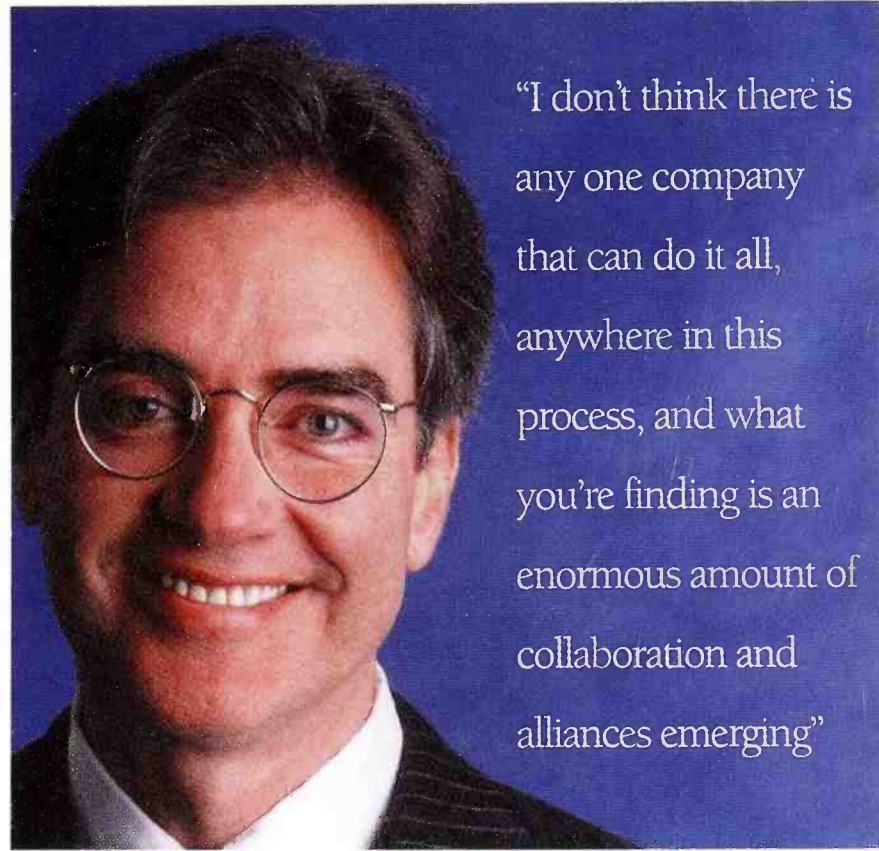
**the Internet and elsewhere to provide wired/wireless audio to consumers in various settings?**

I think the wonderful thing about radio is it's ubiquitous, and I think you find radio stations today on the Internet, you find radio stations over the air, and you will probably find streaming audio, ala radio stations, coming over wireless devices. But I think at the heart of it you've got to have a product; I know radio programmers are not wed to radio as just being their broadcast license, the same way today TV broadcasters are not wed to just their broadcast distribution, but rather probably over half of their viewership is done through cable, which has nothing to do with their broadcast license, so I think you're finding the same thing emerge with radio, and I think it's probably very good for radio because it enhances, and increases, the distribution outlets.

**What should radio companies be doing to prepare for the future?**

I think radio companies have to keep track of where the consumer is going and what the consumer is adding to their lives, and if you think radio is about ubiquity, then radio has to be there wherever they are. I've noticed that in the old days radio stations would set up so you didn't lose the radio signal when you went into the tunnel and under the Hudson River in New York. I think today you've got folks who are making sure you don't lose your favorite radio station when you are on your computer, or when wireless devices come, to make sure your radio station is there as well. So I think it's a matter of thinking very broadly about their business.

**What is the biggest challenge you face in making AOL and Time Warner work as a single company?**



"I don't think there is any one company that can do it all, anywhere in this process, and what you're finding is an enormous amount of collaboration and alliances emerging"

I think at Time Warner the real opportunity for us is to get the synergy going among all the companies, I'm not sure that there is a big problem to making it work. Yes, it's a big company, but it's just a matter of management "elbow grease" to put it together and I think the biggest opportunity for us is teamwork and that's probably what you'll find us focusing most on.

**Can any one company, even one as big as AOL/Time Warner, provide all of the media services that people will want and expect in the future?**

No. As a matter of fact I think if you're looking at the new technologies, what is really changing in the world is that I don't think there is any one company that can do it all, anywhere in this process, and what you're finding is an enormous amount of collaboration and alliances emerging. In the old days you'd think about a company as your competitor, and I think that today you find that companies are both competitors and collaborators, and you have to be very nimble and very flexible in terms of those definitions of what other companies are. You are seeing much less of that combative spirit

and much more of the collaborative spirit of trying to bring new products to market and make new markets happen.

**You talk a lot about branding. Will traditional advertising continue to be the best way to establish new brands, or is some new model emerging?**

When you say traditional advertising, what is it? Every 10 or 20 years we change the definition of advertising. I think of advertising as renting a consumer relationship to an unaffiliated third party. So when I sold sponsorships at Six Flags theme parks, I thought of that as advertising. When we sell carriage in certain channels on AOL to certain products, I think of that as advertising. Does that include 30-second TV ads, or 60-second radio ads? Sure, that's advertising as well. I think what you are looking at is more and more tools and vehicles for marketers to use in their quest to build new brands and new products in an increasingly competitive environment and I think we all play a role in that. The good news is that companies have more and more money to spend doing it, so those of us in the advertising business are beneficiaries of it.



## Scott Studios and Computer Concepts merge

Digital audio systems software manufacturers Scott Studios and Computer Concepts announced a merger agreement. While exact terms weren't disclosed, we do know the deal was a stock-for-stock swap. The merger takes effect 9/30. Engineering, R&D and sales/customer support synergies will be pursued while continuing to offer all product lines from both companies. The best features of each product line are planned to be incorporated into the other models. "The Computer Concepts and Scott Studios combination has by far the largest market share of digital audio systems in the US, with 3,500 stations in all 50 states using more than 10,000 Scott digital workstations. The combined companies have sold more digital studio equipment than the remaining #2 and #3 vendors combined," says Scott Studios President **Dave Scott**.

Computer Concepts President **Greg Dean** now becomes VP/CTO of the new entity. Production and administration will be transitioned to the Scott Studios facility in Dallas, however, Computer Concepts will retain a sales, R&D and customer support office in Kansas City (Lenexa), Kansas. Each company will keep its own name.

Glenn Serafin of Tampa-based Serafin Bros. served as the financial advisor to Scott Studios in the deal.

**RBR observation:** This now gives Scott Studios clients traffic and billing (via Computer Concepts' Virtual Traffic). It also gives Scott more R&D muscle for its upcoming expanded product offerings which include television.—CM

## SpotTaxi.com alliance streamlines radio spot process

Central Media Incorporated (CMI) owned, SpotTaxi.com has joined forces with Broadcast Electronic (BE), Enco Systems, and MediaTouch to finetune the receiving, processing, and airing of radio spots. This comes right on the heels of SpotTaxi.com's release of two new service upgrades involving their web site and a Downloader/Decoder application. Here's a verbal run-through of the synergistic technology offered by the newly formed alliance: A spot is delivered to the radio station over the Internet via SpotTaxi.com; it's then downloaded to the radio station's local network as a broadcast wave file with a Cart Chunk extension (or as an MP2 file); lastly, the spot gets opened in the BE, Enco, and MediaTouch on air-system. All this done with "virtual" ease.—KR

## WebPresence and ENCO link on new web ad tech

WebPresence introduced a new concept in technology at the NAB Radio Show in San Francisco last Wednesday. They have created an application which synchronizes on air commercials with advertiser listings on their webNTR.com Radio Advertiser Guide. Boasted as a "first-of-its-kind" technology, it will interact with the ENCO DADPRO32—a digital audio delivery system—to provide listeners access to detailed radio advertiser information (e.g., phone numbers, driving directions) from their own computers and cell phones while a commercial is running.

Through their partnering, WebPresence and ENCO intend to better serve radio listeners as well as extend advertising leverage. What WebPresence President, David Owen called an "historic step into the future." The partners also hope to realize an increase in non-traditional revenue. Gene Novak, president of ENCO systems adds, "...the interface between web and radio is developing at a rapid pace and [the syncing of the two company's technologies] makes an unbeatable combination, keeping broadcasters at the forefront of this part of the industry."

Demos of webNTR.com and the ENCO DADPRO32 were conducted at the NAB Radio Conference held September 20-23, at the Moscone Convention Center in San Francisco.—KR

## iQradio to be unveiled

Qsent, Inc. unveiled the iQradio service at NAB, the "first interactive radio station directory of its kind," as claimed. Accessible through the Internet and wireless devices (mobile phones, PDAs and laptops) iQradio enables users to find stations that broadcast their favorite music, talk show hosts and other content. iQradio Plus, an extension of iQradio, will give individual stations the opportunity to occupy key positions on Internet-ready devices and the ability to provide customized, local content on its iQradio site. Future versions of iQradio will include online music lists, CD order capability and advertisement response fulfillment.—CM

## Out to launch

Dalet Digital Media has integrated streaming service RealAudio's encoder directly into the Dalet5.1 Digital Audio System workstation. According to Dalet president **Anna Mae Sokusky**, "Webcasters can take advantage of significant cost and space savings while improving reliability at the same time."

CUE Corp., which provides traffic and messaging services to handheld devices and in-vehicle navigation systems over a 600 station FM subcarrier network, has inked a deal with Sectra Wireless Technologies AB for its DRT 4000 receiver as its broadcast platform. CUE is currently available in over 50 markets.

RadioWave.com, Digital Island Footprint Network and MSN Chat Radio have teamed to provide streamed music into Internet chat rooms, the only such service of its kind. Digital Island has over 40 music channels which RadioWave.com streams to MSN.

On the IBOC front, iBiquity Digital Corp. and AccuWeather Inc. are teaming to provide AccuWeather's content in digital form for both AM and FM radio stations.

DG Digital Systems is releasing Radio Tools 1.0, a package which, among other things,

gives radio stations access to all commercials transported via DG software from any PC in the station, allowing programming, production and traffic staffers instant access.—DS

## Lightningcast launches video ad insertion service

Lightningcast, heretofore known for its highly-targeted audio ad insertion capability, has announced video ad insertion capability to its offering. Initial partnership offerings for the service include ChoiceRadio.com, E-Radio Live, GolfVision.com, Kundi.com and TradeMentor. The offering, which will also be made to radio and audio webcasters, is sold upon a richer multimedia experience and an alternative to static banner ads. Through the Lightningcast affiliate network, webcasters can now be part of highly targeted agency buys. "This launch represents a major milestone for Lightningcast as it effectively positions us as a full-service provider," said Lightningcast CEO/CTO **Tom Des Jardins**. Lightningcast will also be launching RealNetworks technology in the next couple of weeks, offering all of the same feature sets as the current Windows Media player partnership.—CM

## SurferNETWORK to announce webcast alliance

SurferNETWORK, an Internet marketing and content distribution company, announced an alliance of broadcasters using its patent-pending technology at NAB. The company's streaming technology offers broadcast-quality audio over the Internet that is "similar to the clearest FM signal." SurferNETWORK also delivers targeted audio advertising at no cost to broadcasters. It has been pilot testing this technology with nine radio groups since April. SurferNETWORK Chairman/CEO **Gordon Bridge** spoke on "New Revenue Models" as part of the NAB's program of presentations.—CM



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## Notice to Wall Street: The radio business is still healthy

Despite the recent nosedive for radio stock prices, buyer demand to acquire stations remains strong, panelists said (9/20) at the 10th Annual Conference on Broadcast Financing, presented by Dickstein, Shapiro, Morin & Oshinsky as the NAB Radio Show began in San Francisco.

"The downturn in the last six weeks has been shocking for me," said **Larry Wilson**, CEO of Citadel Communications (O:CITC). In particular, Wilson ridiculed Wall Street traders who'd sold off Clear Channel (N:CCU) shares because of fears that the company's purchase of SFX had taken it into a risky new

business. "Radio companies have been in the event business since the beginning of time," he noted.

While several of the public company executives said they would focus on digesting recent acquisitions and wait for their stock prices to improve before resuming major expansion efforts, broker **Elliot Evers** of Media Venture Partners noted that Clear Channel is still actively buying in the middle and smaller markets as it seeks to defer taxes from its AMFM merger spin-offs. And even where Clear Channel is not a bidder, he noted that there are still lots of would-be buyers, including some aggressive privately-owned companies.

"There's no lack of buyers, no lack of capital," he said.

Although broadcasters are still working on their long-term Internet strategies, there was considerably less urgency evident than a year ago. After all, dot-com companies have been dropping like flies and, unless they're keeping it a closely guarded secret, no one has figured out how radio stations can generate significant cash flow from their Web sites.

Cumulus Media (O:CMLS) CEO **Lew Dickey Jr.** noted that his company had previously been aggressive in developing Internet ventures, including a competitor to newspaper classified advertising, but that the ventures had not

by Jack Messmer & Dave Seyler

met their financial projections. "It's tough shifting shares away from newspapers," he noted. "It will happen. It's just going to take a lot more time than most people realize." For now, with a more pressing need to focus on its core radio business, Cumulus has put its Internet ventures on hold.

Several years into the future, though, there will be new challenges to radio. Evers noted that the coming auction of UHF TV channels 60-69 will make available new spectrum for the next generation of wireless communication devices, making it possible, potentially, to stream audio to handheld devices the size of cellular phones. "It will be a quantum leap forward in the distribution technology," he said.

For the immediate future, though, most broadcasters seem to be refocusing on their core business—programming stations and selling advertising. Everyone is keeping an eye on the Internet and most are gradually expanding their Web efforts, but only to the extent that it doesn't negatively impact their bottom line.—JM

### Emmis travels to Denver to go ask for Alice

KXPK-FM in Denver, the Clear Channel (N:CCU)-AMFM spin-off just acquired by Emmis Communication (O:EMMS), will not remain a standalone operation for long. It will be combined with another CCU/AMFM-spun station, KALC-FM, which was sold to Salem Communications (O:SALM). Emmis is spending \$98.8M to combine the Hot AC known as Alice with The Peak KXPK.

**Joe Schwartz**, already installed in the GM slot at KXPK, will handle Alice as well. Although closing is not expected until early next year, Emmis will take over programming of the station within thirty days under an LMA.

## HEH Communications, LLC

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Salem will be able to enjoy a big payday without sacrificing its presence in the Mile High market. It will still have a superduopoly consisting of three AMs and an FM.

**RBR observation:** Emmis, which was not invited to the party at the onset of the gigantic CCU-AMFM spinfest, has now succeeded in crashing it via the back door twice for three stations in three markets. The aforementioned KXPK was one of the other two, coming to Emmis along with KKFR-FM Phoenix after the DOJ shot down the original deal selling the two to **Mac Tichenor's** Hispanic Broadcasting Corp. (N:HSP) (RBR 6/19, p.12). That pair set **Jeff Smulyan** back \$108M.—DS

## Clear Channel expands in Virginia

Clear Channel Communications (N:CCU), which runs a superduopoly in Charlottesville, VA, is adding stations on the other side of the Blue Ridge. WKDW-AM/WSVO-FM Staunton and WINF-AM Waynesboro are coming from Douglass Communications for \$3M. The FM pulls ratings in the Harrisonburg, VA Arbitron report as a below-the-line station. **Broker:** **George R. Reed**, Media Services Group.—DS

## Hartstone wields his Sabre in Elmira-Corning

**Joel Hartstone**, **Paul Rothfuss** and company are picking up a combo which will add coverage to the west of the Elmira-Corning market, ranked #204 in the freshly-released Arbitron Fall 2000 market population list. WKPQ-FM & WHHO-AM Hornell NY are coming to a subsidiary of their Sabre Communications. The seller is Bilbat Radio Inc. and its principals **William Berry** and **Richard Lyons**, who will receive \$1.8M, \$500K of which is in the form of a non-competition agreement.

SabreCom already operates a 2AM/3PM superduopoly in the market. Of its existing stations, only market Hot AC blowtorch WNKI-FM has any significant over-

lap with WKPQ. The addition of the stations will not allow SabreCom to catch market-leading owner Pembroke Pines, but it will cement its #2 position. Four other owners in Elmira draw measurable listening.

The Hornell stations also fill a territorial gap in the SabreCom portfolio. Elmira is to the east of Hornell, and to the west is the unrated town of Olean, NY, where SabreCom operates WPIG-FM & WHDL-AM. The signals of WPIG and WKPQ come close to each other but do not quite overlap. **Broker:** **Kozacko Media Services** (seller).—DS

## Clear Channel in Mexican mega-merger

Merging with AMFM made Clear Channel (N:CCU) the largest radio group in the US. Now **Lowry Mays** is doing much of the same thing in Mexico.

In a deal which will create Mexico's largest radio company, Grupo Acir—which is partly owned by Clear Channel—will merge with Radiopolis—the radio subsidiary of Grupo Televisa (N:TV), Mexico's largest TV company. That will create a giant radio group—to be called Grupo Acir-Radiopolis—with 116 stations, including a dozen in Mexico City. That group will surpass Grupo Radio Centro (N:RC) as Mexico's largest radio company.

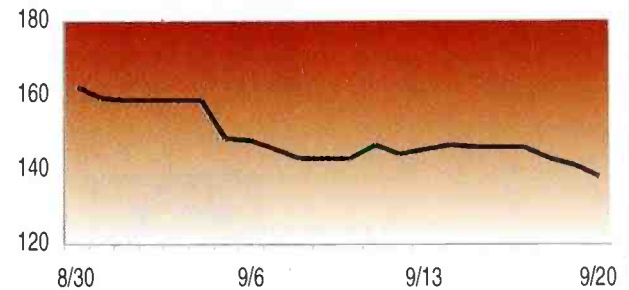
Televisa will contribute its 17 radio stations and pay \$101M to current Grupo Acir shareholders to acquire a 50.01% stake in Grupo Acir-Radiopolis. That will leave Clear Channel and Grupo Acir Partners each owning a 24.995% stake. The merged company will be headed by members of the **Ibarra** family, Clear Channel's principal partners in Grupo Acir.—JM

## The Radio Index™

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The long slow spiral downward of the Radio Index continued, falling to the wrong side of 140.



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The deals listed below were taken from recent FCC filings.

# Transaction Digest<sup>®</sup>

by Dave Seyler & Jack Messmer

RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

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**\$85,000,000 WOC-AM/WLLR-FM/KCQQ-FM, KMXG-FM, WLLR-AM & KUUL-FM** Quad Cities (Davenport IA, Clinton IA, Moline IL, East Moline IL) from Mississippi Valley Broadcasting Inc., related to Sconnix Broadcasting Co. (Randall T. Odneal, Scott R. McQueen) to Clear Channel Broadcasting Licenses Inc., a subsidiary of Clear Channel Communications Inc. (N:CCU) (Lowry Mays et al). \$10M escrow, \$2K non-compete, balance in cash at closing. Existing **superduopoly**, plus limited overlap with CCU stations in Cedar Rapids market.

**\$10,000,000 WLWI-AM, WHHY-FM & WAFX-FM** Montgomery AL (Montgomery-Prattville AL) from Citation LP, part of McDonald Media Group (Jack Standridge), to Cumulus Licensing Corp. (Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). \$2M in option payments, additional \$8M in cash at closing. **Superduopoly** with WMSP-AM, WNZZ-AM, WLWI-FM & WMXS-FM. LMA since 8/17/98.

**\$2,850,000 KBLE-AM** Seattle from KBLE-AM Inc. (George A. Wilson) to HHH Broadcasting Inc. (Howard Goldsmith). \$142.5K escrow, balance in cash at closing. Broker: Blackburn & Co. (seller)

more transactions @ [rbr.com](http://rbr.com)

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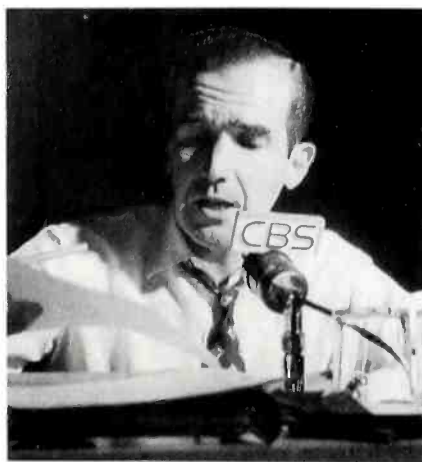
In a move designed to help busy executives keep up with the fast-changing radio business, *Radio Business Report* in the Spring of 2000 became the first radio trade publication to launch an Internet radio station. Radio news is breaking at an incredibly fast pace and



just can't wait for the morning faxes," said Ken Lee, Associate Publisher and General Manager.

In addition to posting news on its Web site, [www.rbr.com](http://www.rbr.com), RBR is also streaming 24 hours a day.

The "format" consists of a newscast of radio-specific business and industry news, interviews and commentaries, plus classic radio bits, jingles and Mercury Award-winning spots (with real paid spots to come). Veteran newscaster Jack Messmer, now Executive Editor of RBR, is back behind the mike for the audio updates.



The new RBR Web "radio station" is still early in its development and radio executives are encouraged



to provide input on what they'd like to hear. (Please don't ask for Britney Spears, though!) You may email [klee@rbr.com](mailto:klee@rbr.com)

so we can build the radio station you want.

"Another exciting aspect of the Internet radio station for RBR is that we can now offer advertisers a cross-platform vehicle to help to market their products," noted Lee. "Advertisers can now run audio spots on our Internet radio station, bundled with banner messages on the [www.rbr.com](http://www.rbr.com) web site, along with click-through messages on our daily email service, plus traditional advertising with *Radio Business Report* and *MBR*."







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