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JUNE 2007

## Taking News & Talk to new heights

### Susan Whiting

Her new, expanded role  
at The Nielsen Company

### Paul Karpowicz

One on One with Meredith's  
President & TVB Chairman

### Media Markets & Money

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& leasing them back



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**Cover Art (top to bottom):** Valerie Geller, President, Geller Media International. Mark Masters, Talk Radio Network CEO. Paul Karpowicz, Meredith President & TVB Chairman. Susan Whiting, The Nielsen Company EVP and Chairman of Nielsen Media Research.

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## SoundExchange's John Simson sounds off

John Simson, executive director of SoundExchange, which collects and distributes royalties on behalf of the recording industry, wrote a viewpoint in *BusinessWeek* on the new, super-high internet royalty fees imposed by the Copyright Royalty Board, entitled "The Internet Radio Royalty Follies": Newly proposed bills that would rescind a decision to increase fees paid for recordings would benefit big Webcasters at the expense of artists and labels.

Excerpts: "There's a lot of commotion in Washington these days over Internet radio royalty rates. Much of it is coming from large corporate Webcasters and their lobbyists, who are trying to execute a classic Washington end-run. They don't like the results they got from a process they set in motion, so they have gone back to Congress with sky-is-falling histrionics in hopes of getting a do-over.

They're hiding behind a coalition that portrays itself as being a grassroots movement made up of small, independent Webcasters, when in fact large corporate Webcasters funded the coalition and are calling the shots.

Large corporations like Time Warner's AOL, Microsoft, Yahoo!, and Clear Channel are in the Webcasting business in a big way. But you would not know it from the coalition set up by big Webcasters to fight the CRB's decision. According to the Chicken Little-themed coalition, the industry is made up of small, independent business Webcasters, and the new rates will cause Webcasting to "die."

To put the whole matter in context consider that, under terms of the CRB decision, a consumer who listens 40 hours a month to one Webcaster will cost the Webcaster only 68 cents a month in royalties in 2007—a sum far less than most Webcasters charge listeners for subscriptions."

**SmartMedia observation:** As one blogger replied to the story: "The REAL issue is that it will just drive the servers overseas. Of the three internet stations I listen to, one is in Switzerland and the other Australia. Let SoundExchange try to collect, when the third one moves offshore." Good point.

And another good point is 68 cents per month for 40 hours of listening per person is actually very high if you have a lot of listeners. It's a Catch 22—you need more listeners for more advertisers, but the CRB model punishes you for more listeners, so you can't make any real money.

And converse to the Simson editorial, we see the major corporations as the ONLY ones able to survive these selfish fees. Ironically, they agree that they're too high and are helping the smaller webcasters by getting on board to fight this. Does that ring a giant bell for you? The rates are too high for everyone. How will the artists get paid if no one is listening?

If Simson thinks anyone is buying his terribly flawed spin, he's frankly delusional. Ask your listeners to contact your local senator and representative and tell them to support The Internet Radio Equality Act (H.R. 2060) in the House and the comparable bill in the Senate as well. This is still a democracy, so let's put it to work. ■

## Q2 projections soft for radio

Now that the figures are in for Q1 results, which were nothing to write home about, the word from those conference calls is that Q2 radio revenues are not very encouraging. Industry giant Clear Channel indicated that Q2 was pacing down, meaning that it will have another quarter with radio revenues still down from the equivalent period of 2004, before Less is More. Other radio companies have said much the same thing in their conference calls—that Q2 is looking soft, or, at best, flat.

Cumulus is in the flat camp, but Wachovia analyst **Marci Ryvicker** had been expecting 1% growth, so she has revised her projections downward. She is a little more optimistic about the pacing news from Cox Radio: "Currently, Q2 is pacing slightly down but this does not mean that the quarter will be negative, as extremely late bookings are skewing the pacing data."

With few exceptions, Q2 is not shaping up to be an exciting quarter for radio. "We believe that Cumulus' Q2 2007 revenue pacing closer reflects core radio fundamentals. The flattish revenue outlook for Q2 is consistent with what most radio broadcasters are reporting as slower auto and home improvement ad spend in particular is creating a headwind to growth in the sector," noted **Mark Wienkes** of Goldman Sachs.

The words "challenge," "challenging" and "challenged" came up repeatedly in Emmis CEO **Jeff Smulyan's** conference call with analysts. He made no bones about the poor performance—"if the proof's in the pudding, the pudding doesn't look very good this year"—but insisted that Emmis is doing what needs to be done to fix its problems. For investors looking only quarter to quarter, he conceded that radio is not a good place to be these days, but he insisted that long-term prospects are better for the business in general and for Emmis in particular.

Emmis operates on a different calendar than most companies, so it is now in its fiscal Q1, running from March through May. But the guidance is just as dismal. Emmis told Wall Street that the current quarter will be down in the mid to high single digits for its radio group. ■



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## Susan Whiting on her new role and moving forward

Recently-appointed Nielsen Company EVP and Chairman of Nielsen Media Research **Susan Whiting** made some management changes last month to better accommodate client needs. The Media Client Services Leadership now is under the direction of **Dave Thomas**, President, Media Client Services. The Media Product Leadership is under the direction of **Jim O'Hara**, President, Media Products.

Nielsen is also creating two new positions within the company—an EVP and Chief Research Officer—**Paul Donato**; and an EVP/CTO—**Bob Luff**. Each of these execs will continue to report to Whiting.

Whiting told SmartMedia about her new responsibilities and the restructuring: "My role has expanded and it's really in reaction to the change we're seeing among clients in the marketplace. Our clients still look at media and marketing as being separate, in isolation from each other. So we're really restructuring our business to address that. We're doing two different things. We're looking at all the client needs in servicing our clients, by having senior executives who manage a team that's totally devoted to the clients' needs and service. Separately, we have another team also looking at products that those clients need and their whole focus will be about building the products. Then you put it together and you add research and development, which is our engineers who look at consumer electronics and technology, and you look at the research science and measurement science of putting company-wide practices together. My job is to manage that."

### Commercial minute ratings

We also asked how the plan for commercial minute ratings was going. "Everything is on the schedule that we announced," says Whiting. "There is a tremendous amount of information available right now—minute by minute information through software programs. There was a lot of the industry discussion about an average minute set of data around six different streams of playback—live, same day, plus one, plus two, plus three, plus seven days. That system will fit into many of the agencies' and third party processors' software systems. That is our target and is to be released in the end of May [after our deadline]. But I think many clients are already accessing individual minute data through software and other sets of information. They're using it more and talking about using it for negotiation. Our goal was to put all of the information into the marketplace and allow the clients to decide what to use."

### Timeshifted viewing

What about the latest on including timeshifted viewing down the road for standard currency? Nielsen recently started to release regular time shifted viewing rankings. The datasets that clients can both access through NPower software or through the data tapes they use in third party processing now include all of that timeshifted viewing up to seven days later. "The data is there," says Whiting. "The question really is how do advertisers, agencies and the sellers of time negotiate which set of data to use? We're doing what we said we needed to do—which is to provide the tools. Depending on your brand and your product and who the media company is, the negotiation is really now between the buyer and seller. We're not

in the middle of the negotiations but certainly we know that people have access to all the information and from what I read there are real negotiations going on from what clients have told us. Different clients are using all different sets of data. We're really just providing the information and we understand that clients are using it different ways right now."

### Measuring out-of-home viewing

Nielsen recently announced a joint project with Integrated Media Measurement to measure out-of-home viewing with sound-matching via cell phones. We asked: What is the ultimate goal there, and why not use that technology for all TV data gathering?

The short-term goal, as part of their Anywhere Media Measurement (A2/M2) plan is to provide insight into how people watch TV outside the home. The long-term goal is to include out-of-home measurement in their sample. "In the short-term," explains Whiting, "we're trying to provide really sturdy analytics about out of home viewing and then eventually build that into the measurement on a regular basis. To your second point we don't think one meter can measure all the different kinds of TV viewing. We've certainly spent a significant amount of time analyzing this and we think that the in-home meter attached to or located really close to the TV is going to be the most accurate way to measure viewing. But you need different ways to measure television out of home because obviously you're moving around and you're out home. Since more than 90% of TV viewing is still done in the home, we have to be as accurate as possible with in home measurement and we need to supplement it with personal or out-of-home devices. That's why we have a strategy that uses multiple devices."

### LPM in smaller markets; measuring internet viewing

Not all markets are slated for LPMs. What improvements are coming in those other markets? There's a lot going on for local market measurement beyond the larger markets with Local People Meters. The whole A2/M2 plan says Nielsen would have people meters in the top 25 markets and Susan says they're well on their way to do that. "But we will also have an enhanced metering solution in markets 26 to 60, and then mailable meters in markets 61 to 125. That says you have electronic measurement in those markets in a fairly short amount of time. And then we put a stake in the ground to eliminate all diaries in all markets. This will be accomplished in another four years and to do this we have put together a number of client committees to help us. We have over 90 clients serving on these committees and working with us in different aspects of this plan. We're coming up on a year after we announced this broad A2/M2 strategy and a lot of things are moving forward. The most important short-term goal was a combination of announcing electronic measurement in all local markets and also the integration of the Internet with television."

Indeed, there are just so many different places where video is going, can they be nimble enough to keep up with that measurement and is encoding going to make it possible to follow the video anywhere, anytime regardless of device?

"We think so," Whiting attests. "Obviously the content that you're going to measure would be encoded, so you need to decide whether all content needs to be encoded or just certain kinds of content. Then you need to decide how much of that activity needs to be measured. Right now we're testing, using our NetllRatings Internet software meters in panel homes that have television metering to see how we can do both in the same home. To me that's one of the most critical tests because everything everybody is talking about the cross-platform sell. We really need to help our clients understand the impact of measuring online viewing and the linear television in the same household." ■

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## The next generation of news branding

For a lot of years local TV news has stayed away from more contemporary advertising tactics and stuck with tried and true creative campaigns born in the 80s and 90s. There are more than 500 TV news operations in the country and most of them brand with one of the five traditional news campaigns: Investigation, Advocacy, Weather, Community, or Breaking News.

More and more upscale markets like Denver, Chicago, San Francisco and Seattle are rejecting local news altogether. This typical ratings hemorrhage is slowly depleting profit margins all over the country. In Chicago, the local newscasts have lost 17 points in ratings over the last ten years. The audience didn't switch, they just stopped watching local news.

Each year the international advertising firm of Young and Rubicam conducts a branding loyalty survey for 20,000 brands across the globe. They test brand health, consumer perception and purchase loyalty on some of the best products around. It comes as no surprise that established brands like Coke and GE top the list, but if you follow the list down the page, you'll notice one sector is conspicuously missing - the service sector. Service industry products are particularly weak on differentiation. Service industries include banks, phone companies, grocery stores, power companies, restaurants, etc. Year after year, the survey finds that service industries typically rank towards the bottom of the list and have some of the worst brand loyalty. Plain and simple, their customers just don't have strong attachment to their products.

You can't build a strong brand unless your customers have a perception that your product is different from the other guys. Commoditization is the worst brand killer around. Y&R's research shows that most service industry brands have less differentiation than brands of water or frozen foods, some of the most forgettable products you'll find in a store.

We see this all the time in local retail. I use the dry cleaner that is closest to my house. If he moves to the next street over, I'm not going to drive the extra distance to use him. I'll just pick the next closest dry cleaner. The same is true of most services we use regularly - grocery, movie rental, vet, hardware, florist, even doctors. It is all about convenience and price. Brand typically has little to do with it. You are loyal because it's easy. The minute something easier or cheaper comes around, most of us will get rid of a service retailer like yesterday's news.

Unfortunately, TV News is a service industry as well. Any Nielsen ratings report will painfully acknowledge our inclusion in this lackluster sector. What's the number one reason people watch a TV news show? Lead in. Their product loyalty is so low that they couldn't be bothered to press the remote control buttons to switch the station. Every year, a big percentage of our audience just drifts away because they are getting their information from other sources, or simply don't care anymore. Most markets have seen remarkable news audience erosion across the board and it's only going to get worse in years to come.

Research shows us that durable goods product brands tend to have stronger brand positions. For example, I love HP printers, Nissan Cars, and Apple Computers. I will spend more money and go out of my way to buy these brands because I have real loyalty to them. I buy them because I have very strong perceptions about their quality and innovation. Price and availability have little to do with my purchase. This is the very essence of a well branded product.

Typically most service brands present themselves as a good value and that they care for their customers. AT&T, Verizon, and Alltel all sell their great customer service and coverage network. Y&R's research shows this is a losing battle, and cell phone company brand loyalty studies verify this. If any one of these companies gives us a lower price for more minutes, most of us will switch in a heartbeat.

So how can TV news brands break the service industry curse? The study shows that stand-out service brands are seen as truly dynamic - fun and exciting. They do not sell product quality, value or thoroughness. They promise to transform the marketplace and to re-write the definition of the sector.



### 1) Look for ways to be dramatically differentiated.

Anything that smacks of typical will be dismissed. Unless you can show true revolution, don't base your brand on product features. Remember that most viewers have the commodity mindset about service industry products. Your product may seem revolutionary to the in-house staff, but to the viewer, most of those minute whopper doppler differences are just more blah, blah, blah. Don't buy your own hype. In the cold light of day, is your product truly different? For most news operations, the honest answer is no.

### 2) Keep it simple.

If the world perceives most services as commodities, anything that smacks of complexity will just be ignored because it doesn't fit the mindset of the typical consumer. Even if Bob the dry cleaner puts big signs outside his business saying he has the best service in town, I'm probably not going to believe him.

Most stations could dramatically improve their brand by simplifying their position. We see this all the time in our branding workshops. TV stations use promos to explain the minutia of their weather radar and it just gets ignored. They justify barely perceptible technology differences and spout hyperbole that is transparent hype. This only serves to reinforce the viewer's perception that weather is the same at most stations.

Studies show that when product complexity gets overwhelming, consumers will simply default to established brands. So if you're the upstart in the TV market trying to gain a foothold, better keep your message viciously simple. Featuring anything complex feeds right into the hands of the established station. An upstart who starts a doppler war will usually lose if they go toe-to-toe on features with the market leader. ►►



## The cash-machine formerly known as RevenueSuite returns to the airwaves as Google AdSense for Audio.

RevenueSuite, a source of additional income for radio stations, promises to be even more so in this incarnation as AdSense™ for Audio, thanks to the power of Google technology. And when you combine that with the industry's most innovative station automation products – SS32™ and Maestro™ – you'll understand why hundreds of stations in markets of every size are starting to talk about the future of radio with renewed optimism.

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# LOCAL CONTENT

## 3) Don't just brand with features, brand with emotion.

If your product is not demonstratively different, your brand must be an emotional juggernaut. In other words, you must sell a feeling, not just a feature. Nike's advertising doesn't sell shoes, they sell tenacity. Apple doesn't sell computers, they sell youth and coolness. Lexus doesn't sell cars, they sell superiority and luxury. Take a look at last year's list of Forbes magazine's hottest brands. Each one of these brands is on a mission from God.

- 1) Apple
- 2) BlackBerry
- 3) Google
- 4) Amazon
- 5) Yahoo
- 6) E-bay
- 7) Red Bull
- 8) Starbucks
- 9) Pixar
- 10) Coach

None of these brands just sell products. They sell a revolution. These are companies that have a close and compelling relationship with their customers. Despite the fact that half of the top ten are service industries, they have bucked the trend and clearly positioned their products with a compelling brand.

## 4) Realize that status quo news branding isn't cutting it any more.

For two generations TV News has sold standard fare like trust, breaking news, information, and accuracy. There is a new generation of TV marketer on the rise. They go beyond commodity content and enroll new viewers with an emotional appeal that rings true in the belly. Viewers want to be a part of the news station because the news has a mission. It speaks to the emotional needs of the viewer and reinforces their deepest feelings.

## 5) Research, research, research.

Reinventing yourself is terribly difficult work and requires much tenacity and courage. When I talk to cable industry managers, I am consistently impressed with how much they know about their target viewer. They don't just know about their viewing behavior, they know about their hopes, dreams, neuroses, and foibles. This allows the marketing to touch emotional cords that create a true personal bond with the product. Most local TV stations spend very little on research, so they tend to lack an in-depth knowledge of their audience. As revenue continues to shrink, this will likely get worse. I work with many stations that have not done audience research in many years.

Most traditional TV research studies reveal HOW viewers use the product, not WHY they use it. Most local news branders still go with the "golden gut" method of branding. The branding campaign is based on what worked in the manager's last market, not a careful profile of the habits and emotional needs of their current audience. If you hope to make bold and effective changes, you must have solid audience data to back your decisions. Without it, you will lose your courage the first time a viewer calls to complain about how they liked the old branding campaign better.

Our company has been fortunate enough to work with a handful of stations around the country that have proven relationship branding can work on the local level. These stations took a hard look at their shrinking audiences and took some real risks to find the emotional drivers in their local markets. They changed the way they did research and stopped doing studies that relied on buzz words rather than emotional connection. They identified the real motivators in their communities. At a time when news audiences are eroding fast, they are recruiting new customers.

For a lot of years news marketing has ignored many of the basic tenets of advertising. We've been convinced TV was special. The good news is that Madison Avenue has clearly established research and execution strategies that will work for us too. The incredible niche strategies of cable television branding have shown us the way. ■

*Graeme Newell is President of 602 Communications. He can be reached at [gnewell@602communications.com](mailto:gnewell@602communications.com)*

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# Talk radio: the real revenue generator

Here's some interesting data on just how powerful the talk radio medium is as a revenue generator—it's mind blowing stuff. A while back, I had my staff analyze America's top 20 rated markets, and compared the ratings rank of music stations and talk stations vs. the revenue rank of music and talk stations. The chart, on pg.14, shows that when comparing the logic of Program Directors (Arbitron) to the logic of General Managers (Miller Kaplan or BIA, in the attachment's case, we used BIA) News or News/Talk stations out-billed music stations in 16 of the top 20 rated markets – and get this, the News/News Talk stations out-billed music stations that were usually 5 to 10 ratings ranks above the News/News Talk stations.

In other words, while the average News/News Talker was ranked 8th through 15th in persons 25/54 Monday through Friday, those same News/News Talk stations were the #1, 2 or 3 billing stations in 16 of the top 20 rated markets, often out-billing music stations 10 ratings ranks above them, by 50%, or 100% or more!! Why is this so? Studies show that commercial messages aired within talk programming tend to have higher awareness, recall and retention due to the active listening patterns of talk listeners, compared to the generally passive attention levels of listeners to background music stations. The active listening patterns of Talk listeners is said to generate as much as three times the response to ads than comparable sized audiences of passive music listeners. Former Clear Channel CEO **Randy Michaels** recently said, "As advertisers look for accountability, the brightest will recognize that foreground spoken - word programming is much more valuable than indicated by the cost per point."

## Ratings, revenue and refuge

Spoken-word (a.k.a News and Talk Radio) will also bring the massive ratings and referral based audience that only beloved personalities can bring. Says Michaels, "Look for a lot more Talk and News/Talk stations on FM – and not just "hot talk." Everything works better on FM. As the music audience drifts away from radio, look for more broadcasters to use FM stations for foreground spoken-word programming." Look for foreground (spoken-word) stations to emerge as ratings leaders, because they focus on good shows, not just shows that are similar ideologically." After watching what is going on with the efficiency of revenue generation from a properly programmed talk station, (with the likes of powerhouse talent such as **Mancow, Savage, Rush, Ingraham, Hannity, Doyle, Boertz, Humphries, Dr. Laura**, etc. . . . many FM operators are increasingly moving in the direction of flipping all or part of some of their FM music stations to foreground spoken-word programming.

This is being done in most cases because of the belief that acting sooner than later could result in them cornering the market on top rated talk personalities on the FM dial, and the massive top end revenue growth that would follow such a move (as seen in the chart). Other FM operators are contemplating such a flip as a defensive action, before a competitor makes this inevitable move, either way with consolidation having burned through cost cutting and cost cutting at an end, the only sure way for top end revenue growth is well programmed News/News Talk or other spoken-word line ups.

## Selling talk vs. music

Many people ask me, with the talk format so popular today, is it harder or easier to sell talk than music – and which is more beneficial to advertisers "pound for pound"? Talk being a foreground formats tends to reach "engaged" listeners as opposed to music listeners who often are listening to music to "disengage" from the world. This is why the talk format is so effective at making the phone ring for advertisers. Talk show hosts can often "loan" their audience's loyalty to an advertiser. This is because when a beloved host reads an ad – and it's a good sincere read – the result is often less of it being an ad (ads are often cold) and more of it being a referral from a person you've grown to trust – in this case, the host. As any advertiser will tell you, a referral-based lead is many times more likely to turn into a sale of a product or service than a "cold" medium ad.

The effectiveness of the power of a talk personality to influence his audiences buying patterns can be easily seen by the impact Rush had on Snapple's sales or the sales growth of Breathe Right Strips after they advertised with Rush. Music radio has never had even one story comparable to those successes experienced by talk advertisers who, when buying a voiced ad, access a warm environment of listener loyalty which is then transferred to them by the host. I believe in large part because of Rush, Snapple moved from a small regional beverage company to a national company that at one time had a stock value in excess of a billion dollars.

## Controversy and sales

What factor does controversy play in national sales? If we look at purely niched music formats like urban or heavy metal – even though the lyrics of the music in either format may be totally reprehensible to you or me, there is absolutely nothing controversial in the lyrics of music within these

formats to the loyal listeners of these formats. Equally so, there is nothing controversial in what a liberal host says to his liberal audience and nothing controversial ever said between a conservative host and his conservative audience.

Controversy only appears when an "oldies" music listener accidentally tunes into an urban station for a minute and, being out of his niche is thus shocked by the lyrics and complains to an agency. The same goes for a liberal listener who accidentally listens to a conservative show out of his niche – or a conservative who stumbles across a liberal host and complains to the sponsor.

In every case above, none of the offended listeners will stay and listen to a niche format they hate. Therefore, controversy only exists when one niche format's listener accidentally hears and is offended by either the lyrics or the talk of another niche format – be it music or talk. Within their own format there is not controversy between a host and his audience. The question is – do advertisers value the huge audiences of spending consumers that rock, urban, country music, liberal and conservative talk attract? The answer is yes – now more than ever. ▶▶



THE BLUES ARE ALIVE  
AND WELL EACH WEEK



THE

HOUSE

OF BLUES

TM

RADIO  
HOUR

HOSTED BY DAN AYKROYD  
AS "ELWOOD BLUES"

IT'S RADIO...  
ON A MISSION FROM GOD.



**DIAL GLOBAL**

THE HOUSE OF BLUES RADIO HOUR  
PRODUCED BY BEN MANILLA PRODUCTIONS

## What criteria do talk programs use when creating a lineup of top tier personalities?

The criteria that great programmers use when determining whether to run a specific syndicated program or local host is typically centered around a show that can create massive referral based audiences from a loyal "infected" listenership. Let me explain - a truly great talent will outperform their home station's ratings, creating a ratings spike during their daypart that is typically an indication of that "great host's" ability to create a unique audience, above and beyond that of their lead-in show or station.

By way of illustration, one of my shows was averaging a 5 share 12+ when his then home station's average was around a 2.5 share 12+. This is what initially caught my attention. Here's a guy that outperformed his lead-in show and his station by close to a 3 share, 12+, of unique audience at the time. Seeing this, I listened for days to him to find out how he did it. Which leads to the 2nd criteria.

**Savage, Rush, Mancow, Hannity, Laura Ingraham and Doyle** and those like them generate massive rating spikes because from an audience growth standpoint they are what I call "viral". A "viral" host creates audience growth because they are so compelling that their listeners become "infected" with "host talk" - meaning they automatically start telling friends about the show, talking about what the host said over dinner to friends. In this way, you will often hear about a "viral" host from friends before you ever actually hear the host for the first time - creating a true referral based listenership that can turn one "infected" listener into 5 to 10 more referral based listeners over time. This then translates into rating spikes and strong ratings in general, which means a great show should often outperform the station's previous share in that daypart by 50% or more (over 2 to 4 books). When this happens, it becomes a good deal for a station to give up 25% to 30% of their inventory in the show in return for a show which will justify the stations sacrifice of barter minutes by heavily increasing the value of the station's remaining local minutes within the show.

Ultimately then I think that stations really look for shows that can create massive unique referral based audience for them, which in turn can greatly increase the audiences of that station's other programs - especially those shows leading into and out of a great syndicated "viral" or "tent pole" show. This principal is easiest to see on TV lineups. This is why the cast of Friends have been paid so much. They were NBC's "tent pole" show for years. They help bring audiences to their lead-in and lead-out shows and monetized NBC's entire Thursday night lineup. The same is true of a great syndicated talent. If a syndicated show can't outperform the existing daypart by at least 30% or more (over a couple of books) - you may be better off staying local - but the greatest syndicated shows (**Savage, Rush, Ingraham, Mancow, Hannity, Humphries, Doyle, Boertz, Dr. Laura, etc...**) can often create a massive ratings spike in their station's daypart, creating a ratings "tent pole effect" which is something few local hosts can do. ■

Mark Masters can be reached at [mmasters@talkradionetwork.com](mailto:mmasters@talkradionetwork.com).

## Bear Stearns: WON's loss is TRN's gain

According to a recent report from Bear Stearns on the state of talk radio, the company says TRN is now the second largest provider of top talk radio shows nationwide. Bear Stearns concluded that for talk, TRN is actually larger than ABC Radio Network and second only to Premiere. Westwood is now ranked 4th.

The report noted that with the loss of **Howard Stern, Don Imus, & Jim Cramer**, WON has lost audience share in the talk radio genre...The loss of key talent (Mr. Stern) and the ratings declines of other high profile talent (Mr. Imus) enabled both ABC Radio Network and Talk Radio Network to surpass Westwood One in total weekly listeners. ABC Radio grew its talk radio audience through ratings gains at the **Sean Hannity** show. Talk Radio Network benefited from strong ratings growth of its entire lineup and successful launches of talk shows hosted by **Jerry Doyle** (3 million listeners) and **Mancow Muller** (1.5 million weekly listeners).

Bear Stearns said WON's share of the talk genre fell from 21% in Fall 2004 to 11% in Fall 2006. Talk Radio Network's listening share of the top rated talk shows has grown from 10% of listening in Fall 2004 to a 16% share of listening in Fall 2006. TRN's overall weekly listening has grown by 97% to 19.25 million from 9.75 million in Fall 2004. Listening has grown from ratings gains by **Laura Ingraham, Michael Savage** and the launch of two new shows (Jerry Doyle and Mancow). The Ingraham show grew substantially after moving over to TRN from Westwood One (over 300% after it moved to TRN, said the report).

**SmartMedia observation:** Marketing, Marketing, Marketing is the key to success in the network business. Put the stars out in front of potential affiliates and the ad agencies. ■

## News & Talk Radio Wins in Revenue

In 16 of the Top 20 Markets, lower ranked News Talk Stations earned higher revenues last year

Based on BIA 2005 Revenue and Spring '06 Arbitron  
Monday through Friday 6a-7pm AQH 25-54 Persons

New York	P25-54 Rank	Revenue Rank	Total \$\$
WINS	11th	1st	60.8Mil
WCBS	20th	3rd	56.2Mil
WRKS (Urban)	4th	8th	39.8Mil
<b>Los Angeles</b>			
KFI	6th	2nd	59.3Mil
KLSX FM	18th	5th	51.2Mil
KCBS (Jack)	3rd	10th	37.6Mil
<b>Chicago</b>			
WGN	15th	1st	52.4Mil
WGCI (Urban)	2nd	4th	28Mil
WVAZ (Urban AC)	1st	7th	23.8Mil
<b>San Francisco</b>			
KGO	10th	1st	35.6Mil
KOIT (AC)	1st	4th	27.2Mil
KFOG (AAA)	3rd	5th	25.8Mil
<b>Philadelphia</b>			
KYW	8th	1st	37.1Mil
WYSP FM (Talk)	11th	4th	25.2Mil
WMMR (Rock)	1st	8th	16.5Mil
<b>Dallas</b>			
WBAP	13th	1st	31.8Mil
KKDA (Urban)	1st	2nd	24.3Mil
<b>Detroit</b>			
WWJ	15th	1st	25.1Mil
WJR	15th	5th	19Mil
WRIF (Rock)	1st	2nd	21Mil
<b>Washington</b>			
WTOP	4th	1st	46.5Mil
WJFK FM	12th	4th	26Mil
WMMJ (Urban)	1st	5th	25.1Mil
<b>Boston</b>			
WEEL (Sports)	2nd	1st	45.6Mil
WBZ (News)	7th	2nd	39.3Mil
WMJX (AC)	1st	4th	25.3Mil
<b>Atlanta</b>			
WSB	2nd	1st	43.6Mil
WVEE (Urban)	1st	2nd	39.2Mil
<b>San Diego</b>			
KOGO	15th	1st	15.4Mil
KYXY (Soft Rock)	1st	4th	11.5Mil
KFMB	19th	9th	8.5Mil
<b>Seattle</b>			
KIRO	15th	3rd	18Mil
KCMS (Christian)	1st	18th	6.9Mil
KZOK (Rock)	2nd	2nd	18.8Mil
<b>Minneapolis</b>			
WCCO	9th	2nd	21.5Mil
KEEY (Country)	2nd	4th	15.8Mil
<b>St. Louis</b>			
KMOX	16th	1st	23.1Mil
WARH (80's & 90's)	1st	8th	7Mil
<b>Tampa</b>			
WFLA	5th	2nd	13.7Mil
WFLZ (CHR)	1st	4th	13Mil
<b>Phoenix</b>			
KTAR	14th	5th	15.8Mil
KHOI (Spanish)	1st	15th	9.6Mil



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NY Times Bestseller

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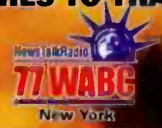
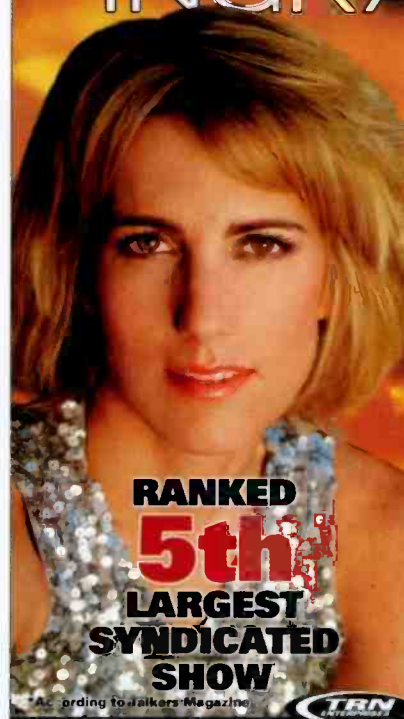
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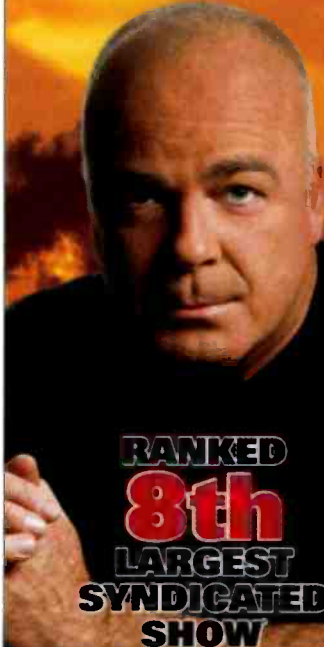
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## One on One

# Paul Karpowicz

### Meredith Broadcasting President and TVB Chairman

By Carl Marcucci

Paul Karpowicz is the President of Meredith Broadcasting Group, overseeing Meredith's 14 television stations that reach nearly 10% of television households across the country and one radio property. He also oversees Meredith Video Solutions, the company's new in-house production unit.

Karpowicz began his career at LIN Broadcasting Corporation in 1976 with WIL Radio in St. Louis. In 1979, he moved to the then Pulitzer-owned WLNE-TV in Providence, RI where he was promoted to VP/GM. Karpowicz returned to LIN in 1989 and spent five years as President and General Manager at WISH-TV in Indianapolis. In 1994, he was named VP of LIN Television. He joined Meredith in February 2005.

Currently, Paul serves as Chairman of the Television Bureau of Advertising Board. He also serves on the AP Broadcast Advisory Board, the Broadcaster's Foundation Board, the CBS Affiliates Board, the Maximum Service Television (MSTV) Board, the NAB's Television Board and the Board for Broadcast Music, Inc. Karpowicz is also the former Chairman of both the CBS Affiliates Board and the Television Board of the NAB. He has also served on the executive committees of the Rhode Island and Indiana Broadcasters Associations.

**Q. Many people would think that TV stations have fewer potential synergies with magazines than with newspapers. What opportunities have you found for TV and magazines to enhance each other?**

We have just recently announced the development and launch of a product called Better Dot TV; which is an online video site. It's really a true collaboration between the print assets and the television operations so that we are able to create a wide variety of video channels using content and ideas and inspiration from things that appear in the magazines.

**Q. You are still relatively new at Meredith. What have you changed since taking the job two years ago?**

You know Meredith is a great company with a tremendous portfolio of television assets. I think if anything what I've brought to the operation has been some systems for creating accountability across all the departments. So we do quarterly sales meetings with the general managers, general sales managers, national sales managers, local sales managers and the rep so that everybody that is involved in the sales process knows that we are going to be reviewing this every 13-weeks. I think that degree of accountability is something that is very valuable and I think it has served us very well over the past couple of years. We do the same sort of thing with our news directors as we finish up a rating period. We then circle back and talk to the GMs, news directors and promotion managers to discuss what worked and what didn't work and to make sure we're following the research and using the recommendations that are coming out of our consultants. We really just want to make sure that we have a plan as we approach our news operations. I've tried to develop a sense of accountability across all the departments.

**Q. You have both broadcast duopolies and duopolies based on airing a second network as a digital multicast. Are the opportunities equivalent?**

I think they are. I think there are a couple of reasons they are a little bit different. One is when you're doing a duopoly based on a digital channel you're not able to go back and negotiate as strongly for re-transmission consent money as opposed to having a second full power signal in the market. Beyond that once you kind of get past that and have negotiated your cable clearance there is nothing that says that that is not equivalent to you know a digital channel, there is nothing that says that's not equivalent to a full power duopoly situation. So, no, I think they are pretty close.

**Q. What are your plans for your digital multicast options and the opportunities in general?**

I think it's still a wide-open field out there. I think first and foremost we want to make sure we focus on high definition and make sure we provide the strongest possible high definition signal that we can because I truly believe that high definition is a unique selling proposition that we'll have ►►



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**If you or a friend or colleague are in need of help please contact us at: 203-862-8577 or [EMBCAST@aol.com](mailto:EMBCAST@aol.com)**



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The mission of the Broadcasters Foundation of America is to improve the quality of life and maintain the personal dignity of men and women in the radio and television broadcast profession who find themselves in acute need. The foundation reaches out across the country to identify and provide an anonymous safety net in cases of critical illness, advanced age, death of a spouse, accident and other serious misfortune.



**BROADCASTERS FOUNDATION OF AMERICA**

as television stations. Then, given that there is still going to be some spectrum left over I think in our markets we've done things like Telemundo on a digital tier. We've done My Network TV on a digital tier. We've done weather channels so I think there are a lot of opportunities there. Then as you look ahead there are some very interesting things that are happening in mobile applications and there are some companies that have mobile devices.

**Q. We recently did an interview with ION Media's David Glenn and Brandon Burgess on their OMVION mobile system, which I'm sure they've spoken to you about.**

Yes, so I think those are the kinds of things that are going to be pretty interesting and people have a chance to evaluate those. It does use spectrum so you've got to weigh whether that mobile application can be as cost effective and is the best use of spectrum versus other things that you might do in your local market—i.e. a local high school sports channel; weather channels, traffic channels, 24-hour local news, things like that.

**Q. Your portfolio includes a single radio station, an AM in Saginaw, MI. Do you have any interest in acquiring more radio stations?**

We would like to but realistically, the Saginaw situation is somewhat unique. Based on the market size it's feasible to survive with a single radio station in that market particularly because it's attached to the television station. Any more in our large markets it would be pretty difficult to single out one radio station that we could get at a reasonable cost and change the format, turn it into an all news thing and run it in conjunction with the TV station as we do in Saginaw.

**Q. So that would be the plan?**

That would be the plan. If we were to find the right radio property that matched up in our markets we would be very interested in that but, and we have looked at a few unfortunately the pricing has not been at a level that we wanted to participate.

**Q. Why did you want to be Chairman of the TVB?**

I think this is a very interesting time for TVB and I hope I've got a lot to offer. The TVB ePort initiative, which is really front and center on the TVB agenda, is a very, very important initiative. The concept there is to just make the buy/sell transaction process for broadcasters as easy as possible so that in an era and during this digital transition whereby we're going to be selling our multicast channels, we're going to be selling web sites, we're going to be selling our regular stations, we're going to be selling all this stuff. We want to create a platform that makes it as easy as possible for agencies to do business with us.

I think this is a great time to be a TVB with that initiative plus all the other things that TVB stands for relative to the value of local spot television and, again, during this digital transition I don't know that there's been a more interesting time in television history where we actually convert from one system to another as we go from analog to digital. This represents a bigger change than when we went from black and white to color. This is going to be a pretty neat time and I'm really very happy to be part of TVB right now. It's a great organization, a great group of people over there and I think we can accomplish a lot.

I think this transition represents something that is equally as monumental for the viewer to go from just regular analog to a high

definition picture. You know it's pretty dramatic.

**Q. There is so much change going on right now with the actual content itself—where it's being delivered to, how is it being delivered? The TVB is sort of a locus for all of that, to link it up with what the advertiser and agency needs are.**

Yes, because we don't want to go into the future with all these great technologies, all these great innovations, and then not have a way to sell it. So it really is incumbent upon us as the TVB and people in the industry to say okay we've spent the money to build out our digital facilities, we've built out our web sites, we're creating tons of content, we're creating real viable assets here but if we don't figure out how to make these as attractive as possible to the agencies we've lost the war.

**Q. What are your immediate goals for Meredith?**

We'd love to grow the group in terms of our coverage of the United States. We're about 10% now. We'd love to get larger. We want to continue these initiatives with the publishing side as we've done with Better.TV and extend the viability of these very strong Meredith Brands, Better Homes and Gardens, Ladies Home Journal, Family Circle across as many platforms as we can whether it's VOD or digital or online or whatever. I think we as a company we are uniquely positioned to try as many of those different platforms as we can. I guess that's an area that we've identified as a major goal.

**Q. TV remains heavily dependent on the Automotive sector for advertising and on Political for a huge inflow of cash every other year. Should TV worry about its dependence on those two sectors?**

Well it's wonderful to have them but I think we also understand that it puts you in a very difficult cycle. I think we all are spending a tremendous amount of time trying to develop new categories, trying to develop new local business and that's really what you can do. I mean this last off-season election was just unprecedented in the amount of political that was out there and as we go forward it looks like political will continue to be just an enormous player in the television world but it does again in those off cycles it presents a challenge. I don't know any broadcast group out there that hasn't had those meetings where they're saying okay we did a lot of political last year what are we going to do this year to offset that? Everybody scrambles and you do the best you can.

**Q. How fast have you been able to grow Internet revenues? Do you see Internet operations becoming a major cash-flow source for TV companies?**

We've been able to double our Internet revenues over the past couple of years. Now having said that we were probably behind where we should have been so we were coming off a relatively small base. We do expect that this is going to be a very high growth area for us going forward and will represent a significant amount of our total business. Now you can't let the tail wag the dog. We still have even if it gets to a point where it represents 10 or 15% of our business that we still have to protect the other 85% of our business; which is regular spot TV. So, yes, we absolutely will continue to put a lot of investment and resources into that area and we do anticipate that we'll see very, very good growth but we're not going to lose sight of the big prize, which is our regular spot business. ■

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## The relevance of news to music stations

If you're programming an FM music station, you may be missing an opportunity to build TSL (time spent listening) and come through carefully selected and presented news reports. And, if you're already programming news on FM, you may not be fully meeting your listeners needs or maximizing the opportunity news content provides.

That's because FM music listeners 25-54 want more information than they're hearing; they want different information than they're getting; and they will listen to you longer to get this differentiated news.

But, you've got to execute properly, otherwise you'll likely do more harm than good.

How do we know this? It started with national perceptual callout two-years ago. ABC News wanted to understand if the aversion some FM programmers expressed about news programming and their fear that caused listener tune out was justified. We quickly found it was not.

Working with Harker Research, we surveyed FM music P1s from six geographically diverse markets (Austin, Boston, Chicago, Pittsburgh, Portland and Raleigh).

Most surprising was the sustained level of interest these listeners had in terror and security stories. After September 11th, many music PDs responded by adding news. But, soon after, it was presumed that listeners had grown weary of the war on terror and newscasts were dropped from program schedules.

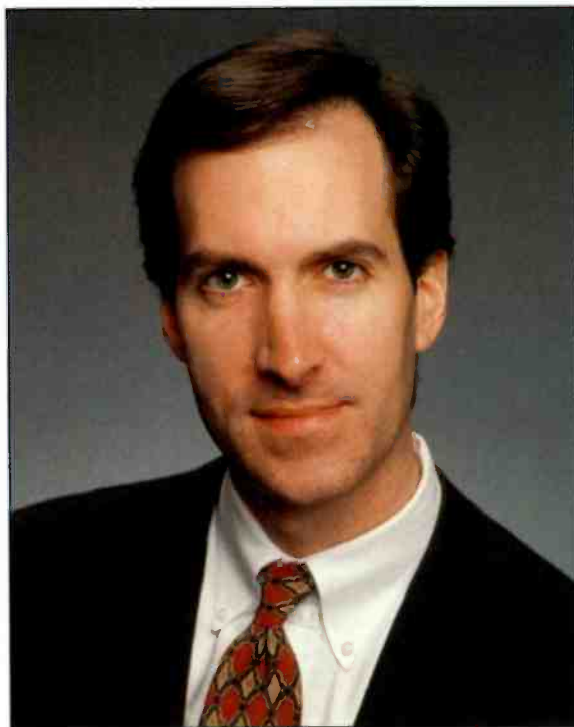
Our callout research was telling us this was not the right decision. But, to better understand exactly why people felt this way, we arranged a series of focus groups.

Once again, a surprisingly high interest emerged in news. More than 2/3 (69%) of the FM listeners in our surveys said they were "somewhat interested" or "very interested" in hearing news and information on their music station.

But, we found they were not looking for traditional AM newscasts focusing exclusively on hard news. In fact, most of these music P1s said they were more likely to get news from the Internet or TV than AM. Now, for someone like me, who programs news content on many AM stations, this was a disturbing acknowledgment. But, as focus groups continued, it became clear that much of what FM listeners want can be delivered by AM stations, too.

### Here are the key findings that led to the creation of ABC FM News:

- Relevancy is the key to creating interest. Listeners want to hear stories that matter to them.
- Stories Need to Connect Listeners to the News. The connection needs to be explicit and stated.
- Hard News and Lifestyle News should be nearly evenly mixed. Hollywood gossip should be minimal.
- The lines between hard news, lifestyle news and Hollywood gossip are difficult to draw. Listeners distinguish only between interesting and uninteresting news.
- Listeners want to be entertained as well as informed. Balance hard news with interesting entertainment or lifestyle news.



- Humor should be driven by the story, not by the reader. Let the content make them laugh.
- Avoid repetition. Music listeners will continue to listen as long as they are getting new information.
- Rotate story order, not always leading with a hard news story. Stories should be regularly re-written to highlight new developments and angle.
- Story length and story count should vary based on relevancy. Important breaking news stories should receive more time within the newscast.
- Delivery should be natural, not contrived or forced. Credibility is the most important attribute of news readers.
- Don't load newscasts with audio elements. Listeners are easily distracted.

That last point about avoiding too many audio elements was among the most surprising. We kept hearing it when playing well-produced newscast demos for the focus group. Finally, I turned to veteran radio researcher Richard Harker, with me in the room, and asked "How is it that radio listeners dislike what radio pros think is great production?" Richard's reply: "What we radio guys

think is great production often is bewildering to our audience."

And, when you consider that many listeners are in-car with noisy children and other distractions, it's pretty clear that that this environment is challenging.

We synthesized all of the above into a program plan that is the basis of ABC FM news. It's a one-minute hourly report. We also customize our reports for larger markets, adding local news, sports and weather.

Reaction from our affiliates is extremely positive. **Laurie Roberts** is Program Director/Middays on Clear Channel's 98.5 KUFY-FM in San Jose. In addition to running news in mornings, she uses ABC FM News in afternoons to retain listeners. "We run news 3 times (each afternoon), Monday to Friday. We feel that our audience wants to be updated throughout the day, and this way they don't have to go to a news station to get the basic headlines."

In Richmond, VA, Main Line Broadcasting's Operations Manager, **Laura Lee Bathje** was partnering with a local newspaper for her cluster's morning news before switching. "ABC FM News has been a tremendous asset for our 3 station cluster. It has enabled us to integrate a customized, top notch news source into our FM programming with an exceptional delivery thanks to anchor Daria Albinger."

In Washington, DC at Hot AC WRQX and Smooth Jazz WJZW, the addition of ABC FM news gave Operations Manager **Kenny King** the flexibility to redeploy his morning news team to focus on additional show content contributions. "It's been great for the content rich **Jack Diamond** Morning Show to have an additional cast member working on show. It's been equally rewarding for the morning show on WJZW. High story count, a tight and polished delivery and the brand of ABC News...very strong!"

Whatever the additional benefits of carrying news on an FM music station, the primary reason to add news is: your listeners will positively respond. If selected carefully and presented properly, news will distinguish your content, deepen your customer relationship and make you an even more relevant part of their lives. ■

## Robert Rodriguez moves Dunkin's brand ahead with new strategies

Robert Rodriguez was appointed Dunkin' Donuts Brand Officer in June 2006. His responsibilities include overseeing the strategic development of the Dunkin' Donuts brand, including operations, marketing, franchising and new business initiatives for Dunkin' Donuts in the U.S.

Rodriguez, a 37-year vet of the food service industry, joined Togo's Eatery as the division's Brand Officer in March 2004 where he led a major turnaround for the brand, recently posting 18 consecutive months of sales growth. He established a best-in-class team that has helped reinvigorate the brand to focus on profitability improvement.

Prior to joining Dunkin' Brands, Rodriguez served as SVP/Operations for Mrs. Fields, leading seven national retail brands with over 3,000 units and system-wide sales of 1.5 billion. Preceding that, Rodriguez held senior management positions across the food service industry including: President of Gloria Jean's Gourmet Coffees; Division VP of Strategic Planning for McDonald's Corporation; Zone VP/Director of Planning & Development for Taco Bell; and Director of Operations for Burger King.

In these roles, Rodriguez has successfully developed new product introductions, improved system and operation efficiencies, created strategies to increase comparable sales, and netted growth, both domestically and internationally. He has extensive experience with franchise organizations across multiple brands and has a formidable reputation for building strong relationships with the franchise community.

We asked about the latest campaign with King World's syndicated daytime host **Rachael Ray**. How was it supported and what was the media plan? Her first television spot with Dunkin' Donuts ran in April. "Ray will appear in a multi-platform marketing campaign for Dunkin' Donuts, including television and radio spots, in-store marketing and personal appearances through 2010," Rodriguez explains. "This is the most exciting time in Dunkin' Donuts' 57-year history.

The company has begun an aggressive national expansion plan that will ultimately triple Dunkin' Donuts to 15,000 restaurants throughout the country by 2020."

They recently unveiled a new "America Runs on Dunkin'" campaign that revolutionizes the company's position by focusing on how Dunkin' Donuts keeps busy Americans fueled and on the go. "As we expand throughout the world and millions of new customers make Dunkin' Donuts part of their daily lives, we felt this is a perfect time to partner with Rachael Ray to support our growth," Rodriguez tells SmartMedia.

Dunkin' Brands has altered how new menu items are conceived and designed. The company has created a new, state-of-the-art 25,000-square foot research and development center at its headquarters in Canton, Massachusetts. To foster a spirit of collaboration and invention, menu development, new concept and quality assurance teams are working together under one roof for the very first time, leveraging their expertise, artistry and technologies to create new and innovative foods that can be enjoyed throughout the day.

These include: An array of breakfast sandwiches, including the popular Supreme Omelet; Smoothies, made with yogurt and real fruit; Made-to-order sandwiches, featuring three cheese, turkey, bacon & cheddar or ham & swiss served on a warm, crisp flatbread; Personal-sized, portable pizzas.

Says Rodriguez: "Making the commitment to hire a team of chefs with skills honed at the world's top restaurants sets Dunkin' Brands apart in its efforts to create new menu items that will satisfy thousands of customers every day. The mission of the Dunkin' Brands culinary team is to provide customers with high quality menu items and better eating choices. We have even created a new category in the restaurant industry called 'Quick Quality' that promises fresh food fast at an affordable price."

Hiring a team with the passion and talent for exploring and creating new dishes is a critical element to providing the ultimate quick meal experience and changing expectations about what is possible at quick service restaurants, he noted.



### Competing with Starbuck's

How does Dunkin' Donuts differentiate and compete with coffeehouse chains like Starbucks and Caribou Coffee? "Although it's natural to want to define a company by comparing it to others, the Dunkin' Donuts offering is very different from that of our competition, including Starbucks," Rodriguez explains. "The heart and soul of our brand is making people's busy lives run a little more smoothly with great-tasting, high-quality food and beverages. Our customers know that Dunkin' Donuts is the place where you can get the best coffee in America and get it at an excellent price.

In fact, Dunkin' Donuts was recently ranked number one in customer brand loyalty by Brand Key, a leading authority on customer loyalty."

### Using media

How does Rodriguez typically use television, radio and the Internet? "We generally conduct straightforward integrated marketing campaigns that consist of a media mix of television, print, outdoor and online," He said. "These campaigns support new product launches, promotions and special announcements. We're also exploring new ways to use new technology, such as the internet and even mobile devices, as part our advertising and marketing strategies."

They recently hired a digital marketing agency, Studiocom Interactive, who will provide online strategy and creative support for new product launches, plan and buy all online media and redesign the consumer website. Studiocom will also focus its efforts on Search Engine Marketing, Search Engine Optimization and improving ecommerce.

The Dunkin' Donuts marketing teams oversee strategy. Other agency partners include Hill Holliday (advertising) and RFBinder Partners (public relations). ■

# Citizen Journalism: Everything old is news again...

As many news staffs at radio stations have been cut to the bone, stations are increasingly relying on "Citizen Journalism." Although that's a fancy new name for it, Citizen Journalism has been around since the early days of News/Talk radio. Broadcasting has historically been interactive, with extensive use of the "eyewitness report." Whenever there's a major local or national event, say, an earthquake, hurricane, or car accident (think "traffic spotters") news and talk radio, have always utilized phone lines to allow audience members experiencing or witnessing the events to participate.

You may remember the Zapruder film. On the day President Kennedy was shot, a bystander with a movie camera captured the tragedy for the nation to witness. What has changed is that with new technology readily available and affordable, more "citizen journalists" are walking around with cameras and phones, that are capable of sound or video recording.

Right now radio and TV stations are falling all over themselves to be first to get citizen journalist's raw audio and video footage onto their airwaves and websites.

And research shows that listeners and viewers are flocking to those websites to get "the rest of the story..." or "see" what they're hearing on the radio. There is also a not-so-secret "secret" about footage that's being posted to station's websites. Some of the best of it is coming not from citizen journalists, but from the station's own staffs, who may not have carried cameras or recorders in the past. The audience doesn't care who took the footage, they care that it helps tell the story.

From the Virginia Tech shootings to May's midwestern tornados, from soldiers' blogs to battlefield diaries, news and talk radio have come to expect and rely on genuine contributions from members of their audience to help cover events, replacing or augmenting the staff they once sent to cover these events and give them context and perspective. So far we've only been burned a few times, but it's bound to happen again and in a huge way.

When events of the day affect the lives, well being or safety of the audience, that's when you not only need the news, you need news that is trustworthy. You have a chance to serve your public by broadcasting credible information. If done right, this is an opportunity for your news or talk radio station to grow its base by attracting new audiences to your format - people who may come to check on the big event and then perhaps stick around.

Many listeners regard the news as an insurance policy. They listen to make sure the world is safe. But what about an insurance policy for your news?

What is to stop the station from broadcasting audio or video that's been concocted on someone's home computer editing station? How are we to know whether what we are seeing is real? As always, it will come down to your people.

Your people, though you may have fewer of them, will have to become more expert editors, fact checkers, skeptics, and as always, powerful storytellers.

Your producing, programming and on air team will be more important than ever in giving the stories you cover, context and

meaning. Raw video is just that—it usually tells only part of the story. The background, the story's possible implications, are all provided by your station.

Your station's reputation is what you have to offer "citizen journalists." Your call letters and credibility are the reason they want their photos and sound posted at your website and your airwaves, as opposed to simply putting them on their blogs or YouTube.

There is a benefit to both sides. Without your News and Talk personalities, it's just pictures and sound. As anyone who has ever conducted an interview or taken a call on the air can tell you not everyone with a story to tell is a good storyteller. Your storytellers who can present the facts in a riveting way, will be gold to you in the age of new technology.

The trick to it all will be hiring right, and seeking out the best that citizen journalists can offer you. You don't have to spend a lot of money to do it. ABCnews.com executive, **Bernard Gershon** offers this advice in "Creating Powerful Radio.":

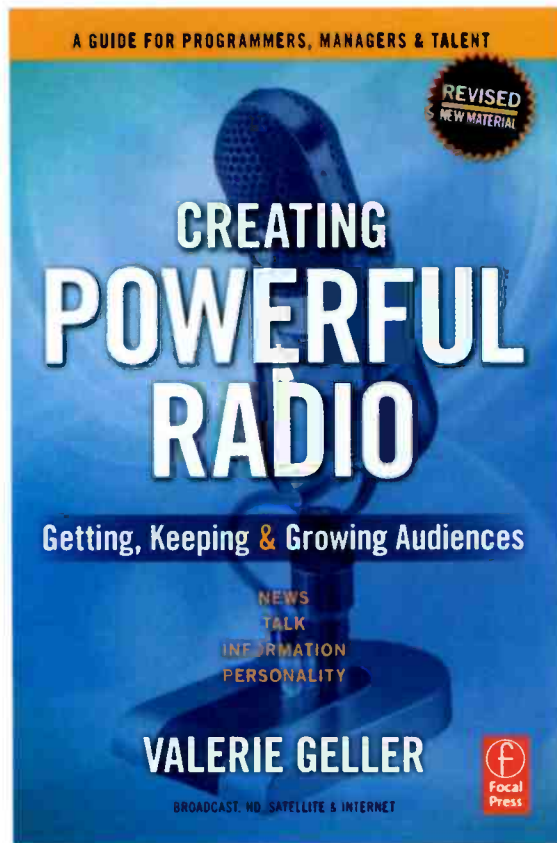
"Look for three primary qualities: Intelligence; Desire and Sense of Humor. Intelligence means the ability to solve problems, to complete complex tasks with resourcefulness initiative and resolve. This is what it takes to use citizen journalism responsibility. You want someone in the editor's chair who can take that raw footage or audio and use it to tell a truthful story that will touch your audience."

"Look for job candidates who have traveled, and have taken an eclectic mix of courses in college. I hold nothing against history or economics majors as long as they have the ability to communicate." Again Gershon is stressing the importance of an interest in the whole world,

not just a small slice of it. Using Gershon's criteria, you might find that one of your citizen journalists could become your next great hire. "You're not looking for a wise guy or a standup comic. But you are looking for someone who can roll with the punches, take criticism and still take his or her job seriously."

It's easy to know what to cover when there's a big story breaking. Citizen journalists can work hand in hand with your staff to generate talkable topics or human interest stories on a slow news day. If someone has filed great audio or video for you from the street, keep their contact information and invite them back if you think they can add something to your product. With all the talk about citizen journalists as the future of the industry, Creating Powerful Radio in the age of citizen journalism will depend at the end of the day on something as old as communication itself: tell the truth, make it matter and never be boring.

**Valerie Geller** is president of Geller Media International, an internationally known broadcast consulting firm working with programmers, managers and talent to increase audiences. Geller leads Creating Powerful Radio workshops and seminars and is the author of several books about radio. For more: [www.gellermedia.com](http://www.gellermedia.com). **Turi Ryder** is a talk radio personality and owner of She Bops Productions. ■



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## Local news is the engine of small market radio, too

Local news coverage is the lynchpin of successful radio in a small market. In north central Illinois, three radio stations, WLPO/WAJK/WKOT, owned by La Salle County Broadcasting Corp., are rated in the Top 5 local radio stations in the market, adults 25 plus, largely driven by a focus on the news, complemented by music and entertainment. Originating from Oglesby, the stations reach listeners in three counties, La Salle, Bureau and Putnam.

AM WLPO is the highest rated local radio station in the morning drive time, 35+ audience, according to the most recent Arbitron surveys.

"WLPO has a tradition of more than 50 years of service to the communities we reach," said PD **John Spencer**. "News, local news in particular, has been and is the lifeblood of this heritage full-service station. We work to provide news and information in a way that attracts, informs and entertains today's busier-than-ever, less-available-than-ever, radio consumer. Our stories have become more concise and succinct and are delivered in a less formal, more storytelling style. As a result our newscasts are shorter, and in our abbreviated drive times, more frequent."

As WLPO transitioned from a full-service station to a 24/7 news-talker about three years ago, news remained integral to the format. Spencer works with news director Jennifer Nagle to find the proper balance of news and information in each day part, playing to the strength of each host, while always keeping the mission of entertaining and informing listeners top of mind.

Stories reported by WLPO news frequently provide the springboard for its hosts to story-tell on their own and invite feedback from listeners on the issues most important to them — those stories affecting their heart, health and pocketbook.

As essential as news is on WLPO, it also is an important part of the programming on the FM stations, WAJK and WKOT. WAJK reaches about 18,000 people every week; and WKOT, about 14,000.

Nagle and her news team, **Jeremy Aitken** and **Jeff Zehnder**, provide even shorter, more lifestyle oriented news updates throughout the day and night on Hot AC WAJK and Classic Hits WKOT. Reach and ratings are proving that while the casual radio listener may punch away when the music stops, the vast majority of listeners will stay if the programming is entertaining and informing them — talking about the things that matter most to them — and that is what they are striving to do every time they open a microphone on any of the three La Salle County broadcast stations. WAJK's audience is skewed more female, ages 25-54. WKOT attracts a more male audience, ages 30-60.

### History of the stations

Since the time it went on the air in 1947, WLPO was considered a full-service radio station. In the mid-1960s a full time news person was hired

and the station began to focus on local news, in addition to the wire stories it received from the Associated Press. La Salle County Broadcasting Corp. also held a license for WLPO-FM but primarily simulcast the AM signal until the early '70s. As the FM signal grew in popularity, WAJK and WLPO ceased simulcasting. A few years later, WLPO-AM became the news/talk/information/music station and WLPO-FM moved to an adult contemporary music format. WLPO-FM changed its call letters to WAJK.

A second news person was hired in the early 1980s. Until the mid-'90s, the focus for news on WLPO was primarily the immediate area (La Salle-Peru-Oglesby-Spring Valley). As the station broadened to embrace a more regional scope, WLPO expanded coverage to include news reports from Princeton, 30 miles to the west of Oglesby. With the purchase of radio station WKOT in 1999, the broadcasting corporation expanded its coverage eastward 15 miles to include Ottawa, IL.

Nagle was hired almost two years ago as a news reporter, and was promoted to news director in July 2005. Under her direction, the stations brought a third reporter on board. Currently Nagle directs news and covers the core communities with her team of Aitken and Zehnder handling Ottawa and Princeton markets.

With the arrival of a third news person, WLPO added more live news casts, delivered by a news person seven days a week; and the staff has been able to present locally-produced lifestyle, medical and financial features and series of interest to the respective station's demographic.

"The news department is dedicated to providing comprehensive, up-to-the-minute news in an easy, quick format," said **Joyce McCullough**, GM. "Nagle has accomplished much in only two years and has had a significant impact on the quality of our news gathering and reporting. With the help of radio consultant **Valerie Geller** our staff has become storytellers. They can recite Geller's mantra: be accurate, tell the truth, never be boring."

The Miller family has owned LaSalle County Broadcasting Corp. since the 1940s. **Peter Miller III** assumed ownership after his father's death three years ago. McCullough is a 5% owner and has served as the stations' GM since 2003. During that time profitability of the stations has increased about 30%, and at the same time increased in employee count by 4 (from 22 to 26), adding a salesperson, copywriter, morning show producer/webmaster and third news person.

### How local news works

Adding staff allowed the stations to not only broaden their coverage but make it more immediate for listeners. "Having an additional reporter means another set of eyes and ears in the community," Nagle said. "It also adds another perspective to the news as well as another level of diversity." ▶▶



The WLPO staff





**John Spencer, program director, in midst of discussion with staff**

Before a reporter writes a story, he needs to break it down, according to Nagle. "What happened? Why does the listener care? How will it impact the listener's life?" are questions a reporter needs to ask himself first.

"Once you've answered these questions, you have it," Nagle added. "If you don't care about a story, your listeners won't either. Our programming consultant, Valerie Geller, told us to focus on health, heart and pocketbook in our stories. And we do. Her insight was invaluable to our learning curve on the way to better, superior news coverage."

McCullough observed the newscasts of the three stations are No. 1 in their markets largely due to Geller's knowledge, experience and coaching – along with Nagle and her team's talent and dedication to news. "Valerie reminded our staff to focus on storytelling and talk to one listener...this has had a real impact on the quality of the stations' newscasts," McCullough said.

On WLPO, local news starts at 6:05 a.m. and continues to air at least once an hour throughout the day and evening hours. Newscasts typically run five minutes or less and cover local government, crime, schools, features and Illinois's news, all told with listener interests top of mind. Newscasts on WAJK and WKOT are aired by the same team of three, with shorter and less frequent casts delivered throughout the day and evening hours.

There are tiered "A" and "B" stories and they will likely change as the day goes on and new stories are added. The lead stories are followed by other stories of interest and the newscasts usually end with a light-hearted note. The goal is to give the listener information he can use every day and topics for conversation around the water cooler.

### Selling the news

Quality local news segments are crucial to selling news sponsorships, according to sales manager **Mark Lippert**. Sponsorships are oftentimes anchored to local news, weather and sports on all the stations. Rates are determined by daypart with morning drive being the highest.

"Business people today have more choices than ever on how to spend their marketing dollars," Lippert said. "Aside from the longstanding types of advertising delivery mediums such as print, broadcast (radio and TV), direct mail and billboard, local businesses are now seriously looking at having a web presence. We offer web partnership opportunities and are looking to expand our presence on the web. Podcasting (of news) offers ▶▶

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The radio spots and sponsorships offered by the radio stations are affordable and effective, Lippert added. The sales staff works with clients to develop individual marketing plans that make sense for their businesses and that have the best return on investment for them.

Advertising is not any more difficult to sell today than it has been in the past, Lippert said. The key is to show the client how using local radio can help him grow faster and be more profitable.

## Finding the right people

What kind of people does management look for when filling job openings on WLPO's news staff? People who are passionate about news and who want to be the ones "in the know" at all times. What attributes are important in an employee? Curiosity, critical thinking, above-average intelligence, high energy level, the ability to write for broadcast, being a good storyteller and having an easy-to-understand speaking voice, according to McCullough.

"It's become increasingly difficult to recruit people in the news area," McCullough said. "We first became aware of this when we advertised for a news person about six years ago. The resumes we received were from individuals who were noticeably less experienced and qualified than in the past. Our ideal candidate would have some journalism background and experience at a small-market (or college) radio station."

Beginning about three years ago, management revisited "training expense" and made a concerted effort to bring training to staff at all levels, or send the staff off-site for training, whenever possible. "Because LCBC



(l-r) Jeremy Aitken; Jennifer Nagle, News Director; Jeff Zehnder

is independently owned and in a small market, we depend on Illinois Broadcasters, Illinois News Broadcasters, RTNDA, the NAB and the NAB Education Foundation for our training," commented McCullough. "All have been excellent resources and partners in training our staff."

Management likes to promote from within when it can. Nagle already was on board when she was elevated to the position of news director. Additionally, advertisements are aired on the radio stations, placed in local newspapers, on the stations' web sites, in trade publications and on the Illinois Broadcasters Association and NAB web sites.

## Diminishing radio news nationwide

"At an NAB convention a couple of years ago I heard station managers and program directors bemoaning the fact that quality news people are getting harder and harder to find," commented McCullough. She cited the declining number of independently owned stations and a stronger drive/perceived need, to increase the bottom line, oftentimes by reducing employee count, as the biggest impact on the availability of qualified news people looking to move up to bigger markets.

"Group operators and corporate owners who are far removed from the communities they serve have a different philosophy than LCBC's owners," McCullough said. "We are very fortunate to work for a family-owned operation, one where profits are reinvested in the business, one where venture capital investors are not part of the landscape. The Miller family has been very good to its family of employees over the years. And, the future of radio and local news look bright in this small town in Illinois." ■



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4. *Contests must always be straightforward. (Being too cute with contests can be costly.)*
5. *Advertisers pay you. They are your friends.*
6. *Have a delay button (preferably 20 seconds or more) and when in doubt, use it.*
7. *Don't dis someone's religion.*
8. *Don't let anyone curse in your studio, ever. Get them out of that habit. If they are comfortable with cursing, it can someday accidentally get on the radio.*
9. *Instruct guests on your radio standards so they don't get you in trouble.*
10. *Do good. (We're not on earth to mark time. We're here to make a difference.)*

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## Branding with sound

Who can't identify the NBC chimes? G3, E4, and middle C, sounded in that order and creating an arpeggiated C-major chord. First broadcast over NBC's Red and Blue networks on November 29, 1929, the chimes became so inextricably identified with NBC Radio that in 1947 NBC filed with the U.S. Patent and Trademark Office to make the chimes a registered service mark for identification of radio broadcasting services, the first such audible service mark to be filed with that office.

Branding with sound. Today it's much more subtle, of course, and instead of being confined to three chimes on the hour it pervades a radio station's programming around the clock. But the idea is the same: persuade your target listeners to know they're listening to you, by sound alone. And persuade them to keep listening, by making that sound uniquely satisfying.

I've always liked to compare this process with merchandising. Casual clothing stores, for example, all sell similar merchandise. Let's say that one store displays its jeans and shirts attractively, and adds special lighting to bring out the best points of the goods. Then let's say that another store simply thrusts its cargo pants and sweaters out onto the floor any old way, and uses flat, generic lighting. Both stores might attract shoppers who will stop and look. But the store with the attractive displays and vivid lighting will always have more shoppers who spend more time shopping, who buy more, and who return more often.

Let's take this a step further. Let's say that one store develops a unique style—a consistent combination of colors, an unusual mannequin, even a particular scent. If you dropped a shopper down into that store, the shopper would know where she was, without seeing the sign over the door. In the more generic store, the shopper would be confused, and probably walk out the door looking for a place that felt "right" to her.

In the same way, broadcasters all have similar "merchandise" to display—music, personalities, talk, features. Audience will be attracted to these products, and if the products are attractively presented—and if there are not even more attractively presented products close by—the audience will spend time listening, will decide that they like the station, and will return more often.

If a radio station develops and cultivates a unique sound, listeners will know instantly what station they're listening to. They won't have to look at the dial. And this is a good, good thing—it sets the station apart from the competition, and by feeling "right" to a specific target listener, it will develop long-term, loyal listeners.

Branding with sound. In today's ultra-competitive market, it's a potent weapon in the radio broadcaster's arsenal. Processing is part of it, but not all of it. I attack branding with sound on five fronts: physiological sound quality, elimination of negative artifacts, matching the sound to the target listener, making the sound consistent, and making the sound unique.

First, the sound must be well-balanced and attractive to listen to in a purely physiological sense, as opposed to a memory-based psychological reaction. This distinction is one of the growing schools of thought within the field of psychoacoustics. A radio station's goal should be the creation of a sound that triggers an active and mood-enhancing listening response in the auditory mechanism itself, including the minuscule muscles of the middle ear. Such fine-tuning of sound creates a positive response independent of the psychological response of pleasure a listener feels when he or she hears a favorite song.

French physician and psychologist **Alfred Tomatis**, often called the "Einstein of the ear," was a pioneer in the study of the effects of sound on

the central nervous system, and has postulated that sound is actually a neurological nutrient that feeds the neocortex of the brain. According to Tomatis, the ear's first function, even before birth, is to govern the growth of the rest of the physical organism. After birth, sound feeds us the electrical impulses that charge the neocortex of our brains.

Sound a little far out? Maybe. But think about it—when you're at a movie, at a concert, listening to music, even listening to conversation—how often have you felt an involuntary positive response when exposed to really really good quality sound, as opposed to screechy, scratchy, overcompressed, poor-quality sound?

And that brings us to the second point: the elimination of negative artifacts. This is not quite the same thing as creating a highly listenable sound overall. Imagine riding along on a wave of lovely sound, music to voice to music to spot—only to be suddenly wrenched out of your pleasurable listening experience by a poorly-produced liner or commercial or piece of music with way too much splashy high end. You might as well have been shopping in one of those beautifully merchandised clothing stores, and been confronted by a rat in the changing room.

I have to make one thing clear: when I speak of a "wave of lovely sound," I don't mean "beautiful music." Any kind of music, any kind of voice, can be lovely sound if it's physiologically clean and free of negative artifacts, and being listened to by the right person. Which segues neatly into my third point: matching the sound to the target listener.

I've coined my own term for this process—"demoacoustics"—because it's the technique of using psychoacoustics to make sound particularly attractive to a specific demographic. Much of my ability to do this is intuitive and experiential—I've done it so many times, watched the results, fine-tuned, and watched the results again. But to take one of the most obvious examples: men will generally be attracted to a different quality of sound than women will. Every demographic category has its likes and dislikes, and discovering the best demoacoustic appearance for a radio station is an ongoing and fascinating process of trial and error and talking to listeners.

My fourth point is consistency: finding the right sound for your station and then making sure everything sounds that way. It seems obvious, but it's not. How many times have I found production rooms with different mics, different mic processors, entirely different equipment than I've found in the air studios? This creates a pastiche of two different qualities of sound on the air. Add in a newsroom with yet another kind of mic, commercials from a dozen different agencies, and music that's half CD and half MP3 (don't even get me started on MP3s), and suddenly the station has no consistent sound brand at all.

What to do? First, make all your equipment consistent. Train your people to dub music and spots at consistent levels. Pressure your agencies to provide good quality and again, dub consistently. Throw out all that junky MP3 music and use original CDs. This is important, because even if you do find that unique sweet spot—that perfect sound for your station and your listeners—it'll all be for naught if you don't keep it consistent, around the clock. No matter when a listener tunes in, you want them to know, within seconds, that they are listening to your station.

That unique sweet spot. Uniqueness. The fifth and last point, and the one that's impossible to put into words. It's a combination of everything else—a combination of sound and content, of psychoacoustics and demoacoustics, of consistency and identity. Sound branding is a hundred subtle nuances, a unique audio signature and a satisfying overall patina of sound characteristics. It's the psychoacoustic art of creating sound vibrations that feed the listener's soul; the demoacoustic craft of matching sound to target listener for enhanced TSL. It's constant vigilance against negative artifacts and constant striving for round-the-clock consistency. And in the end it's money in the bank, because it brings you a bigger, more loyal audience.

We've come a long way from the NBC chimes. But the message is the same: whatever your music, your personalities, your community—use your sound to create a brand that's uniquely your own.

Jim is the president of James Loupas Associates, a technical consulting firm for broadcasters. ■

## HD Radio now in Top 100 markets

The HD Digital Radio Alliance recently celebrated a major milestone in the rollout of HD2 multicast formats with the addition of 15 new markets, completing the rollout in the top 100 markets. The newest HD2 formats include ABC Radio's "(e)Spañol," a fusion of hard rock and Latino music. The same broadcaster also has comedy up its sleeve with an "All Comedy Radio" HD2 station. Beasley Broadcasting is playing "Solid Gold" and "Beach" (Reggae). Bonneville offers "iChannel" featuring independent and unsigned artists and "The Arch" taking album-oriented rock to a whole new plane. CBS is airing "Pure Jazz" and "Chill." Emmis has "Young Punk - Next Generation Alternative" and "My Red Lounge," a mix of Jazz, Blues, Swing and Lounge. Entercom is pumping out "Passport" and "Subterranean" (deep tracks from rock albums from the 60's, 70's and 80's). The next 15 markets include Gainesville, Fla.; Wichita, Kan.; Charleston, S.C.; Madison, Wis.; Greenville, N.C.; Colorado Springs, Colo.; Columbia, S.C.; Melbourne, Fla.; Daytona Beach, Fla.; Tri Cities, Tenn.; Des Moines, Iowa; Lakeland-Winter Haven, Fla.; Spokane, Wash.; Lexington, Ky. and Mobile, Ala. ■

## WMVY-FM finds loophole for CRB fees?

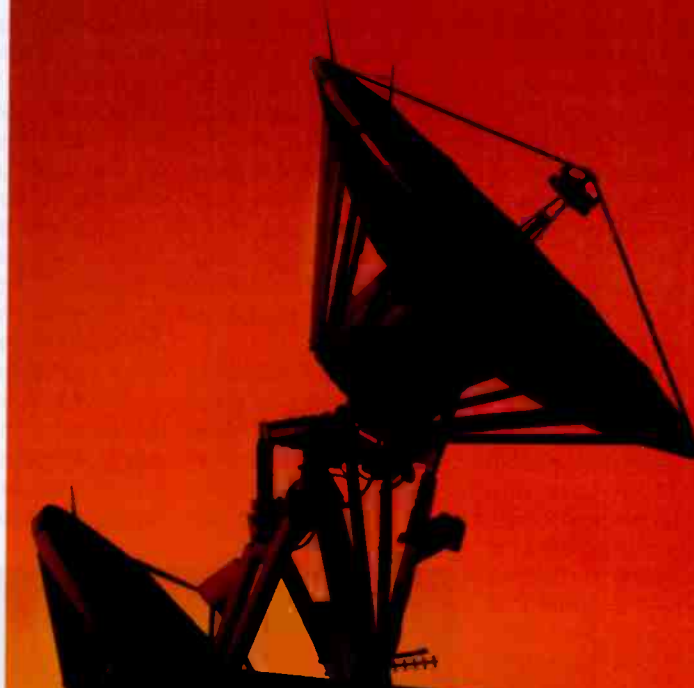
The Cape Cod Times reports WMVY-FM Martha's Vineyard, MA may have found a way to lower the ridiculous royalty fees recently imposed by the Copyright Royalty Board (CRB)—make the online stream a non-profit entity.

Barbara Dacey, director of worldwide programming for mvradio.com, told the paper when growing costs and federally imposed royalty fees recently threatened to cripple mvradio.com's programming... "the Internet radio station will now operate on a nonprofit, public radio business model, funding its operations with listener donations and corporate underwriting, rather than ad sales."

Under the new business model, the station's adult alternative music streams will still be free for listeners. WMVY-FM will continue to sell ads. This move marks the first time that a terrestrial station and its online counterpart have split into divergent for-profit and nonprofit business models, the story said. ■

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## Towering financial opportunity for broadcasters

Every radio and television station has a tower. In fact, some AM stations have a bunch of them. But just because your business requires a tower to operate, does that mean that you have to own the tower? And, if not, should you?

Leasing tower space has been around for a long time, of course. Most TV and FM stations lease some space on their tower to someone else, whether another broadcaster or the local taxi company or police department. Some very tall TV towers in prime locations have lots of tenants, with TV and FM antennas in the higher reaches and a series of two-way radio and wireless telephone antennas further down. So, leasing tower space can produce either pin money for the broadcaster, or amount to a significant revenue stream.

In some cases, though, it can be financially advantageous to sell the tower and let someone else deal with the business, regulatory and maintenance issues, while continuing to lease back the space you need for your own station's transmitting antenna.

**Clayton Funk** has been brokering tower sales with Media Venture Partners since 2004, after establishing his own tower practice in 1997 following more than seven years with Nations Media Partners, a Kansas City-based investment banking firm specializing in various areas of telecommunications, media, and publishing. So, to date he has personally closed over 50 tower deals encompassing all kinds of transactions, including sale-leasebacks for various wireless carriers, build-to-suits, and sales involving broadcast tower sites. Our interest, of course, is that broadcast component.

How do you determine whether selling your tower and leasing back space makes sense? Funk says it is first a matter of doing the math. Since you intend to remain as a tenant, you will eventually pay back to the new owner the cash you receive from selling the tower. So, if a tower company will pay you 12 times tower cash flow, which is calculated pretty much the same way as broadcast cash flow, you will be paying back more than you received in absolute dollars around year 12 or 13. But in the meantime you have had the use of that cash, which could be several million dollars, to grow your primary business, broadcasting, or pay down debt. "It's a way for a company to borrow in some cases that is a cheaper way of borrowing money than going to a lender," Funk noted.

Another reason to do a sale and lease-back deal is if you are planning

to sell your broadcast station. If your tower is in an extremely desirable location—with lots of demand from wireless companies and restrictive zoning—tower cash flow multiples could be in the upper teens. But if you sell the tower as part of a station sale, the broadcaster buyer is likely to value tower cash flow (TCF) the same as broadcast cash flow (BCF), which could result in a lower multiple. So, if you sell the tower first at the higher TCF multiple, with a reasonable leaseback contract which can be assigned with the station, then sell the station at the lower BCF multiple, you come out ahead. Once again, it is all about doing the math.

Of course, most broadcasters have loans in place that include their tower(s) among the assets, so the lender may have a say in what you do with the proceeds from selling off tower assets.

"I think typically it comes back to what the motivation is of the broadcaster. In some cases tower owners, whether its broadcasters or wireless carriers, sell towers specifically to pay down debt. In other cases it becomes a negotiation between the borrower, being the broadcaster, and the lender as to how much of the proceeds of the sale can go for paying down debt versus it going into operating capital or acquisitions, or whatever. I think it all depends on the motivation of the seller themselves and flexibility of the lender," Funk explained.

Aside from the financial motivations, some broadcasters may be happy to be rid of the distractions of tower ownership. While some large groups, such as Clear Channel, have internal real estate divisions to deal with tower management, most radio and TV station owners may not be able to devote enough attention to the tower side of their business. "For tower companies, they can focus on selling tower space, which increases revenues. They can more closely monitor a lot of the regulatory issues that go with owning a tower and keeping a tower up to the building and engineering codes, but also any compliance issues surrounding environmental issues, zoning issues, etc.," Funk said. And as readers of RBR and TVBR well know, quite a few radio and TV stations have been hit with fines in recent months because of increased FCC ►►





enforcement of tower regulations. Also, tower companies may be able to operate and maintain a tower more cheaply than the broadcaster because they have their own maintenance crews or outside contractors who work on hundreds or thousands of towers for them, not just one or two.

So far we've made it sound like selling your tower and leasing it back is a financial bonanza and a bed of roses going forward. But yes, there are pitfalls. For one thing, not all tower companies are the same.

"I think the issue that concerns broadcasters is that they want to be able to know that that buyer is respectful and knowledgeable of the difference in having a broadcaster as a tenant versus a wireless telephony customer because for the broadcaster, that transmitter is their life, and you want to be able to have a very capable landlord that understands and respects the fact that it's just not one of just 10,000 towers, it's the one tower for that broadcaster," Funk said. "There are over 25 companies at any given point are interested in buying towers and of those 25, I would say that less than 10 have the knowledge and understanding to really work along with the broadcaster and give that broadcaster comfort—but that's still a pretty deep buyer pool of potential buyers of broadcast assets that have the knowledge to be able to work with the broadcasters," he added.

In fact, the biggest owner of broadcast towers among the tower companies is the one name that most broadcasters are probably familiar with—American Tower. That's because **Steve Dodge** created the company by spinning off tower assets from American Radio Systems before selling the radio group to CBS for \$2.6 billion in 1997. Through mergers, acquisitions and internal growth, American Tower today is a \$20 billion company and Dodge has retired with a personal fortune in the billions.

And while not every tower company is created equal, the same is true of towers as well. Not every broadcast tower is attractive for tower companies to want to buy. So, we asked, what are they looking for?

"I think I would probably divide up broadcast towers into three different categories. One would be AM towers. Second would be FM towers and the third would be television towers. AM towers are a different animal due to the engineering character of those towers and there is very limited demand for those assets. While it is possible to add tenants to an AM tower, it can be pretty tricky engineering-wise, so there is limited demand for AM towers. For both FM and television towers there is demand, assuming that the towers are structurally sound and have the ability and capacity to add additional tenants. That's what turns a tower from just a piece of steel sticking in the air holding one transmitter to a real estate business with cash flow by having extra capacity to add tenants to them. There is really no differentiation between FM and television towers other than it comes down to where the tower is located and those towers being attractive," Funk said.

Is height a plus or a minus?

"A lot of where wireless carriers are installing their equipment is a height below 300 feet and as any broadcast tower owner will tell you, as height increases maintenance costs increase, whether that's in keeping the tower painted, lit, the guy wire tension, all the sorts of things you have to do with taller towers," the broker noted. So the expenses of maintaining a tall tower may impact the sale price, but then, Funk notes, the broadcaster is offloading those expenses going forward by selling the tower and leasing back space, while the new owner has the maintenance headaches.

Demand is greatest for towers in high density areas, but with people expecting to have wireless phone service everywhere they go from their carrier (or else they may switch to the competition), tower companies aren't ignoring rural areas. Funk notes that the "not in my backyard" attitude is widespread, so if you have an existing tower in an area where wireless carriers and tower companies are finding it difficult to win approval for new towers, you could have a mini-gold mine in the field behind your studios. And even where it is possible to build new towers, Funk notes that landowners have gotten more sophisticated and are demanding higher payments from tower operators for long-term leases on a few acres of cow pasture. That increases the relative value of an existing tower with a land lease (or outright ownership) in place. Of course, if you are a broadcaster looking to build a new tower yourself, that new market savvy by rural landowners is not good news.

The bottom line is that towers are now a real business, not just a sideline for broadcasters or the guy trying to sell two-way radio equipment to local businesses. Many broadcasters continue to own their own towers and don't want to turn that over to anyone else. But if you are looking to free up some cash, or really don't want to deal with tower upkeep, there are alternatives that will allow you to get out of tower ownership and still keep broadcasting. ■

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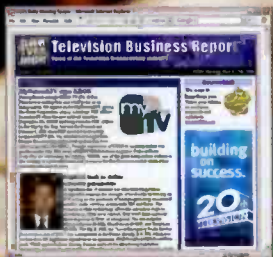
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