

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

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## AMERICAN URBAN RADIO NETWORKS

# #1

THE URBAN RADIO LEADER



AMERICAN URBAN RADIO NETWORKS

NEW YORK  
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CHICAGO, IL 60602  
(312) 558-9090 • FAX: (312) 558-9280

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### Veronis Suhler sees '02 return to growth

Radio industry revenues should grow 9.1% in 2002, after slipping 0.7% this year, according to the just-off-the-presses annual "Veronis Suhler Communications Industry Forecast."

When all is said and done, Veronis Suhler is expecting 2001 local ad revenues for the radio industry to be flat with last year at \$14.65B, national spot down 3.5% at \$3.57B and network radio down 0.5% at \$715M. That would put the total industry at \$18.94B, off 0.7% from the 2000 total of \$19.07B. (Note: Veronis Suhler's estimates tend to be a bit lower than the total industry estimates of the Radio Advertising Bureau.)

#### Veronis Suhler's radio forecast

Year	Local	Spot	Net	Total
2001	0.0%	-3.5%	-0.5%	-0.7%
2002	8.8%	10.6%	7.2%	9.1%
2003	7.9%	9.9%	7.1%	8.3%
2004	9.3%	10.1%	7.6%	9.4%
2005	7.9%	9.8%	7.2%	8.2%
'01-'05	6.7%	7.2%	5.7%	6.8%

Source: Veronis Suhler's 15th annual Communications Industry Forecast®



There is still plenty of shopping opportunities.  
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**The NAB Radio Show & NAB Xstream Joint Keynote**  
**Walter Mossberg**  
Columnist,  
*The Wall Street Journal*



**The NAB Radio Show Keynote**  
**Tom Peters**  
Author and  
Management Expert



**Presenter – Revolutionize Your Brand**  
**Tom Asacker**  
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Sandbox Wisdom



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**Co-hosts of NAB Marconi Radio Awards Reception, Dinner & Show**  
**Tim and Willy**  
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## NAB Radio Show Group Executive Super Session



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**Eric Rhoads**  
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*Radio Ink and Streaming Magazine*



**Lew Dickey**  
President/CEO  
Cumulus Media, Inc.



**Joan Gerberding**  
President, Nassau  
Media Partners



**Alfred Liggins**  
President/CEO  
Radio One, Inc.



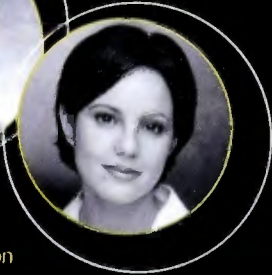
**Randall Mays**  
Executive VP/CFO  
Clear Channel  
Communications



**Bob Neil**  
President/CEO  
Cox Radio

## NAB Radio Show Super Session – What Women Want: 5 Steps to Better Ratings

**John Parikh**  
CEO, Joint  
Communications



**Laura Ivey**  
Manager, National Radio  
Sales, Arbitron

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**NAB Xstream Keynote**  
**Hilary Rosen**  
President/CEO,  
Recording Industry  
Association of America (RIAA)

## Radio One heats up in Hotlanta

Mableton, GA has taken on new significance for Radio One (O:ROIA). It is the site of a CP for WAMJ-FM (the former WAVE-FM), and an LMA with Mableton Investment Group will give Radio One access to 83% of the African-American population in the Atlanta market. Radio One's \$30K-per-month rent check will give it a fourth FM.



This is Radio One's second recent deal in the market. It purchased WPEZ-FM from US Broadcasting LP for \$55M. WPEZ is changing its city of license from Macon to Hampton GA to move into the Atlanta market (*RBR* 7/2, p.13).

The stations will join two already there: WHTA-FM is using a Hip Hop format, and WJZZ-FM (WAMJ-FM not too long ago) is running Smooth Jazz.

Formats for the two newer stations are still on the drawing board. Said Radio One CEO **Alfred C. Liggins**, "The economics of this agreement are highly favorable to the company and we are eager to announce our full program-

# Radio News®

ming line-up for all four of these stations before the end of the year."—DS

## Court rules against broadcasters on streaming

US District Court Judge **Berle Schiller** has ruled (8/1) against lead plaintiff Bonneville International, representing hundreds of broadcasters, on paying royalty fees for streaming on the Internet. Bonneville petitioned a judicial review of the Copyright Office's (*RBR* 12/18/00, p.4) decision in favor of the RIAA to charge streaming fees. The lawsuit had sought to have the court rule that Internet streaming of AM/FM broadcasts was covered by the same exemption from performance royalties that already applies to their terrestrial broadcasts.

Judge Schiller made the lack of a clear distinction between "AM/FM streaming" and webcasting as a deciding factor: "While AM/FM streaming, due to the potential harm it could have on record sales is more similar to webcasting than...over the air broadcasting, the fact that AM/FM stations are subject to limitations imposed by the FCC makes AM/FM streaming different from what Congress originally referred to as 'webcasting.' The unique aspects of AM/FM

streaming combined with an ambiguous, conflicting statute, as well as no reference by Congress regarding AM/FM streaming, is overwhelming evidence that Congress did not address the issue of whether AM/FM streamers should be exempted from section 106 public performance right."

NAB President/CEO **Eddie Fritts** made a statement of regret for the decision. "Broadcasters, record companies and consumers have long enjoyed a symbiotic relationship whereby airplay on radio stations benefits all parties... We're disappointed that this unique relationship will be disrupted by the court ruling. Broadcasters currently pay in excess of \$300M annually in music licensing fees...any additional fee...would be unfair and unreasonable."

An appeal of the decision is expected. NAB says it is "re-viewing its options."—CM

## XM's Terrestrial Network draws fire

Because XM Satellite Radio (O:XMSR) will operate with two satellites, rather than Sirius Satellite Radio's (O:SIRI) three, it will need a good deal more terrestrial repeater support in downtown areas. *Satellite Today* has reported AT&T, BellSouth, Metricom, Verizon

Wireless and WorldCom have asked the FCC to deny XM's request for a Special Temporary Authorization that would allow operation of its terrestrial repeater network while awaiting final commission approval. Both XM and Sirius have applied. Comments are due at the FCC by 8/21 with 10 additional days for replies.

The wireless carriers say XM's recent request for 778 repeaters in 61 markets is well beyond its previous proposal for 150 repeaters in 50 cities. The temporary authorization would supersede the wireless carriers' claims to place antennas at numerous sites.—CM

## Unsigned Mancow returns to airwaves

Conservative shock-jock **Eric "Mancow" Muller** has returned to the airwaves, while continuing contract negotiations with Emmis (O:EMMS). "While no definitive agreement has been



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reached, lawyers for both sides worked through the weekend and will continue until a definitive agreement is finalized. The parties hope to reach agreement in the next two weeks," a 7/30 Emmis press release indicated.

Mancow returned to host his syndicated program from Emmis' WKQX-FM Chicago. Emmis spokesperson **Kate Healey** had told *RBR* an announcement was imminent (*RBR.com* 7/27).—CM

## Viacom outdoor operations merge, invest indoors

Viacom's (N:VIA) two outdoor divisions, TDI and Infinity Outdoor, are coming together under the same umbrella. The new entity will be known as Viacom Outdoor, and will be run by President/CEO **Wally Kelly**, who was heading up Infinity Outdoor. He'll report to **Farid Suleman**, President/CEO of Infinity Broadcasting Corp.

A pending deal to sell elements of TDI to Interep was not consummated (see boxed item, p.12)

Meanwhile, Infinity Outdoor has bought a 4.3% equity stake in GenesisIntermedia Inc. Of primary interest to Infinity is GenesisIntermedia's Centerlinq subsidiary, which provides interactive marketing and collects consumer data in shopping malls. Infinity Outdoor and Centerlinq entered into a co-marketing agreement last year.—DS

## Liddy negotiating new contract with Westwood One

**G. Gordon Liddy** is currently under contract negotiations with Westwood One (N:WON) and possibly others. His full contract is up with Westwood in six-eight months, according to Infinity sources. This, on top of the surprise news from the Washington Post that he has been fired from flagship WJFK-FM in Washington. He



may be switching his flagship and DC affiliation to Clear Channel's WTNT-AM soon (*RBR.com* 7/21).

Are you afraid of losing him to Premiere or another syndicator? "No," responded the Infinity source.

So you think he will stay? "Yes."

Indeed, Premiere sources later confirmed they aren't going after Liddy, especially since his conservative show would have to switch airtime, as not to compete with **Rush Limbaugh**. Liddy has 160 affiliates.

"Bottom line—[Are we] going to try and keep him? Yeah," says the Infinity source. "They [Liddy and his staff] are very p-ed off at [Infinity Regional VP] **Ken Stevens** for not telling him. He didn't tell them and they had to find out through the press—which is a really wrong thing to do. Ken totally mishandled the situation."

The source also confirmed **Opie** and **Anthony** will be on WJFK, and Liddy on WTNT within a month—possibly as soon as 8/6. Negotiations with TNT and Liddy were continuing at press time.—CM

## Arbitration begins over web royalties

The music industry and Webcasters have their first day in court 7/30 over establishing royalty rates and fees for Internet broadcasts. The dispute over rates

has been ongoing since the passage of the Digital Millennium Copyright Act of '98. The act gave the record companies the right to charge a performance royalty for webcasts, but did not set any amount. The recording industry, represented by the RIAA, is asking for a rate of .004 cents per song streamed, about 15% of the revenue earned by webcasters who stream copyrighted recordings. Webcasters, represented by the Digital Media Association, are asking for .0015 cents per listener hour—about 1/30th of what the RIAA is asking.

With such a huge discrepancy, it should be an eventful six month arbitration process. The hearings include testimony from 60 witnesses, including the RIAA's **Hilary Rosen**, musicians, reps from Sony, Warner, Bertelsmann's BMG, Vivendi Universal and EMI; broadcasters including Clear Channel and Infinity; and Internet-only webcasters such as Spinner, Launch, Live365.com and MTVi.

The three-member federally-appointed copyright arbitration panel "CARP," is chaired by **Eric Van Loon**, a mediator from "JAMS," an Irvine, CA-based independent dispute-resolution firm. The others are **Curtis von Kann**, a retired DC Superior Court judge and **Jeffrey Gulin**, a former Maryland administrative law judge.

The CARP panel is expected to reach a decision by the end of January, which will then be reviewed by the Copyright Office and the Librarian of Congress and finalized by the end of March or April 2002.—CM

## Brill gets \$1.1M judgement against competitor

Brill Media is trumpeting a court victory (7/31) in Reading, PA, where a Berks County jury

awarded Brill \$1.1M in damages from the Reading Eagle Company—owner of WEEU-AM Reading and the Reading Eagle newspaper.

The jury held that the Reading Eagle Company had engaged in unfair trade practices in 1990 by hiring away three employees from Brill's WAGO-AM (now WIOV-AM) Reading after getting an inside look at WAGO's books under a confidentiality agreement while discussions were underway for the WEEU owner to acquire WAGO. The sale talks never got to the point of a contract, but the Reading Eagle Company then hired GM **David Kline** and two account executives away from WAGO to work at WEEU.

Although **Alan Brill** is celebrating victory, he told *RBR* that he doesn't expect to see any of the money soon. Sure enough, in the Reading Eagle's own story on the jury verdict, company president **William Flippin** is quoted as saying that he is disappointed in the verdict and that it will be appealed.—JM

## It takes a Lifetime to figure out where women are

Women's cable network Lifetime has successfully captured enough of the female audience to rank #1 among basic cable networks in primetime. But it has not gone unnoticed by Lifetime EVP **Rick Haskins** where women are during the daytime, according to an article in *Advertising Age*.

"Radio is a great place to reach women. It's the #1 source of media from 6A to 6P for women," Haskins noted. Is a Lifetime radio network in the offing?—DS

**In the wake of ongoing Clear Channel-Arbitron negotiations for the 130 markets the nation's largest broadcaster says it won't be subscribing to, we asked GMs in those markets about their contingency plans.**



**Dave Reinhart,**  
VP/GM, Market Manager,  
Clear Channel Radio,  
Tampa



**Tom Glade,**  
VP/GM, Market Manager,  
Clear Channel Radio, San  
Antonio



**Mike Glickenhau**  
VP/GM, Market Manager,  
Clear Channel Radio FM  
Stations, San Diego

**How are you planning for the possibility that your stations will no longer be able to use Arbitron ratings?**

**Reinhart** Negotiations between my company and Arbitron are continuing as I write this. I'm reasonably confident a solution is not far off, but at Clear Channel Tampa we are prepared to sell without Arbitron for as long as necessary. Our sales staffs have been trained "in house" in the ways to sell without ratings numbers. We have already put this plan into action and we are pleased with the early results. Our personalities are well known by the buyers and clients in the area. There's no reason to depend on numbers when a sales rep can pull out a photo of a well known personality and ask the client, "How would you like this personality to be the spokesperson for your product or service?" That's when numbers shrink in importance.

Qualitative information from Media Audit will also help us to survive without ratings material.

**Glade** I have been with Clear Channel in San Antonio for slightly over six weeks. The Clear Channel San Antonio market is in good shape. The radio stations were subscribers to Arbitron for only the last three years. We have several veteran sales people who have sold these properties without

# GM Talkback

By Carl Marcucci

Arbitron in the past. We are taking advantage of the veterans' knowledge and confidence.

The Clear Channel Radio stations in San Antonio are some of Clear Channels "legacy" properties. All of our stations have solid market positions and have great track records of delivering results for the advertisers.

We have been preparing for this challenge for several weeks. Each of the stations have developed and are developing strong sales stories which are backed by the positive success of the stations. We plan to take advantage of the strong relationships we have established with our clients.

We will be responsible to help the advertisers find good reasons to buy us. Our history of delivering success to their past investments and our understanding of the medium will give them the best reasons to continue to buy us. I honestly believe that our sales people will become better marketers as a result of the challenge of selling without an over-dependence on the "numbers."

We have access to Media Audit and will continue to use it in order to strengthen our sales story.

**Glickenhau** I don't think you prepare overnight to sell without ratings or to sell with them for that matter. That training and understanding of what is important to our advertising partners or potential advertising partners starts from the moment our sellers step into our building. We make sure all our sellers are prepared to talk about our clients' business and what they need to move the needle at their businesses. We teach each of our sellers how to size up the needs of our clients and then how to tap into our resources. We stress that what we really are is a marketing solutions company with many tools available to get results. We teach each of them about the resources we have as a company in our market including CC Outdoor and CC Entertainment and Premiere Traffic as well as our websites and events just to name a few. We make sure what the client understands is what we are working towards is making their cash register ring. A rating point never walked in anywhere and bought anything.

Many of our sellers have been in situations where Arbitron for one reason or another was not available to them for a period of time so this is not the hardest challenge they have faced. Our clients have all been told what is going on and they are really being very understanding of what we are dealing with and in fact have been appreciative of our

position and some of the things we have been asking for. Our sellers are being armed with success stories and qualitative information. Media Audit has been very helpful and we have always used their information in the San Diego market and it is very well accepted.

We do understand for the more transactional buyers this will be a little more challenging but not to the point where we can't function. When the transactional buyer informs us of the parameters of their buy we make our best attempts to come to a fair agreement with the information we have at our disposal and with the history of our relationship in mind as well. With the exceptional array of stations that we have I do not expect to lose any business or that advertisers will not buy our stations because we don't subscribe to Arbitron.

**How did you get into radio?**

**Reinhart** I've known that radio was what I wanted to do since I was 10 years old. I used to insist that my mother listen to me broadcasting from the basement using walkie talkies. I'd play records, do the time and temperature, read weather forecasts from the newspaper and tell jokes. She insisted that she was always listening while doing household chores, but in my heart I knew better. It didn't stop me though.

I started on the air while still in college in the 60's. Among my thrills was introducing the Beatles on stage and travelling for a short while with the Monkees while feeding reports back to WSAI Cincinnati. That's the station where **Randy Michaels** used to listen to me while riding the bus to junior high school. Now, of course, he's one of my bosses.

**Glade** I have been in radio for over twenty years. I began at KSL in Salt Lake City, as a "Merchandising Specialist" and an entry level Account Executive. I was very fortunate to learn the strengths of radio with a powerful 50,000-watt clear channel powerhouse. I have been fortunate to manage radio stations in Salt Lake City, Dallas and Washington DC.

**Glickenhau** I started in radio in the beginning of 1980 and am still with two of the stations I was with at that time. So I have watched the radio world change dramatically around and with me and stayed at the same place which was originally Noble Broadcast Group and which then became Jacor in 1996 and then Clear Channel a few years later. I started in sales and sales management and have been a GM since 1988. It was basically love at first sight with the radio industry.

# Spot buys: who's kidding who?

by John Camilleri



Last time, we looked at the criteria and planning parameters for a national buy. What are some of the factors we look at when we do a **regional spot** buy? What goes through our heads to make a decision whether a station makes the cut?

First of all, one station alone does not make or break a buy. Whoa! Sure, not having the number one station makes for a challenging buy, but every station can be bought around, especially if it doesn't fit in the buy's criteria. Read below why what you think is a slam-dunk might not make it.

## Cell Distribution

On an Adult 25-54 buy, for example, we'll look at how many points are delivered into the 25-34, 35-44 and the 45-54 cells. Many times what you think is a great buy on a CPP basis dumps a lot of points into a certain cell because there are a lot of competing stations pricing themselves to that demo. After that, we'll do a male/female TRP split to see how we are skewing.

## Drive time %

For a traditional advertiser, a good buy has at minimum 50% of the

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weight and more likely 65-75% of the weight in AM and PM drive. Pricing yourself in mid-day and weekends may not get you on if your drive is stratospheric.

## :10s vs :60s

It probably pays to run :10s at 50% the price of :60s on Information/Talk stations where a :10 has a good chance to stand out. On a music station, it might get lost with all the :60s and promo spots. The client's message has to be right, though, for a 25- or 30-word sales pitch.

## Frequency, Recency and # spots per week per station

It's nice to have a low CPP, but if you are only running 5 spots a week, you're not doing anyone justice. Frequency and recency go hand in hand. Of course, you can buy radio for reach, but big radio reach equals big bucks. If you want a big impact, go for frequency. Yeah, the big come station is nice, but it is usually always expensive.

## Value Added/Promotions

Sorry, but running a banner on a site that gets 40,000 page views per month does not excite me. Much less having to deal with a rep and tell them for the umpteenth time that "hits" is a useless number when evaluating website activity. If you are going to offer it to me, take the time to learn it. It isn't that hard, really.

For a short, flighted buy, we'll still take an off-the-shelf contest with promo spots or an appearance over your website—any day. We'll work with you and the client on the custom promotion for the larger-sized, quarterly or annual buys.

## Commercial Load

Are we talking commercial isolation, four spots per pod, or Stern-like pods? You know what we mean here—the clutter is overdone. Even if you have high at home or at work

listening, the public *is mentally* tuning the commercials out, even if they don't physically change the dial.

## Likelihood to run any rotators in a fair and equal rotation

If it's November and you're the #2 station, does that 6AM to 8PM rotator have a chance of running except at 7:59PM? I'll trust you in January on a rotator, but we check the times and if you burn us, we don't credit the spot cost, but the underdelivered TRPs times the CPP. Ouch! So a \$20 spot not running right can cost you a couple of hundred bucks. Fair is fair.

## Qualitative info from Scarborough, Simmons, MRI or Intelliquest

Yes, we overlay this and we use it *our way*—not your way so you look #1. If you can't find anything to make you look #1, then you should get a new research director.

## Pod Placement

Fair and equal. It's that simple. It is a bunch of bull if the spot sounds crappy or if it comes in late to the station or that the lowest priced spots go to the end of the pod. You better be kidding me if you say this.

## CPP—of course

The most touted reason for inclusion or exclusion, but this magical bottom line number is so easily twisted and maneuvered, we look at it with a very critical eye.

Sure, it's CPP and ratings and qualitative and quite a bit more. Don't forget the rest of the buyer's "unofficial" criteria above that we take into account—and sometimes *doesn't* get discussed in our negotiation conversations.

*John is VP, Technology Group, Harmelin Media. He can be reached at 610-668-7900 x144 or jcamilleri@harmelin.com*

## The RBR superduopoly shopper's guide

Perhaps you are getting a head start on your holiday shopping, or maybe a loved one has a birthday coming up, someone like **Lowry Mays, Mel Karmazin, McHenry Tichenor** or **Cathy Hughes**—in short, someone who would love to rip away the wrapping paper and find: a brand, spanking new superduopoly radio station cluster.

A superduopoly is an in-market station cluster with (in the largest markets) at least three and no more than five same-band stations with a max of eight total stations. As of last week's *RBR*, 59.7% of stations in Arbitron-rated markets were already part of one.

Where then can one shop to find a place which still has room for a new superduopoly? *RBR* has provided the answer with this shopper's guide. Here are the 23 largest markets with less than 50% superduopoly consolidation.

Data is from *RBR*'s market profile database. Market ranks and occasional ratings references are from the Arbitron Fall 2000 survey. We skipped markets which operate in the shadow of nearby larger markets (sure, there are no superduopolies in Morristown, NJ, but that's because there are only two stations rated as home to the market).

<b>New York (1)</b>	<b>36 stns</b>
<b>Superduopoly</b>	<b>47.2%</b>
<b>Total consolidation</b>	<b>72.2%</b>

Clear Channel is maxed out at 5F, Infinity has a 3A/3F and Emmis has 3F. Multicultural has a low-impact 3A cluster. It's very hard to get someone to part with a station of any kind in the Big Apple. If Pacifica, as is occasionally rumored, ever decides to put its commercial-band non-com FM on the market, the stampede to the auction block will be something to behold.

<b>Boston (8)</b>	<b>34 stns</b>
<b>Superduopoly</b>	<b>38.2%</b>
<b>Total consolidation</b>	<b>73.5%</b>

Infinity (1A/4F) and Greater Media (5F) lead the way with the only major superduops in the

market (Mega has a 3A cluster). Entercom and Clear Channel each run a 2A/2F duop. Radio One is a fairly recent entrant with an old-fashioned combo. Charles River, Plymouth Rock and Phoenix, who between them have 1A and 4F, must get the odd phone call from a broker now and again.

<b>Baltimore (20)</b>	<b>22 stns</b>
<b>Superduopoly</b>	<b>22.7%</b>
<b>Total consolidation</b>	<b>72.7%</b>

The station total here is suppressed due to proximity to Washington. Infinity still has the only super. The Hearst combo remains the subject of speculation, but the two biggest non-superduop owners, Radio One and Clear Channel, have big clusters in DC which may limit their growth potential here.

<b>Pittsburgh (22)</b>	<b>37 stns</b>
<b>Superduopoly</b>	<b>27.0%</b>
<b>Total consolidation</b>	<b>76.7%</b>

Hilly terrain makes room for more stations than usual for a market this size, but a lot of them are limited by those same hills. Infinity (1A/3F) and Clear Channel (1A/5F) have the only supers. Renda, WPNT, Sheridan and Forever all have duops, plus ABC and Salem are in the market. Consolidation opportunities abound, especially for a regional operator like Forever.

<b>Cincinnati (26)</b>	<b>27 stns</b>
<b>Superduopoly</b>	<b>44.4%</b>
<b>Total consolidation</b>	<b>81.5%</b>

Home market of major CCU acquisition Jacor, which, like Infinity, has 4F. CCU also wields 4A to Infinity's zero, and dominates the market. Susquehanna, Radio One or Salem would have to deal amongst themselves or be satisfied with a second-tier signal to upgrade

<b>Sacramento (27)</b>	<b>31 stns</b>
<b>Superduopoly</b>	<b>45.2%</b>
<b>Total consolidation</b>	<b>77.4%</b>

infinity (1A/5F) and Entercom (1A/4F) wield the big clusters; Entravision has a 3F further down the totem pole. Diamond and Royce (combined 1A/2F) are potential targets for CCU (2A/2F). Salem (2A/1F) and ABC (1A) are also present

<b>Milwaukee (31)</b>	<b>29 stns</b>
<b>Superduopoly</b>	<b>37.9%</b>
<b>Total consolidation</b>	<b>72.4%</b>

Two supers: CCU (2A/4F), which has about twice the ratings of Saga (1A/4F). Entercom, All Pro/Shamrock and Bliss all have duops. Journal is in the market with a combo which they are unlikely to sell (it's their home market) and which they are unlikely to upgrade (they also have a TV and a newspaper). There are quite a few fringe stations (like Bliss's) with marginal ratings.

<b>Columbus OH (34)</b>	<b>31 stns</b>
<b>Superduopoly</b>	<b>41.9%</b>
<b>Total consolidation</b>	<b>67.7%</b>

It's Ohio, and like almost everywhere else in the state, CCU (3A/4F) is on top, although some are fringe stations. Radio One and Infinity each have a 3F. Eight other owners, including Saga, have at least close to a 1.0 share 12+ and three or less stations, and account for 6A/11F between them. We keep expecting some action here, but nobody seems to want to sell.

<b>Indianapolis (40)</b>	<b>27 stns</b>
<b>Superduopoly</b>	<b>40.7%</b>
<b>Total consolidation</b>	<b>74.1%</b>

Five owners better a combined 10-share 12+, and nobody has more than 3F. Emmis dominates its home market with a 1A/3F. Susquehanna and Radio One also have 3F, with ROIA adding 1A. Clear Channel and local MyStar are each at 1A/2F. Sarkes Tarzian, Radio 1500 and Continental all have low-rated combos, and Quinn has a lone FM, which could give any of the above a slight boost.

<b>New Orleans (42)</b>	<b>28 stns</b>
<b>Superduopoly</b>	<b>46.4%</b>
<b>Total consolidation</b>	<b>71.4%</b>

After CCU (2A/5F, 38.4 12+ Fa00) and Entercom (2A/4F, 31.6 12+), there's Beasley (1A/2F, 10.6 12+) and seven other owners who combined for an 7.7 12+ with 7A/5F. We wouldn't be surprised to see Beasley shake something loose from that group when the trading situation improves.

<b>Nashville (44)</b>	<b>33 stns</b>
<b>Superduopoly</b>	<b>39.4%</b>
<b>Total consolidation</b>	<b>87.9%</b>

There are only two big supers, CCU (1A/4F) and Cumulus honcho Lew Dickey (3F), plus the low impact 1A/4F run by Tuned-In. Seven owners have duops, and there are four more standalone AM owners. Gaylord's last stations are here, and Citadel is a good bet to spend on an upgrade.

<b>Greenville SC (60)</b>	<b>28 stns</b>
<b>Superduopoly</b>	<b>46.4%</b>
<b>Total consolidation</b>	<b>71.4%</b>

Entercom (3A/4F) and CCU (2A/4F) are on top, followed by Barnstable and Cox (each with 2F). After that, seven owners combine for less than an eight-share with 7A/4F, making an upgrade difficult but not impossible for the latter two groups.

<b>McAllen (65)</b>	<b>22 stns</b>
<b>Superduopoly</b>	<b>18.2%</b>
<b>Total consolidation</b>	<b>68.2%</b>

Still one of the least consolidated top-100 markets, with Entravision's 4F the only representative. CCU and HBC have big duops; two locals have little duops. Another place we expect to see some dealing.

<b>Colorado Springs (96)</b>	<b>19 stns</b>
<b>Superduopoly</b>	<b>42.1%</b>
<b>Total consolidation</b>	<b>89.5%</b>

Citadel dominates with a 2A/3F, followed by CCU with the only other super (3F). Bahakel, Walton, Pikes Peak, Salem and

by Dave Seyler

# Radio Operations



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Crawford all generate ratings, and all have a duop except Walton (combo). Mix and match deals are possible.

**Fort Wayne (103) 25 stns**  
**Superduopoly 44.0%**  
**Total consolidation 60.0%**

Federated is way out in front with a 2A/4F. Kovas has the only other super, a 2A/3F which only came in 4th Fa00, behind Sarkes Tarzian's 2F and Shine's standalone FM. There's a 2F duop and two standalone FMs with decent ratings, plus there are five sub-1-share operations which have 3A/4F between them. Deal possibilities as far as the eye can see.

**Huntsville (111) 25 stns**  
**Superduopoly 44.0%**  
**Total consolidation 76.0%**

Clear Channel's 2A/4F is ahead of a pack of mostly local owners, none of whom have more than 2F (Broadcast One has 3A for the market's only other super). This would be a good entry market for a national group willing to cut deals with two or three owners.

**Eugene OR (144) 13 stns**  
**Superduopoly 46.2%**  
**Total consolidation 92.3%**

Marathon has a 2A/4F, and McKenzie River and CCU each run a 1A/2F. Unfortunately, only a lone AM station picked up measurable listening Fa00, leaving almost nothing to upgrade with. Lots of unrated stations on the fringes, though.

**Huntington WV (148) 23 stns**  
**Superduopoly 39.1%**  
**Total consolidation 56.5%**

The hills allow a big 4A/5F CCU cluster. After that, there's Kindred's 2A/2F duop and six others with combos or standalones. Anyone but CCU has loads of room to upgrade.

**Palm Springs (153) 20 stns**  
**Superduopoly 35.0%**  
**Total consolidation 65.0%**

The crown radio jewel of Morris Communications (4A/3F), and although CCU and Cumulus are absent, almost exclusively large-market Infinity, of all groups, is here with a standalone FM. Morris could probably add an FM, and all

# Radio Operations

eight other owners pull respectable ratings with operations well below the cap. Another place where we're surprised there haven't already been more deals.

**Flagstaff AZ (158) 21 stns**  
**Superduopoly 42.9%**  
**Total consolidation 66.7%**

Newly measured in Fall 2000, and with no large national group present. AVC is twice as good as the next guy with a 2A/4F. A 3F super, a pair of duops, three combos and a standalone AM round out a market with all kinds of dealing room for market entrants and in-market owners alike.

**Fort Smith (172) 21 stns**  
**Superduopoly 42.9%**  
**Total consolidation 71.4%**

CCU (2A/3F) and Cumulus (1A/3F) have the supers; Baker (1A/2F) and Pharis (2A/1F) have duops. Five owners holding a combined 2A/4F, all with reasonable ratings, provide opportunities.

**Tupelo (181) 22 stns**  
**Superduopoly 45.5%**  
**Total consolidation 72.7%**

Another wide open market. Two 2A/3F clusters are in the lead (CCU, San-Dow). After that, there are six owners, two of which are running duops, with a com-

bined 7A/5F. The situation is ripe for in-market or market entrant dealing.

**Dothan (186) 23 stns**  
**Superduopoly 13.0%**  
**Total consolidation 26.1%**

To say that this market is ripe for consolidation is an understatement of astronomical proportions. The 26.1% total consolidation figure is by far the lowest in this study (next-lowest is Huntington's 56.5%). The lone bare-bones super is New South's 3F. Wilson has a 1A/2F for the only duop. The other 17 stations, combos and standalones all, are split between 11 owners.

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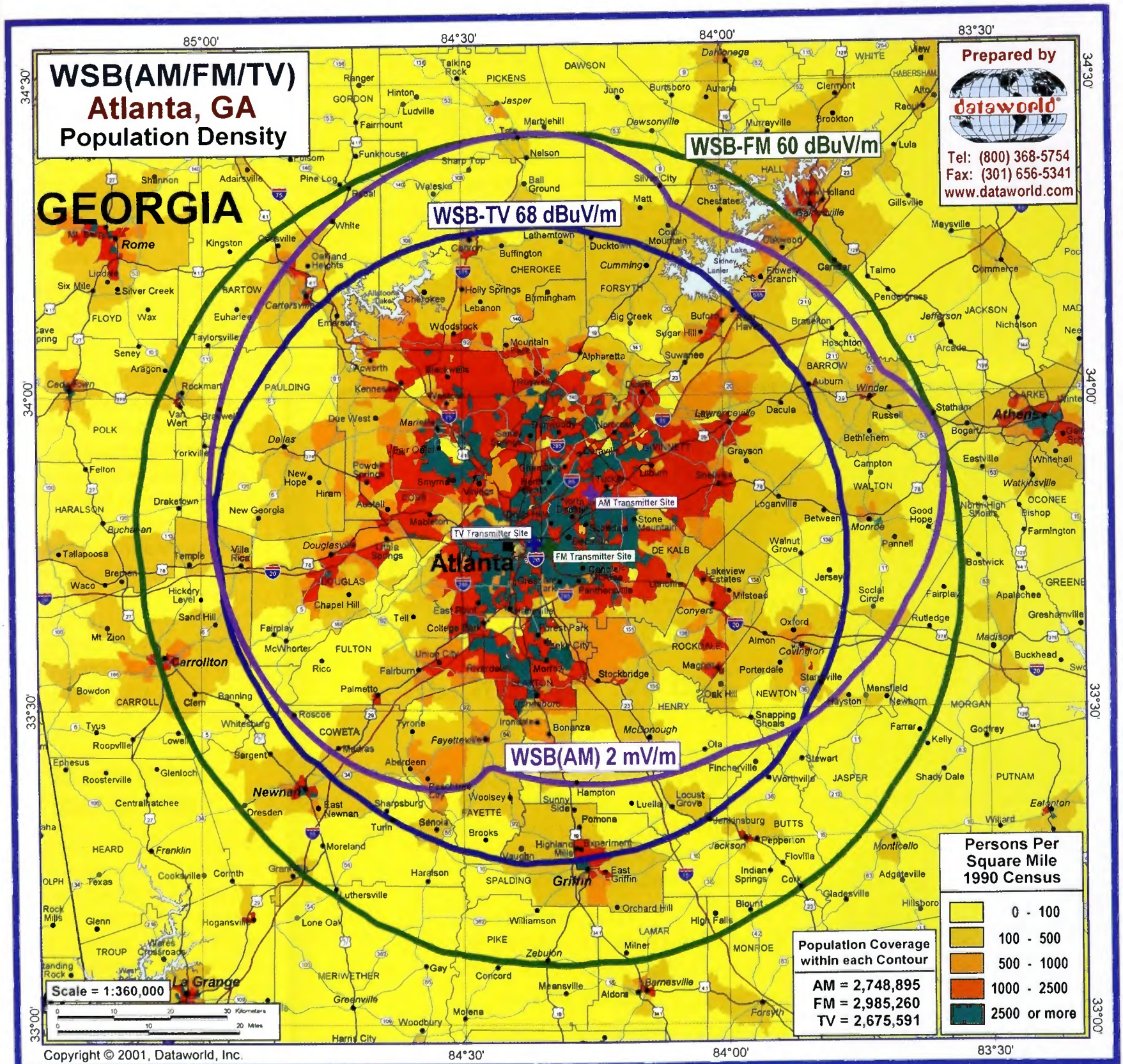
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## TDI sale to Interrep is dead

Interrep's (O:IREP) attempt to diversify its revenue stream has come to naught. The rep company announced a deal last December (*RBR*12/25, p. 12) to buy a spin-off of the TDI New York subway advertising business from Viacom's (N:VIA) Infinity for \$35M. When an analyst asked about the deal's status in a 7/27 conference call, Interrep CEO **Ralph Guild** revealed that the subway ad buy was all but dead.

"That's been one of the most frustrating things I've had to deal with this year," Guild said. "We have just not been successful in raising the money required to make that purchase. Our contract has expired and I would say at this point that it is highly unlikely that we will acquire the subway system."

# Media Markets & Money™

by Jack Messmer

## Salem snares Portland move-in

Salem Communications (O:SALM) is paying \$35.8M for a move-in to the Portland, OR market.

Thunderegg Wireless' KJUN-FM, on 104.1 MHz, is currently 60 miles west of Portland on the Pacific Coast. But Thunderegg, owned by **Lance Anderson** and others, has a construction permit from the FCC to change the station's city of license from Tillamook, OR to Scappoose, OR and transmit from the Ackerley tower in the heart of Portland—also the transmitter site for Salem's KPDQ-FM. KJUN will also upgrade to Class C2

from C3. **Broker:** Gary Stevens, Gary Stevens & Co.

**RBR observation:** To accomplish the move-in, Thunderegg paid New Northwest Broadcasters \$150K and covered all expenses for NNB's KXDD-FM Yakima, WA, also on 104.1 MHz, to switch to a directional antenna. NNB will get an additional \$100K when Thunderegg closes its sale of KJUN to Salem. An LMA by Salem will begin once the station signs on at the new site in Q4 and, as you might have guessed, CEO **Ed Atsinger** plans to put Salem's Contemporary Christian "The Fish" format on the new signal.

## Regent soups up two Michigan markets

Regent Communications (O:RGCI) has struck a pair of Michigan deals. One bumps up a superduopoly in Grand Rapids and the other creates a superduopoly in Flint. Regent is paying \$7M total, \$1.4M of which will be in the form of its common stock.

The Grand Rapids deal will bring WFGR-FM into a cluster which already includes WGRD-FM, WLHT-FM, WTRV-FM and WNWZ-AM. Although market kingpin Clear Channel (N:CCU) is too far ahead to catch in combined ratings, WFGR will give Regent additional muscle in its battle with Citadel for #2 status. The seller in Haith Broadcasting.

The Flint station, WZRZ-FM, is a stick. Frankenmuth Radio Company is the seller, and the station is licensed to operate out of Frankenmuth, MI on 93.7 MHz with 3.5kW @ 436' HAAT. It will join WCRZ-FM, WWBN-FM and WFNT-AM as Regent pursues Cumulus (O:CMLS), the market's #1 owner.—DS

## Regent joins Q2 black ink club

Regent Communications (O:RGCI) has no top 20 market station and thus no dot-com "tough comps" to worry about. "Our second quarter results were slightly ahead of guidance, despite continued weakness in the advertising market," CEO **Terry Jacobs** happily reported to Wall Street. "We are especially pleased with our same station revenue growth of over 5%, demonstrating our ability to outperform our individual markets, as well as the radio industry as a whole."

## Sand Hill Media Corporation

has agreed to purchase the assets of radio stations

**KADQ-FM & KOSZ-FM(CP)**  
Rexburg, Idaho & Idaho Falls, Idaho

from

**Ted W. Austin, Jr.**

for

**\$1.2 Million Cash\***

Greg Merrill of Media Services Group  
represented the parties  
in this transaction.

Greg Merrill

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## Media Services Group

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For Q2, Regent saw net revenues rise 37.5% to \$14.7M. Broadcast cash flow was up 31.5% to \$4.8M. On a same station basis, revenues gained 5.2%, but BCF decreased 9.8%. The company attributed that BCF decline to "investment spending in Regent's developing radio properties."

In Regent's conference call, President **Bill Stakelin** voiced agreement with Viacom (N:VIA) President **Mel Karmazin** that the ad market had "bottomed out." Karmazin's comments a few days earlier had ignited a brief buying spree in media stocks.

### Radio One reports record, drops outlook

Back when 2001 budgets were being drawn up, everyone in the radio industry was expecting a tough first half, with business improving in the second half. Part one of that prediction, as we all know, was right on target, but Radio One (O:ROIA) CEO **Alfred Liggins** told Wall Street analysts (8/2) that he's been talking to lots of other operators about whether that second-half pick-up is developing as hoped. "I don't think anybody's seeing a back-half pick-up," he said. Therefore, Radio One is dropping its Q3 guidance a bit and is not yet making any prediction about Q4. For Q3, Radio One is looking for net revenues of \$65.5-67.5M, with Broadcast Cash Flow (BCF) of \$34.35M.

Nevertheless Radio One reported record results for Q2. Net revenues rose 91% to \$62.3M and BCF rose 106% to \$34M. That, of course, includes lots of acquisitions. On a same station basis, Radio One said revenues were up 4% for the quarter and BCF gained 12%.

### Cox same station BCF up 4%

"The second quarter was an especially challenging quarter, with weak national business and especially tough comps over last year," said **Bob Neil**, CEO of Cox Radio (N:CXR) in his (8/2) conference call with Wall Street analysts. "We're facing the same advertising climate as the rest of the industry. Over

all, we would say that the advertising climate was no worse than the first quarter and appears to have reached the low-water mark, at least on the national front, as we continue to feel good about local. In fact our local sales efforts, even in this environment, continue to perform well, relative to their markets. If national was just flat with last year, we'd be looking terrific."

Cox Radio reported that Q2 revenues rose 12.8% to \$107.9M and broadcast cash flow (BCF) gained 14.9% to \$43.5. On a same station basis, revenues slipped 0.1%, but Cox still managed to grow BCF by 4.4%.

Looking forward, Cox is now looking for pro forma revenue growth of 3-5% for Q3, with pro forma BCF dropping no more than 3%.

### The Radio Index™

There's still no clear direction on Wall Street. The Radio Index™ rose 8.036 for the week to close 8/1 at 225.384.

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230  
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# Transaction Digest

by Dave Seyler & Jack Messmer

## The deals listed below were taken from recent FCC filings.

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

**\$2,249,963 WSAM-AM/WKCQ, WEEG-FM** Saginaw-Bay City-Midland (Saginaw, Essexville); **WILS-AM/WHHZ-FM** Lansing. 59% of The MacDonald Broadcasting Co. from Carolyn Ann MacDonald (43% to 0%), Kenneth H. MacDonald Intervivos Trust, Chester E. Kasiborski, trustee (16% to 0%) to Kenneth H. MacDonald Jr. (40% to 98%), Patricia W. MacDonald (1% to 2%). \$1,621,762 note to Carolyn Ann MacDonald, \$628,201 note to Kenneth H. MacDonald Intervivos Trust. Existing **duopoly** in Saginaw.

**\$2,050,000 KKEY-FM & KNEA-AM** Jonesboro AR (Harrisburg/Jonesboro) from Pollack Broadcasting Jonesboro LLC (William H. Pollack) to ClearChannel Broadcasting Licenses (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). Cash. **Superduopoly** with KBTM-AM, KIYS-FM, KFIN-FM. Also overlaps WDIA-AM and WREC-AM, both from the Memphis market. Forms three distinct overlap markets. **Broker:** Kalil & Co.

**\$1,450,000 WYVN-FM** Grand Rapids (Saugatuck MI) from Conrad Communications Inc. (Chris Conrad) to Midwest Communications Inc. (Duey E. Wright). \$30K escrow, balance in cash at closing. Combo with WHTC-AM. Calls were formerly WEVS-FM.

**\$1,200,000 KOSZ-FM CP & KADQ-FM** Idaho Falls ID (Idaho Falls/Rexburg) from Ted W. Austin JR. to Sand Hill Media Corp. (Ryan G. & Eric K. Frandsen). \$60K escrow, balance in cash at closing. Existing **duopoly**. KOSZ-FM CP is for 101.7 mHz; KADQ-FM has a CP to upgrade to 45 kw. Buyer agrees to employ KADQ-FM GM Dave Plourde for at least three years from closing date. **Broker:** Media Services Group (buyer & seller).

**\$800,000 KZEE-AM** Weatherford TX from Granbury Communications Inc. (Charles Beard) to Tarrant Radio Broadcasting Inc. (Parvez & Seema Malik). \$20K escrow, balance in cash at closing. Deal breaks up combo with KYQX-FM. **Broker:** Holt Media Group (buyer).

**\$700,000 WAGL-AM** Lancaster SC from Palmetto Broadcasting System Inc. (B.L.

Phillips) to Estuardo Valdemar Rodriguez. \$35K escrow, balance in cash at closing. **Broker:** Blackburn & Co.

**\$450,000 KEND-FM** Roswell NM from Sheila Roe to Burkbery Communications Group Inc. (Roxy Burkfield). \$50K escrow, \$300K cash at closing, two payments of \$50K each at six and 12 months after closing.

**\$435,000 KOKO-AM** Sedalia MO (Warrensburg) from Bick Broadcasting Co. (James E. Janes) to D&H Media LLC (Vance & Loree Delozier, Greg & Carol Hassler). \$5K escrow, balance in cash at closing. Removes station from duopoly cluster.

**\$400,000 KLOC-AM** Modesto (Ceres CA) from The Z-Spanish Trust, Mark Inglis, Trustee to Threshold Communications (Douglas Wulff, James Arata). **Duopoly** with KVIN-AM & KRVR-FM. \$40K escrow, \$100K cash less escrow at closing, \$300K note.

**\$321,786 WAVP-AM** Sebring FL (Avon Park) & **WSIR-AM** Lakeland-Winter Haven FL (Winter Haven) from William Mark Histed to Anscombe Broadcasting Group Ltd. (Steven G. Reszka, Steven M. Cohen, Bemice Golden-Dole). \$231,786 debt assumption, \$7.5K cash at closing, \$7.5K cash 120 days after closing, \$75K note.

**\$160,000 KRCM-AM** Beaumont-Port Arthur TX (Beaumont) from Covenant Media Services Inc. (David L. Northcutt) to Fred R. Morton & Evelyn K. Morton. \$55K in cash minus LMA payments, \$105K note. LMA since 1/15.

**\$45,000 WCNR-AM** Wilkes Barre-Scranton (Bloomsburg PA) from Community Communications Inc. (Paul R. Eyerly III) to Columbia Broadcasting Co. (Joseph F. & Nancy L. Reilly). \$2K non-refundable down payment, additional \$8K escrow, \$18K for studio assets in "interim purchase" which was to close 7/25, balance in cash at closing.

**N/AKNGN-AM** McCook NE from The Lutheran Church-Missouri Synod (Paul W. Middelks, VP) to Kansas Nebraska Good News Broadcasting Corp. (Paul Warneke, pres). Donation.

## Moody's bashes Brill

Moody's Investors Service has downgraded the public bonds of Brill Media Company LLC from bad to worse and changed its outlook for the newspaper and radio company to "negative." Moody's now rates Brill's senior unsecured notes Ca, its next-to-lowest rating. The notes had previously been rated three-steps higher, at Caa1.

In addition, Moody's lowered the company's senior implied and Brill Media Company's senior unsecured issuer rating to Ca and C, respectively. That C is the lowest rating that Moody's has.

### Here is Moody's scorching assessment:

"The downgrade reflects Brill's weak liquidity position, poor operating performance and uncertain ability to fund future interest payments on its notes. The company has a \$6.3M interest payment due in December. After making its June 2001 interest payment, Brill's cash position is mostly depleted and the company has no bank availability. Barring a cash contribution from Brill's shareholder or a near term asset sale, Moody's does not expect the company to be able to service its debt burden. Moody's does not ascribe a high value to Brill's assets due to its mid-to-small market focus and mix of newspaper and radio revenue. The Ca rating category incorporates the bondholders effective subordination to an unrated, fully utilized \$15M secured credit facility and the likely need for balance sheet restructuring. As a result Moody's anticipates very limited recovery on the notes in a distressed scenario.

"Brill's operating performance and credit profile have significantly lagged Moody's original expectations which were based, in part, on

management's projections. The depressed advertising environment limits any near-term opportunity for growth. Without an equity infusion of a material amount, it is unlikely that Brill's ratings will experience any degree of recovery."

### Brill's revenues dropped 3%

Brill Media operates on a fiscal year that doesn't match the calendar, so its latest quarterly report is for its fiscal Q1—the three month period which ended 5/31. The company's revenues decreased 3% to \$11.4M, while cash flow dropped 15% to \$2.9M. Newspaper revenues were down 2% and cash flow off 17%. Radio revenues fell 5% and cash flow dropped 13%.

In announcing those results (7/16), CEO **Alan Brill**

said: "Media companies throughout the US have been faced with a slower economy and weak advertising demand over the last six months. We have worked and are working aggressively in each market to maintain our top market share even though market revenues are down. We refuse to reduce the operating effectiveness we have built in recent years by overreacting to this market contraction. As would be expected, sales commissions are down due to lower revenue but other expenses were reduced also. We believe this overall decline in the advertising market place to be a near-term situation; however, a resumption in the near-term of the very robust growth rates of past periods is unlikely."

Brill Media owns or LMAs 13 radio stations in four small Arbitron markets and 27 small market newspapers in Michigan.

**RBR observation:** While Brill Media has public bonds (\$105M face value, issued in 1997), its stock is privately held—100% by Alan Brill. That gives him a strong personal incentive to make sure bondholders get their checks. He told *RBR* that while he couldn't dispute Moody's assessment based strictly on traditional Wall Street analysis, the report was incomplete because it didn't take into account the related parts of Brill Media Co. which are not required to report public financial results to the SEC. "Nor do they understand the entrepreneur who controls the company," he added.—JM

## MILLENNIUM RADIO GROUP

has acquired

**WFPG-AM/FM  
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