

# Radio Business Report™

## The Management, Sales & Technology Journal

Volume 19, Issue 29

October, 2002



It's been a wild ride for Westwood One/Infinity's Don & Mike this year. While forbidden to speak to the media in their new contract, we instead asked a couple of affiliates how the duo is faring, now that they're back live in afternoon drive after the Opie and Anthony fiasco. *See story on page 20*



How do the standalones survive? WRAL's Ardie Gregory and others tell us the how and why. *See story on page 12*

## It's time for the NAB to consolidate

In what is a real irony, the NAB is falling victim to its own lobbying power. The Telcom Act of 1996 totally changed the dynamic in the radio business and the NAB is not immune to its fallout. The NAB Fall show is declining in attendance and we see that continuing. After talking with employees, group owners and vendors the new reality is the following: A group that has hundreds of stations just cannot afford to send the same number of people that it would have if these had remained freestanding independent stations. Just do the math—a group sends 500 people at approximately \$2000 each for airfare, hotel and walking around cash. That total is \$1,000,000. Not happening. Any public company can put that cash right to the bottom line, especially in a softer than normal advertising year. Some vendors stated in this issue (page 18-19) that it is now cheaper to fly in their prospects and get more accomplished.

The NAB needs to follow the model of the radio industry and consolidate, which will lead to reduced operational expenses and, in the process, build bulk. Don't believe your own spin that the off attendance is just a result of 9/11. It is much more than that.

*continued on page 18*

## THE NAB RADIO SHOW™

## Doing the dozens for July

The most recent Radio Advertising Bureau monthly revenue comparables are for the month of July. The news for the month was good—its 9% overall gain over July 2001 is more than twice as good as the second best month so far this year, April's 4% gain.

And here's even better news: July, during each of the last four years, was somewhat of a middle-of-the-pack month in terms of growth (or losses in 2001). For it to get back to the middle, the rest of the year will have to come home in double digits. Let's hope the rest of the year keeps this trend alive.

The results for July give a pretty good idea where radio has been financially for the last 12 years. It starts with a rough patch (92-93), moves to modest-to-good growth (93-96), goes to excellent growth (97-00), goes to hell (01) and rebounds nicely (02). YTD so far for 2002 is 2%.

Note the volatility inherent on the national side of the business. This is even more pronounced in other months—For May, it swung from +38% in 2000 to -22% in 2001. Makes July's figures look downright steady.—DS

### RAB radio revenues for July: 1991-2002

Year	Loc %	Natl %	Total %
2002	7	16	9
2001	-1	-14	-4
2000	11	9	11
1999	13	18	14
1998	12	16	13
1997	10	16	11
1996	7	8	7
1995	7	0	6
1994	8	12	9
1993	9	9	9
1992	2	-15	-3
1991	4	0	3

Source: Radio Advertising Bureau

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**RADIO NEWS®****Reranking Priorities:****Focus less on People Meter—more on people**

Occasionally I find myself doing a self-evaluation of who and where I am at a particular point in time. Now, I think it is time for the radio industry to do the same. I had to chuckle to myself about the hullabaloo over the Personal People Meter. Board meetings have taken place, press releases are being cranked out by Arbitron, entire sessions at trade shows are being devoted to the topic, and stories are running in all of the trade publications. The problem is, the "people" should be the focus, not a meter. What a refreshing thought to think that the same intensity of conversation could take place talking about both the people in our business and the people who are our customers—the listeners.

As the Associate Publisher at Radio Business Report, I often call on those in different radio markets just to talk. Not to get that "big story," but to just listen—basically take the temperature of our industry. The prognosis is not looking good—the patient is sick. We need to get back to being a "people" business again.

What are the symptoms? Multi-tasking—so much there's no real time to think. Some complain that the ranks in the trenches have been cut to the bone to make the quarterly numbers look good. Others talk about autonomy being taken away, with more and more decision-making being pulled up the corporate structure. They don't have the authority to make decisions, but do get the blame if things don't go well in the market. Managers have zero patience to allow new formats and talent to be nurtured because of the higher financial stakes since consolidation from the Telecom Act. Rate integrity in some markets is a distant dream. The pressure to hit the bulk revenue number demanded by some groups drives down pricing in order that they can service their corporate debt.

If I could just wave a magic wand, we would return to why we got into radio in the first place. There has to be a balance between being a business and having fun. Right now, I'm not hearing joy in the voices of people in radio.

As a listener, many days I am bored to death. I'm not sure what is wrong—maybe it is too perfect—overly researched—never spontaneous. I grew up in Pittsburgh, PA and have very fond memories of listening to **Bob Prince** call a Pirates baseball game, **Roy Fox** do an evening talk show, Little **Jimmy Roach** on 'DVE spinning Album Rock, and answering the phone "I listen to the new sound of 13Q" hoping to win a prize. Now—nothing . . . it's as if the pulse of radio has flat-lined.

It is easy to blame others—just fill in your favorite radio group to dislike. But now, it is time to be self-starters again, to whip radio back into shape and improve it ourselves. If the groups in the black hats are to blame, then they will implode under the weight of fun, great radio again that they cannot—or choose not to—participate in. That is my recommended prescription...let the games begin!

**Ken Lee**, Associate Publisher—klee@rbr.com

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## Publisher's Perspective: NAB Radio Show Seattle

I wrote a similar perspective when I attended the RAB conference this past February in Orlando, FL. I was asked if I would do the same observation after this year's NAB. What I heard and learned leads me to conclude that there are only six relevant problems today.

Problems in the radio industry? Yep. First I don't know why radio is referred to as an industry.

**Problem #1:** After 36 years in radio and 20 years publishing *RBR* I have yet to see what manufacturing or assembly line and tangible product a radio station produces. The automobile business is an industry. They manufacture automobiles. Radio is a communications business.

**Solution:** Lets brand ourselves in radio as a business.

**Problem #2:** Bottom line-driven companies that say NO to everything and anything. Here is a great example that was emailed to me concerning the *RBR Epaper* from an executive at Citadel Communications:

"Please cancel this, we do not have any budget to purchase. Thank you."—(name withheld), Director of Sales, Citadel Communications Corporation

How can you not demand that radio executives become informed and educated on the business issues and problems they are faced with every day? How can anyone from a CEO to an AE discuss intelligently the day-to-day issues of radio and its competing media when their potential news, information, and intelligence sources are cut off? NO budget. Not just to RBR, but to the workbelt tools of the trade needed to learn.

**Solution:** Make a budget for the tools to fill the workbelt to build radio's business. Let the uninformed work in someone else's business.

**Problem #3:** Conventions, special conferences. Are they needed? Some, yes. All, no. The ones that are determined "yes" have to have a balance and must be affordable. Understanding the economics of the situation comes first to me. Where do I send *RBR* editors? Conventions, state broadcaster conventions, every banking conference, every black-tie affair, every association board meeting, etc.? There are just too damn many of them.

**Solution:** Ever hear the term, collective bargaining? Think about this one. With collective bargaining, along with what the mind conceives, one can achieve.

**Problem #4:** Technology and politics. I'm talking about the politics that is driving the PR surrounding technology. You know what they are without me beating the issues or companies up. Ok, it's new—but that doesn't make it necessary.

**Solution:** Go slow, let the ones appointed to various committees report on progress. Don't cram new tech down the throats of radio when results are not in or the ROI cannot be justified. Explain the need, come up with a workable solution and establish a realistic timetable.

**Problem #5:** The next wave of consolidation. I was asked numerous times "will it happen?" Maybe, but I can't give you a date. Catching this wave will be determined by the bankers and financial institutions when they start putting pressure for a higher rate of ROI. Or, what in a company's portfolio fits and doesn't fit?

**Solution:** It probably is the time to do some yard work. My dad used to say, "Go weed the garden." Weeding is necessary for any healthy garden to grow. Once the garden produces, and usually too much, you share your excess with your neighbors. Well, this is when the next wave will hit. Will those with excess help their neighbors?

**Problem #6:** Money. Bankers talk the talk but can't walk the walk. Since the first wave and the Telecom Act many financial types have been wearing rose-colored fee glasses too long. They can't or won't help the next generation that wants to be in the radio business. One banker on a panel stated, "Go to family, friends, and your savings passbook." The room emptied quietly but quickly.

**Solution:** We need executives with passion and experience, who can become strategists for the next generation to help them acquire and succeed. Radio has had these strategists. They were the ones that help build much of what we see today. They are gone but I'd sure like to see them back. Whoever becomes the passionate radio business strategist today will greatly motivate the growth of the radio business tomorrow.

The problems, controversies, and various issues that have occurred over the past few years are many. We all are aware of them, and we should learn from them. Fool me once shame on you... fool me twice shame on me! Or if we in the radio business can't work and resolve our problems together, then we can go hire a PR Firm.

Your feedback is encouraged and welcome:  
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## Polishing radio's public image

"I don't think it's any great secret that this industry has been unfairly maligned in the press over the course of the last year or two. It's time we stepped up and set the record straight," says Entercom CEO **David Field**, who heads the NAB Radio Board committee putting together a PR campaign for terrestrial radio. Field talked with *RBR* about the plan after word got out that the NAB is soliciting bids for a PR contract to counteract the bad-mouthing of terrestrial radio by satellite radio companies, the record industry and anyone else who has an agenda which is at odds with radio.



David Field

"I think the first thing we do is make sure that if an article is going to be written about the radio industry, it should be written fairly and without bias," Field said. "To accomplish that, we need to make sure that we debunk the myths that have been promulgated."

Despite being in the communications business, radio does very little to get its message out to the public. Meanwhile, Field notes that XM Satellite Radio has several PR firms working for it.

"We've allowed our industry to be a proverbial punching bag," Field said. "What's terrific is the industry is rallying behind an effort to begin to defend ourselves."

While PR professionals are going to be employed to carry radio's message to newspaper, magazine and TV reporters, Field says leaders in radio mustn't figure that the job is being taken care of. "I think we all are ambassadors for the industry and it is incumbent upon all of us that we communicate the merits of our industry and articulate the truth whenever we have an opportunity," he said.

## Nationwide Amber Alert system moving forward

Despite recent successes across the country with different states' Amber Alert systems, so far only 16 states have them in place to find abducted or missing children. That may change. Sens. **Kay Bailey Hutchison** (R-TX) and **Dianne Feinstein** (D-CA) jointly (8/20) proposed legislation to create a national network—"The Trace and Recover America's Children Act" (TRAC—S. 2896). Soon afterward, the Senate unanimously passed (*RBR e-paper* 9/11) legislation to take the Amber Alert system nationwide. NAB President **Eddie Fritts** had testified at a Senate hearing about the children who had been rescued after law enforcement and broadcasters worked together to alert citizens to child abductions (*RBR e-paper* 9/5).

The legislation aims to provide federal money for grants to buy equipment and train authorities and law enforcement agencies to implement the system effectively. Currently, many police and sheriff's departments don't have the training or manpower to participate.

Critics say as the system spreads to new states, so does the potential for glitches and false alarms. Supporters worry that without strict guidelines, Amber Alerts could be viewed as the boy crying wolf. Since Amber Alerts utilize the EAS system, TV viewers in communities of California and Virginia were notified of an "unidentified statewide civil alert," but it was unclear that the call was for information about 4-year-old **Jessica Cortez**, who disappeared in LA, or **Jennifer Short** in Virginia. In another case, a young boy was reportedly kidnapped in Suisun City, CA. Highway signs were activated with descriptions of a suspect vehicle. But the alert was rescinded when it turned out to be a runaway who apparently didn't want to get back into a vehicle to be reunited with his parents. Then there was the did-she-defect-or-didn't-she case of a 12-year-old girl from China who disappeared from the San Francisco International Airport. The Amber system was activated, then rescinded, then activated again. A few days later, the girl turned up with relatives.

The Trace and Recover America's Children Act's national Amber Alert network would include highway signage and

broadcast media to notify the public of a missing child or a child abduction. The bill would also give the Amber network access to DNA and biographical information kept by the FBI's Combined DNA Index System (CODIS) to help identify and locate potential suspects in child abduction cases.

The National Center for Missing and Exploited Children (NCMEC) is also backing a nationwide Amber Alert System. "Currently, there is no national Amber Alert system. This means that when an Amber Alert is activated it does not go off in every state in the nation. Instead, the alert is targeted locally, regionally or statewide. Recently we witnessed an Alert sent out to a number of states to help in the search for 10-year-old **Nichole Timmons** from Riverside, CA. The Alert was not only delivered throughout California, but also activated in its neighbor states Oregon, Nevada and Arizona. At the time, it was believed that the abductor was traveling to Colorado. Thanks to the speedy delivery of information Nichole was recovered. This is a clear example of how alerts can help when a child is taken across state lines," said NCMEC President/CEO **Ernie Allen**.

**RBR observation:** A coordinated, nationwide Amber Alert system would be a great means in which to demonstrate the importance and power of radio in helping communities. With DOJ investigations about Clear Channel's alleged anticompetitive behavior, Sen. Feingold's Competition in Radio and Concert Industries Act, and the recent Opie and Anthony mess, this would be a good time to underscore how radio can be integral to a valuable national program of this nature. But we caution that controls are needed to prevent false alarms.

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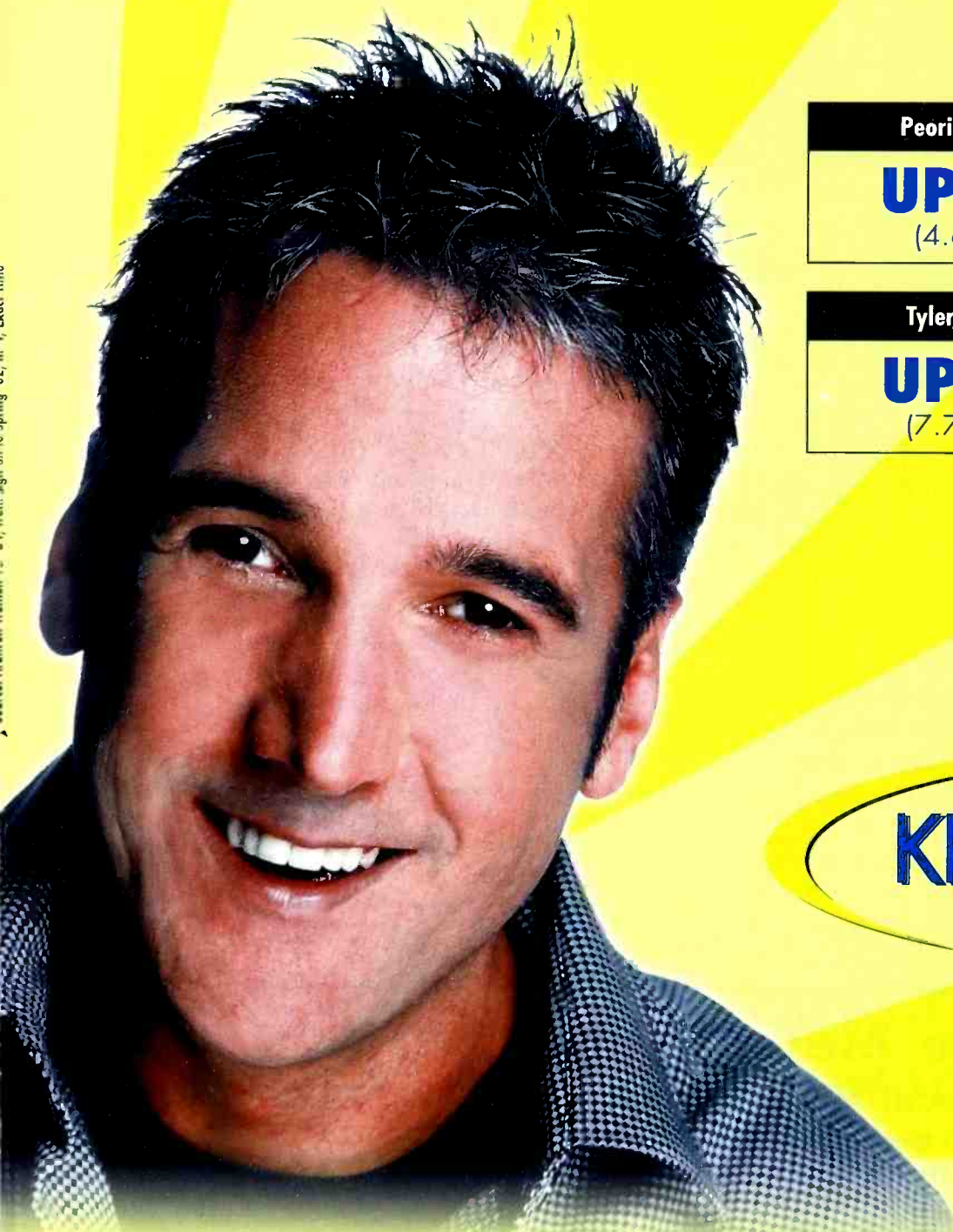
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# There's no turning back

By Natalie Swed Stone

It looks like 2002 will end better than it began. We can all breathe a little easier now. Of course, we had all hoped that would be the case—and it is heartening to see that it is actually looking better than we had anticipated.

So naturally, we now look towards 2003. What can we hope for? What can we realistically expect?

The 21<sup>st</sup> century seems to have brought its own set of characteristics—the 20<sup>th</sup> century, though only 2 years ago, seems very far away indeed—what's new in the 21<sup>st</sup> century?

**1. Volatility:** this is visible in the stock market, ad budgets, lack of predictable patterns—we have seen budgets appear and disappear in different categories—a strong category today can weaken very quickly—a company with a large ad budget yesterday can cut spending more dramatically than previously—a hot radio market can turn into an average market with a few budget cancellations in a short time and vice versa.

**2. We take nothing for granted:** most of us understand that things have changed and that nothing can be taken for granted—there is no assuming a client will return—or that budgets will automatically be up consistent with “inflation,” no assuming that a client will want what it did last year. On the agency side, we don't take our clients for granted—we understand that we need to provide our best work to retain them—on the broadcaster/supplier side, I believe the same is true. We have seen more attention paid to clients this year and more effort made to ensure their satisfaction.

**3. Better and Different:** competition is keen—all companies on all sides are under pressure to perform both short and long-term—all of us have learned that we have to be on our toes—that our work has to be superior—that we have to provide better and different solutions every day—that we have more sophisticated and more aggressive competitors on our heels—among other challenges.

**4. Interdependence:** we realize that we are codependent—we all affect each other—an outgrowth of this and of consolidation is better partnering—we are learning to work together in ways that show an appreciation for how important the success of our partners is—we are also able to partner better because we are larger entities and have enough room to forge an alliance with enough flexibility to make it work.

**5. No turnaround time:** everything is instantaneous—we are all expected to perform with extreme rapidity—that includes every



*Natalie Swed Stone*

step of the process—responding to proposals, making changes, responding to client requests, etc.—companies limited in their systems and service and unable to respond with immediacy will suffer.

**6. Accountability:** we are all at every level and in every discipline more accountable. Most important, ad budgets will be more accountable—we are moving to a more re-

sults-oriented business—and every media campaign will have to deliver results—that makes every part of the process extremely important—and requires that all involved be aware that unless they deliver results, they will not have a second chance—That, by the way, is new and will require intensely-focused campaigns—it will leave no room for extraneous buys—for imprecision.

In short, there is no turning back—no turning back to an easier, more comfortable, more predictable time—but there are many positives—buyer and seller have learned to work more closely together—to build partnerships and to appreciate the clients we share—to help them succeed so that the cycle continues—thereby minimizing additional volatility. It has actually been a year of enormous creativity—in finding and maximizing solutions and resources. I think that will continue. Communication and dialogue has improved and parties seem to understand the others' process better. These are all positive.

That's what we can realistically expect—more of the same of the above.

What can we hope for? We can hope for a healthy, steady, stable success—and the ability to delineate patterns as they are developing—and then be able to turn around with alacrity and respond to them!

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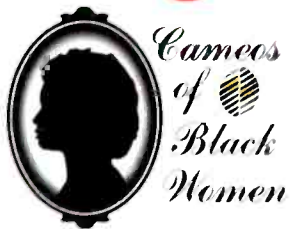
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## How to Negotiate Without Turning Into a Pitiful Puddle of Spineless Goo

### Part 1 of 2

By Paul Weyland

President John Kennedy once said, "Let us never negotiate out of fear. And, let us never fear to negotiate."

Successful negotiating is not difficult. It's just a learned skill that if practiced regularly, becomes a natural instinct. Negotiation is simply the act of guiding another person toward a mutually beneficial conclusion. Just like my shepherd dog does all the time. Most media salespeople are the worst negotiators in the world. As soon as a buyer puts on some pressure, the salesperson just craters. In some other countries where I've worked, if you want agency business you've got to literally pay a bribe to the agency. Here in America we call this "added value." We routinely just give away added value and bonus spots. In fact, agency buys seldom come down anymore without stipulating value-added guarantees.

Shamefully, this disturbing trend is now raising its ugly head with direct clients and it's no wonder. Anxious to add billing, salespeople in every sized market are actually VOLUNTEERING added value, without the client even asking.

The fact is that the salesperson will always take the path of what he or she believes offers the least resistance in closing a deal.

But who gets paid for "added value?" Well, nobody on the station side, including you. When you give away a promotion that means that you and your station are working for free. When you give away inventory, you're taking up avails that nobody is getting paid for.

Anybody can give it away. But it takes a real salesperson to sell it. You don't have to crater during a negotiation. You work hard in this business, and there is no logical reason why you shouldn't be paid well for your hard work.

Here are some tips for much better negotiation.

**Have confidence.** Before you sit down with your client, visualize a successful negotiation. Have confidence in your ability to come out of the meeting with a few victories and a good, solid deal. Confidence in your own ability to strike a fair deal means a lot. Hopefully, some of these thoughts will help guide you toward becoming a better negotiator.

**Don't try to kill the client.** First, remember that a successful negotiation is not a game with a winner and a loser. In order for there to be a successful negotiation, both sides must feel as though they have won. You are not there to destroy an opponent. You are there to strike a deal where everybody believes that they have won something. Remember that you are working toward a common goal.

**Don't waste time with the wrong person.** Have you ever spent valuable time and/or money dealing with someone who was not the decision maker? To make absolutely sure you're dealing with the person who buys the advertising, ASK. Ask the person directly if they are the person who buys the advertising for their company. If the "real" decision-maker can't be there, try to reschedule until you can meet with the correct person. In fact, be sure to ask the non-decision-maker to help you arrange the appointment.

**Never judge a book by its cover**—or a client by his appearance or manner. Always assume that your client is as skilled a negotiator as you are.



Paul Weyland

Don't underestimate anybody and you'll have fewer surprises.

**What's your client's motivation?** Do some homework before your meeting and try your best to figure out what your client's primary motivation will be in the negotiation. It may not be what you think it is. It may or may not be rate. It may or may not be added value. It may or may not be a better creative idea. It may or may not be a trip or other incentive.

**You have two ears and one mouth for a reason.** To make absolutely certain you understand the situation as clearly as possible,

always be a good listener. If you see or hear something that you don't fully understand, ask the person you are negotiating with to please repeat or restate what they have said. Again, always listen carefully. PROBE for information when you don't understand a prospect's point. "When you say that you mean...?" and let the client finish.

**Teach your client that you're the good guy.** Have short and long-term goals of building a foundation of trust and confidence with your client. Always behave in a way that is absolutely beyond reproach. Work toward establishing a relationship where what you say goes unquestioned. Now, this doesn't necessarily mean that your client will agree with everything you say...just that he would accept it as factual.

**Gray is okay.** Remember that in a good negotiation, NOTHING is black and white. There should always be some gray space. Deals are made in the gray spaces.

**Don't get emotional.** Try to look at every possible side of a deal...every angle and detail, before and during the negotiation. Your ability to stay objective and flexible will be crucial to the outcome. If you are emotionally attached to any single issue, your ability to negotiate objectively is compromised. Don't fight to win a battle and then lose the war. Sacrifice smaller points to win bigger ones.

**Keep it simple.** Try to guide the meeting agenda and stick to a simple plan. Keep your agenda as simple and straightforward as possible. Use the SOS one-sheet proposal as your agenda. Remember KISS? KEEP IT SIMPLE STUPID. The more complicated the agenda, the tougher the close.

**Don't haggle over price.** Try to keep the discussion focused on your VALUE and BENEFIT to your client, not your PRICE. There is no question that value can be perceived completely differently between two individuals...depending on the education of both sides. So it is always in your best interest to make sure that you understand as much as possible about how your client's business works. Of course it's equally important that you educate your client on the benefits of marketing and advertising, and how valuable your audience is to your client's bottom line. Steer your client away from price and back toward value. For example, what's the value of one new customer to your client?

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Paul Weyland

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† Source: Arbitron Nationwide, Fall 2001, Persons 12+, Mon-Sun 8am-12mid, AQH Persons.

## It's a jungle out there: GMs talk about running standalones

As consolidation's grip on local market revenues becomes more and more pronounced with the learning curve of maximizing cluster efficiencies and strengths now peaking for the big groups, how are the standalone station GMs fighting the battle? In light of the recent legislation put forth by Sen. **Russell Feingold** (D-WI)—the "Competition In Radio And Concert Industries Act" (RBR.com 6/27)—are the big group clusters' tentacles also strangling standalones' relationships with artists, labels and concert venues? You may be surprised.

We talked to four GMs for the story: **Ardie Gregory**, Capitol Broadcasting's WRAL-FM Raleigh; **Blaise Howard**, WEAZ Inc.'s WBEB-FM Philadelphia; **Rick Weinkauff**, Gross Communications' WLOQ-FM Orlando; and **Scott Fey**, New Planet's KEDJ-FM Phoenix.

### How do you compete and survive in your market as a standalone station?



Blaise Howard

Howard, who has worked for WBEB owner **Jerry Lee** for almost six years now, contends he doesn't really think about "How do we?"—He just competes: "We realize that if you put a good product out, if it's well-researched, you make good, sound business decisions, you invest in your product, you invest in your people, you can win. And it doesn't matter if you are one station in Philadelphia or whether you've got 50 stations. I think if you have that kind of philosophy and you've got an owner—a visionary like Jerry

Lee—he gives you all the tools and everything you need to win.

He adds, "We don't come to work in the morning thinking, 'Geez, how do we compete against these big giants?' We come to work and say to ourselves, 'How can we grow our ratings and how can we grow our revenue?' And we ask those questions every day. That's the mantra here: growing ratings, growing revenue. And everybody who walks through the door, that's their quest every day. We love to win and we love the fact that we're beating some of these big radio stations in this market. It feels real good to be number one, I can tell you that."

And as to the re-launch of the old (now Clear Channel) WSNI-FM (Sunny 104.5) in the market? "I can say we're not stressed, but we do take everything seriously," Howard admits. "They are a big company and they have a lot of resources that they can call upon.



Ardie Gregory

So we don't ever take anything lightly. But we'll wait and see what happens."

WBEB, or B-101, is considered a heritage station in the market. CCU is attempting to bring back another heritage station in resurrecting WSNI. WRAL is certainly heritage in Raleigh. "One of the major advantages that we have here is that we are a heritage AC station, Gregory tells *RBR*. "We have been 52 years in the format. And while the format has obviously taken on many different forms over the years, we've still remained true to Adult Contemporary. And it certainly

doesn't hurt us to have WRAL as our call letters. Capitol Broadcasting is a big entity, not just in the state, but particularly here because we've got two TV stations, the radio station, and in Durham we own a baseball team—the Durham Bulls. So we just have a large presence as a company and that helps us as well."

Right now, Capitol is working on figuring out how to combine all of its properties and converge them to help its properties sell packages. Explains Gregory: "We're starting to do some new business development with a team of salespeople that represent each property and we're actually starting to see some minor successes on that. Sometimes your radio buyers are not necessarily your television buyers. What we're trying to do is keep this in the new business development arena."

As Gregory said, it does help a lot to have a heritage format. By now, most of the standalones out there have been that way for a long time and have turned down multiple offers from the groups. "We're a unique format with Smooth Jazz—there's not another one in the marketplace," attests Weinkauff. "And we have been effective in getting buyers locally to look at each station individually, as opposed to groups. And pitching quality instead of reduced pricing. It's been a long process, but we've been doing that for a long period of time. This has been a combined marketplace for quite some time. Buying a group of stations is not necessarily the best buy for a business if in fact, you're getting a lot of overlap audience, it's not feasible for their business."

"A lot of times in this market it's buy one station, get three for free. It's really tough to compete with that," Gregory admits. "We try to stay on the high road as far as pricing and we add the value of who we are in the community and what we do as a reason to pay a premium to advertise on WRAL. We really can't win the pricing battle because it's limited inventory—one station. If we get into a pricing war, we automatically lose. So it's not always the easiest thing to do, to take that high road, but we have just found that when you can sit with an advertiser and let them know just about the environment in which their ads run and the fact that they are exposed at a lot of different levels other than just a spot buy, it gives us a little bit of an edge there. But for right now, for all intents and purposes, I'm pretty much a standalone. So I do rely on the history

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of the radio station, the call letters, the company and what it means to the community. And we have a very big role in the community as far as giving back. And I think that probably helps us overcome some of the obstacles of selling against multiple ownership."

New Planet originally launched Churban "Party Radio" on 103.9 in '97. After a long struggle in a CHR-saturated market, it picked up Big City Radio's "The Edge" name, which was on 106.3 before Big City sold to Hispanic Broadcasting earlier this year. GM Scott Fey said along with picking up the name and Alternative Rock format and moving it to 103.9 (which is getting an upgrade to 100K soon), they picked up all of the announcers, the logo, the email list. How does he compete, especially now against Infinity's Alternative KZON-FM?

"We simply run our business," Fey contends. "And although we've worried about the situation of being an independent broadcaster in the past, the reality is that we don't feel at this juncture that it's really held us back. In some instances, it's actually been beneficial. For us there is no red tape, so if we want to do something, and we decide to do it this morning, we could put it on the air this afternoon. So there's no corporate layers to getting things accomplished for us.

We find when we want to turn the ship, we do it on a dime. There's nothing that prohibits us from accomplishing what we want to when we decide to do it."

## Have you noticed any bullying or undercutting tactics from your competitors?

"I feel literally like the deer who is in the cross-hairs all the time," confesses Gregory. "What I find is that more salespeople are on the street telling buyers why they should not buy me, and none of them are employed by me obviously. It seems to me that we've lost the focus of teaching our sales staffs to go out and sell the merits of their own stations. So I do feel very much that we are the target of why you shouldn't buy a particular radio station as opposed to this is why you should buy radio in general. And that gets a little discouraging.

She adds: "And as I said, we can't win a pricing war. You have to choose your battles, and for us, we have to take the road of saying, "This is why you need to buy WRAL. Even if you're buying this particular cluster or that one, this is a market where you can't ignore the standalone."

Nevertheless, WRAL is consistently in the top three, usually number two locally and number one nationally in revenues. "This year has been a challenge for us nationally, because we had some ratings issues coming into the year," Gregory said. "But we have always consistently been a top biller in the market. That still holds true."



Rick Weinkauff

"I don't know if you would call it bullying," Howard explains, "but I think that every time that I make a trip to NY or I'm out with a local client, it's interesting to see that we're always the first topic of conversation. Most of the radio groups here in Philly talk about how you don't need B-101—you can buy us. You can buy our group and they have everything from billboards to TV stations and non-traditional concerts and everything else." But interestingly, what it really comes down to is that people want to buy quality

product and we probably 95% of the time win out over all of that."

Some see little or no existence of bullying. In fact, some see cooperation—and income—from the groups!

"I'll tell you very honestly, no [bullying]," Weinkauff admits. "And the reason I say that is we've been in the marketplace for 25 years with the same ownership and the same format. So most everyone acknowledges us as a factor in the marketplace. Certainly, they all try to cut rates to get us off of the buy and them on the buy, but that's normal business."

And Feingold, **John Hogan** and the Mays should listen to this—Fey says: "From the music side, they have the ability to exert a lot of control over product. So they exert a lot of control over the record labels and that can impact us when, say, we want to bring an artist in town to perform at one of our concerts. That becomes a battle and we've always battled that. It's just that I think they have a little stronger position than they have in the past. In terms of Clear Channel specifically, they have a number of the venues in town and they control a lot of the concerts. But we actually have a great relationship with them. We do a lot of business with them and they spend—it's not a fortune with us—but they spend quite a bit of money with our station to advertise Clear Channel events. So that part hasn't been really too much of a problem. It's just getting access to artists results in battles that happen with the record labels in regard to actually securing an artist for a concert. I know last year, one of the big groups made the decision going into the year (they knew it was going to be a tough year) to really reduce their prices. But in hindsight, maybe they wish they hadn't. Because I think they sold out a lot of their stations with less expensive rates—just to do tonnage and get a bigger share of the marketplace."



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## Advantages of running a standalone

Indeed, there are plenty of advantages of running a standalone in any size market. For the GM, the pressure is altogether different—and the latitude of decision-making is much larger in scope. Says Weinkauff: “We’re independently owned, so we’re in the radio business, not the Wall Street business. And that makes a huge difference. We’re live 24 hours a day, seven days a week. And we’re probably the only station in the marketplace of the major players that can claim that. Everyone else is boxing all of the shifts. We have jocks live that actually answer the phone—it doesn’t ring busy all the time. We’re still in the radio business, let’s put it that way. And that’s unique.”

Howard wholeheartedly agrees: “One of the things about being in a large company is the fact they can’t turn on a dime. There’s too many people making decisions—too many layers of decision-making. And with us, we can turn on a dime. Usually, most decisions are made at my desk or Jerry’s desk. We don’t have Wall Street breathing down our neck. We don’t receive phone calls from the corporation saying we’ve got to save more money in this Q4 so you can’t do this, this and this. We don’t have those kinds of meetings here. We have a meeting that says, ‘How do we drive ratings more? Should we be doing more music research? Should we cut a new television spot? Should we invest more money in advertising?’ I don’t think the guys running these big corporations hear that too often. It’s always about, ‘We’ve got to drive bottom line, Wall Street’s breathing down our neck. We’ve got to show better profits.’ We don’t have anybody to show profits to except ourselves.”



Scott Fey

“We find that the atmosphere of a large company is not every professional’s cup of tea,” Fey says. “Because we keep the atmosphere of The Edge fun and entrepreneurial, we have been able to recruit excellent employees that share our value system. That has really worked for us and our entire group is very close. One of the things that sometimes is brought up is ‘Gee, how do you compete with the big guys, because they have so much money?’ And the reality is

our company has sufficient funding to compete on a promotional level and at an advertising/marketing level, with maybe the exception of when the larger groups decide to give away a million dollars and blend that out throughout all their stations in the country. But for all the day to day, in terms of having people on the street, the number of bands on the street, ad dollars, I think we’re pretty equal. So that’s a little bit of a misnomer that they have more money. And really, they’re pretty conservative. We find that some of the big groups are really reluctant to spend more money because they have to conserve cash so they affect their stock price. That’s a reality.”

## How did you get into radio?

**Gregory:** I made a career change about 20 years ago. I was in the marketing and advertising side of the business so I was on the other side of the desk. And I decided I wanted to get into sales so that I could grow my income. And from that got into sales management and then general management. It was just one of those things where I said, “You know what, why should all of those guys make all that money?”

I was sort of on the fringes of radio and had been in marketing and buying for a long time within another market. So it has been a wonderful ride for me. I love radio.

**Weinkauff:** Through my wife’s bridge club. I was working for another company and we were about to be transferred and my wife didn’t want to move. She happened to be talking one night with a bunch of ladies playing bridge and the next morning I got a call from somebody in the radio business saying, “Listen, we’re looking for a real good salesperson.” And that’s how I got back in it, back in 1968 in Tampa, and I’ve been in it ever since. “Wonderful Days and Evenings,” WDAE.

**Howard:** I’ve been in it almost 25 years. 1977 was when I started in Pittsburgh. And just moved up through the sales ranks. I started at WKTQ-AM, “13-Q”. At that time it was owned by a company that’s no longer in business, Nationwide Communications. The two gentlemen named **Steve Berger** and **Mickey Franco** hired me. And after that, I went to WDVE-FM. It wasn’t until 1980 that I ended up at Westinghouse Broadcasting and KDKA-AM. And then I spent quite a bit of time with Westinghouse up until six years ago when I left for WEAZ, now WBEB.

I’ve never worked anywhere where you’ve been able to come into work in the morning and anything is possible. And the only thing standing in your way is your own self-limiting beliefs. If you believe you can’t do it, then you probably can’t. So it took me a while when I came to work for Jerry to eliminate my own self-limiting beliefs and say, “Yeah, I can do that. We can do that.” And not have to worry about what it costs all the time. If it’s the right thing to do, invest in it and make it happen. It’s not like we run around like drunken sailors spending money, but if we think we can drive the radio station forward, let’s try it. Let’s make a mistake going forward and not worry about what our competition is doing.

**Fey:** Just happenstance more than anything else. I had a friend that was in the business and he set up an interview with a GM of a radio station. I interviewed and took a position in sales and have been in it ever since.



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## “No-shows” from exhibitors at NAB

The recent NAB Radio Show in Seattle was witness to a marked drop in the number of regular exhibitors. Total attendance was also down, with the official number being 3,983. That's down from 5,227 last year in New Orleans

Just from our short list, exhibitor no-shows included Orban/CRL, Telos/Omnia, Continental Electronics, Broadcast Supply Worldwide, Maxagrid, 360 Systems, Dataworld and Music Master. Some, like Broadcast Electronics, reduced the size of their booths. Why? Attendance was dismal last year, and that was just before 9/11. And this past year, many companies got hammered in the pocketbook. We asked a few reps from companies that didn't have their own booths to explain—and offer suggestions—on improving the Fall shows as well.

“Basically, last year at the New Orleans show there was so little turnout there was just no return on investment,” says Continental Electronics' Broadcast Marketing Manager **Bret Brewer**, who typically spends over \$100K on the Spring Show. Continental's expenditure in the '01 New Orleans Radio Show was a little over \$30K.

Brewer adds, “And I told the NAB people at the corporate level it would have been cheaper for me to fly all the attendees that I had come to my booth to Dallas and have a personal one-on-one with them than it was to go through the setting up, shipping equipment out there, standing in a booth, missing all the sessions. Consolidation killed it, I think, over the last few years. As

corporations get consumed, they send fewer and fewer people. Of course, now, the NAB argument is, ‘Yes, but that one person that shows up in your booth might represent 20 stations.’ Well, that's true, but I can still fly that one person to Dallas! And so basically at the NAB last year I said, ‘I'm not doing this again.’ I think the money savings can be offset in other ways. One is my advertising with you guys. It absolutely has nothing to do with the business state we're in or anything else. In fact, business has been great. We'll be up front and center at the Spring show, but this show was just not worth it. However, we were in full attendance at all of the sessions, even the Marconi Awards. We've never been able to do any of that. All told, my ROI on this show was tremendous compared to last year.”

“We found that it wasn't economical. Honestly, that's what it all boils down to doesn't it? We couldn't justify the amount of business generated from being there with the amount of traffic that NAB delivered. It was painful last year,” said one vendor, off the record. “It's a problem in the whole radio business, getting attendance. Consolidation has completely squeezed people out. I mean how many people from Clear Channel do you think went? Probably all six of them! And that's for 1,200 stations. How can you support a trade show when you've got that kind of consolidation? Of course, the economy had something to do with it and 9/11 as well. My feeling is the challenge to NAB is instead of asking everybody to show there, what can you do to attract people to come to your convention?”

Two common alternatives to exhibiting were to send staff to

### *It's time for the NAB to consolidate*

*continued from page 1*

The power base has realigned, with more going to the few remaining group owners. You see beginnings of that with groups like Clear Channel holding their own “mini-conventions” that are chock full of sessions to help teach everyone how to be better at what they do. Also too, their secrets remain secrets. The NAB knows this—heck one of their own, **Jim May**, spoke at the most recent Clear Channel convention on “how to lobby locally.”

The drinks-til-you-drop-for-free days of the past are gone forever. Conventions are no longer about partying. They're all about learning and training. If everyone went to the Spring NAB they could quickly get an education on the Internet, streaming, what TV is up to. It is all at that show. The dot.com bubble burst, but the Internet is here to stay.

You want radio to be important and feel special. Great. Simple solution—dump the Fall and consolidate it into the Spring and the most important factor is to have all the radio people stay in a “Radio Only” hotel for the Vegas show. This way the radio interaction can still take place. And group heads—get back to being with your people, not secluded off at a fancy swanky hotel away from the troops you lead.

As the consolidators say, either bulk up or get out. Do it now starting with 2003 Philly. It's time NAB made the move.

If you have ideas or comments, email me and we will run your thoughts in RBR's Daily Morning Epaper as a Bounceback.

Ken Lee, Associate Publisher klee@rbr.com



*Radio Group Executive Super Session - Panelists seated left to right are Ed Christian, Saga Communications, Grosse Pointe FM, MI; David Field, Entercom Communications, Bala Cynwyd, PA; Mark Mays, Clear Channel Communications, San Antonio, TX; Mary Catherine Sneed, Radio One, Inc., Atlanta, GA; Terry Jacobs, Regent Communications, Covington, KY*

the show to mingle and/or share booths with other exhibitors. Maxagrid, which exhibited in New Orleans last year, found an entirely new way to exhibit this time around: "We created a virtual exhibit booth, if you will, at our website that replaces what we would normally do on the floor," Maxagrid GM **Alec Drake** explained. "It includes both product demonstrations that include visual tours of the product along with an audio guide, a slide presentation, etc. Our point is we can reach more prospects by going virtual with our booth. There's a large saving of costs, of course. We can use that better for incentives and to market to a wider community of broadcasters."

"Radio is changing, the way business is done is changing and we believe in looking forward," Telos/Omnia e-marketing specialist **Clark Novak** explains. "We found that our dealers, our distributors are the ones that have the very good relationship with the CEs, GMs and PDs going to the show. So we decided to kind of 'glom on' with them and it works really well. We were with BGS [Broadcasters' General Store] and the Rock and Roll Hall of Fame, along with Harris' and BE's booth. We'll be at the Spring Show with a booth, though."

"We were in with several of our dealers and vendors," Orban/CRL President **Jay Brentlinger** told *RBR*. "The show, in our estimation, has been dwindling in attendees for a number of years. It's just a tremendous expense, and for the number of attendees we've been seeing, I just couldn't really justify it. We had the IBC show going almost exactly at the same time in Europe. I think at the New Orleans show, we got card swiped from 83 prospects. Based on what I paid for the booth, people to be there and all that's involved, I think I might have been better off giving the product to those 83 people than to pay for what I was doing there. Some of my dealers have said they'll never go back again—BSW [Broadcast Supply Worldwide]."

In fact, before the show, BSW President **Tim Schweiger** wrote a letter to some of his suppliers saying he wasn't going. One

he was responsible for other companies not exhibiting, which isn't the case."

Schweiger was Chairman of the NAB's Exhibit Advisory Committee for three years and has a "great deal of respect for the organization."

"The letter that I sent out was to all of the manufacturers that we represent," he says. "In no way did it advocate them pulling out of the trade show. I think it's vital for the manufacturers to be there. We're a dealer for about 225 different lines. We've been an exhibitor at NAB for about 20 years. The letter we sent out was to tell them that after 20 years of exhibiting at NAB and NAB Radio that BSW made the decision to pull out of the show. We cited a couple of reasons. First and foremost is the nature of the business has changed with consolidation—there's fewer and fewer people going to the show these days. The second thing is with the advent of things like the Internet, the reason why many of our customers used to go to the trade show was to get new product knowledge, hands on and that type of thing. People can get information that they need at their fingertips instantly. Lastly, our profit margins are being squeezed further and further and further and with fewer and fewer people going to the shows to buy, it became a marketing expense."

### Solutions, anyone?

This was the first show radio and TV broadcast equipment supplier 360 Systems didn't exhibit at. VP/Sales **Ralph Goldheim** had this short suggestion: "We look forward to NAB combining both shows in the future, possibly bringing more people to the convention."

Brewer had another, "I talked to a lot of people who like the Fall Show because it's smaller. All of my customers are radio and I know very few who attend both shows, so they pick one or the other. Most of them pick the Spring Show. It's a better show. But then some of them don't like it because it's just too big. I think they ought to split it up altogether. Have a radio show, period and a TV show, period."

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## Don & Mike back in afternoon drive

Well, it's been a wild ride for Infinity/Westwood One's Don & Mike (**Don Geronimo** and **Mike O'Meara**) this year.

Don & Mike were asked to return to their old afternoon drive time slot after Opie and Anthony were cancelled from the "Sex for Sam" contest where the two listeners were caught having sex in St. Patrick's Cathedral (*RBR* e-paper 8/23). WNEW GM **Ken Stevens** and PD **Jeremy Coleman** were suspended as well from the fallout. Upon D&M's re-debut, the two talked about a new contract that went with the new time slot: "After the events of last week and the week before, we're on vacation and we get a phone call saying, 'How would you guys like an even greater challenge—taking back your old jobs and this time taking a shift that's ranked 18<sup>th</sup>, and seeing if you can turn that baby around.' We said no problem, but we wanted some things included—like Philadelphia [WYSP] and SF and New Orleans and some of the other cities we've recently signed on to. So what we've done is made a one year deal with the devil, but we do that all the time. We did a nice one-year negotiation with some of the new people at the top of this company."

## The stations speak

As many know, as soon as O&A were cancelled, affiliates across the country scrambled to replace them. A few, who didn't already run them, decided on D&M: Wilks Broadcasting's WXXM-FM New Orleans, Citadel's WEOZ-FM Wilkes Barre, PA, WYSP-FM Philadelphia (D&M started there 3/1) and KYCY-AM San Francisco. We talked with WXXM OM **Rob Summers** and KYCYGM **Ernest James**.



Westwood One's Don & Mike

### What about losing O&A. Was it a tough break for the station?

"I don't think we had been on the air long enough for it to be a killer, like it was for some stations that imaged their entire station around the O&A," Summers explained. "We were getting to that point—we had a lot of WOW stickers out there and had the big WOW on the side of our van, which we still need to get taken off. We were sorry to lose them because they had really gained a following in the market. We had some good numbers in that last book. But it's totally understandable as to why they're gone."

People are still kind of complaining to WXXM a bit that O&A are gone, but for the most part, "I don't think they were entrenched enough to cause a huge row," he adds. "And it was very easy for us to move Don & Mike to the afternoon because we were already running them in middays. Our format is Hot Talk/Real Rock and it's really more of a Talk station. So it was really a no-brainer—that's kind of what we were hoping for, was that Don & Mike would move to afternoons. We've had no major problem. We replaced midday D&M with **Jim Rome**."

Said James: "I work for Infinity. It was a company decision to do it and I'm very supportive of that. It was very unemotional for me."

### How have the stations positioned D&M in the marketplace?

"Our approach is a very low-key approach," James says. "We've certainly made all the people aware through on-air promotions that Don & Mike are in the slot, but beyond that, we haven't done anything else. The local advertisers haven't had a problem. The transition has been seamless."

"There wasn't a huge advertiser backlash because we are such a new station," Summers admitted. "We're basically doing the same kind of imaging and marketing that we were doing before when it included O&A. When the station first went on the air, we had a huge advertising campaign and now it has slacked off some. I can't honestly speak in an educated manner about the campaign because I got here the day that O&A went off the air. In our station imaging, we position it as Lex & Terry in the morning, D&M in the afternoons."

### What do they like about D&M?

"Don & Mike kick ass," Summers says. "They're just really good at what they do. I mean they're just so good at meeting listeners and playing the TSL game. Love them or hate them, they're just great at what they do."

"I think they're entertaining and we had them on the air already," James adds. "And it was a natural transition for us because it allowed them to be on the air live."

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## No news isn't good news—it's just stagnation

Gone are the days when **Mel Karmazin** or **Randy Michaels** would time a major acquisition for announcement at the NAB Radio Show so that they could be the big news of the show. For that matter, gone are the days when you'd find either Mel or Randy at the Radio Show.

The big group CEOs who did go to Seattle—and many didn't—holed up at the Four Seasons to talk among themselves, while the rank and file met at the convention center and bought each other drinks at the Sheraton and Hilton. If there was wheeling and dealing going on, no one had a blockbuster ready to announce in September. The closest thing to a major deal announcement came several days after the show, when Cumulus Media announced a \$30M deal to buy **Clay Holladay's** five stations in Fort Walton Beach, FL.

Of course, most of you aren't affected in your day-to-day business lives by the mega-deals that get our headline writers excited. Unless it's your station being sold—or possibly an in-market competitor—you might find it interesting, but it's not going to impact your business that week.

Perhaps more important than is what was said at the NAB Radio Show about the availability of stations and cash to help smaller companies grow—or even for new companies to get into radio. Isn't new blood what keeps the business growing and evolving?

If so, you'd better call the Red Cross—it looks like the blood bank is nearly empty.

"Will the banks finance radio into a consolidation shutdown?" asked Wachovia Securities analyst **Bishop Cheen** from his front row seat in the standing room-only audience of the financial session sponsored by Dickstein, Shapiro, Morin & Oshinsky.

That brought a joking reply from investment banker **Bill Lisecky** of CIBC World Markets that, "If there's re-regulation, we'll have another party for a while."

But no one is expecting the powers that be in Washington to reverse the course of consolidation, so the bankers are going to continue funding radio's consolidation.

And while the equity and debt sources are still licking their wounds over dot-com and telecom blow-ups, they like radio because there's always value in the underlying FCC license. "If you can't milk the cow, you can always slaughter it," noted broker **Frank Kalil** of Kalil & Co.

Is there still room for start-ups?

**Kathy Marien**, President of Media Finance for Textron Financial Corp., said that while venture capital funds are interested in radio, they typically look to invest a minimum of \$5-10M, so they're not interested in small market deals. For first-time acquisitions of \$2M or less, she said the best sources of equity are still "family, friends and angels."

If your family and friends are no richer than you are—and you haven't been touched by an angel lately—another option is to find a strategic partner, someone who knows the value of radio in your market and would have cash to invest. The example she suggested was a car dealer. Marien didn't mention the connection, but that's exactly how the largest company in radio started back in the 1970s—when **Lowry Mays** got the local Ford dealer in San Antonio, TX, **Red McCombs**, to back him in buying a radio station. That investment grew into Clear Channel Communications and turned both into billionaires.

David Simmons, Chief Executive Officer, of  
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**The Forward Association**  
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**ABC, Inc.**  
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**\$78,000,000**  
(Plus a \$5,000,000 Option Payment)  
MVP represented The Forward Association in this transaction

**Closed!**

Empire Broadcasting Corp.  
has conveyed the assets of  
**KARA (FM)**  
San Jose, CA  
to  
Hispanic Broadcasting Corporation  
for  
**\$58,000,000**  
MVP represented Empire in this transaction

**Closed!**

Bahakel Communications  
has conveyed the assets of  
**WKSI (FM)**  
and **WPET (AM)**  
Greensboro, NC  
to  
Entercom Communications Corporation  
for  
**\$20,750,000**  
MVP represented Bahakel in this transaction

**Closed!**

First Broadcasting Corporation, L.P.  
has conveyed the assets of  
**KXGM (FM)**  
Dallas, TX  
to  
Entravision Communications Corporation  
for  
**\$18,750,000**  
Plus Stations KRVA (FM) and KRVE (FM), Dallas, TX  
MVP represented First Broadcasting in this transaction

**Sold!**

Gold Country Communications, Inc.  
has agreed to convey the assets of  
**KNGT (FM)**  
Jackson, CA  
to  
First Broadcasting Corporation, L.P.  
for  
**\$2,500,000**  
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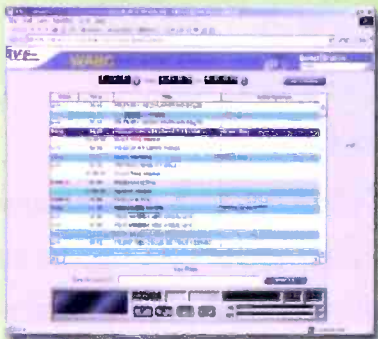
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## Three more reasons to make the switch!



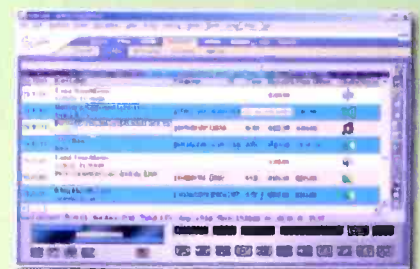
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