

RADIO

MARKETING

**HD. Have You
Converted Yet?**

Vol. XXVI, No. 6 March 21, 2011 PUBLISHED BI-WEEKLY

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Teach Clients to Buy
**5 Ways to Hit Your
Digital Budget**

Slacker Radio
CEO Jim Cady

SLACKERMAN



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Attention, Radio Manager: CONGRATULATIONS. You're Now a Digital Media Executive. Now What?

All media has become digital media. Traditional media outlets like radio must provide rich, deep digital media solutions that go beyond your station's website. Are you prepared? Can you survive in this new world? Do you understand the basics and the sophisticated? Are you pressured to produce digital revenue? Are advertisers asking for creative digital solutions?

Digital media is a reality every radio professional must embrace and thoroughly understand as part of radio operations. ConVergence is where the industry goes to learn, grow, stretch, and master digital media for radio. Join *Radio Ink* at the Microsoft campus for ConVergence 11 and you'll leave as an empowered digital media executive .



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WHO SHOULD ATTEND:

Radio CEOs and Senior Executives
Radio Managers, Sales Managers
and Program Directors
Radio Advertisers
Radio Digital and Tech Executives



World Radio History



CONVERGENCE

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RADIO'S DIGITAL MEDIA CONFERENCE

AGENDA

Wednesday, May 18

1-1:15 p.m.

Conference Start

1:15-1:30 p.m.

Opening Remarks

B. Eric Rhoads, Publisher/CEO, Radio Ink

1:30-2:45 p.m.

Keynote: To be announced

Session One: 2:45-3:30 p.m.

The Socialization of Radio

Twitter, Facebook, and other social media have become major forces in society and business. This session will focus on how radio stations can use these tools to their benefit to enhance revenues as well as advertiser and listener interaction, with specific examples of stations using them to the fullest.

Moderator: Jim Kerr, VP/Strategy, Triton Media

Michele Laven, SVP/Strategic Partnerships, Clear Channel Radio

Jessica Northey, Owner/CEO, Finger Candy Media

Jimmy Steal, VP/Programming, Emmis Communications

Fred McIntyre, Vice President, CBS Interactive Music Group

Session Two: 3:30-4:05 p.m.

The Changing Face of Video

The combination of YouTube and Google TV has changed advertising and communication forever. How can your station best implement video strategy, and how can you make it pay volumes in revenues?

Session Three: 4:05-4:40 p.m.

Riding the Mobile Momentum

Explore the latest mobile trends in the hottest and fastest-growing segment of digital media. What's hot in mobile — and how can you better integrate this platform into your business model to create greater consumer appeal and drive more revenue to the bottom line?

Moderator: Fred Jacobs, President, Jacobs Media

Paul Jacobs, VP General Manager, Jacobs Media

Tim Murphy, VP/Digital Strategy & Enterprise Platforms, Entercom

4:40-5:25 p.m.

Keynote: To be announced

Session Four: 5:25-6:00 p.m.

Are You Still Hiring Like It's 1999?

Sadly, radio programmers and managers are still thinking "great pipes" first, when they

should also be thinking about social media skills, video editing, etc. Times have changed. Who's the social media quarterback in your operation? Who is setting and implementing social strategy? This session will delve into the criteria you need to consider in hiring today.

Moderator: Mark Preston, VP/Digital, Bonneville International

InfoPod: 6:00-6:10 p.m.

Drill down on specific information and services to assist your digital media strategy. Prize Giveaway. Must be present to win.

6:10-6:40 p.m.

Radio Ink's First Annual Digital Awards



Join us as we reward innovation in digital marketing in radio.

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Interactive Revenue

6:40-7:40 p.m.

Cocktail Reception

8:15 - 10:00 p.m.

Birds of a Feather Dinners

Pick from several subjects of interest and join a dinner group (Dutch) to spend time with experts in that category. Each group is limited to 20 persons; first come, first served. Sign-up is available at the registration desk.

Thursday, May 19

7:15-8:00 a.m.

Continental Breakfast

Session Five: 8-8:35 a.m.

Busted: Knowing the Regulations and the Traps to Avoid

Last year, U.S. advertisers spent an estimated \$25 billion on Internet advertising — including millions on radio station websites. Meanwhile, the Federal Trade Commission is considering ways to limit how digital companies track Internet habits and use that information to target advertising. What's the impact of this and other potential pitfalls to radio's digital initiatives? Find out how to use the strategic data that comes with the clicks while avoiding the traps that can hinder.

Moderator: David Oxenford, Partner, Davis Wright Tremaine LLP

Session Six: 8:35-9:10 a.m.

Sales 2.0 and Other Winning Strategies to Sell Digital

Selling has changed. The old basics have been replaced by new, critical tools and techniques. How smart stations are making money with interactive, and how you can bring your online revenues in for a landing.

Moderator: Sheila Kirby, SVP/Professional Development, Radio Advertising Bureau

Cari Jacobs, Marketing Strategist

Jennifer Williams, Corp. Interactive Marketing Director, Greater Media

Session Seven: 9:10-9:45 a.m.

How Listeners Are Driving Radio Listening and Content

Are you ignoring Pandora, Jelli, Slacker, and other listener-driven platforms as irrelevant compared to terrestrial radio? We'll probe the facts, the listening levels, the revenues, the upsides and downsides, and predict where this will end up and how you can benefit.

Moderator: Daniel Anstandig, President, McVay New Media

Doug Sterne, VP, Audio Sales, Pandora

InfoPod: 9:45-9:55 a.m.

Sponsored by Abacast

9:55-10:15 a.m.

Break

Session Eight: 10:15-10:50 a.m.

Transmitters? Who Needs Transmitters?

Cellphones, tablets, auto in-dash Internet receivers, and more gadgets every day are expanding the ways listeners can access your brand. Which are the trends and technologies you need to pay attention to? Which are the ones you need to address right now?

Moderator: Kurt Hanson, CEO/AccuRadio, Publisher/RAIN

Session Nine: 10:50-11:25 am

Lessons From the Globe

Who cares what they do in other countries? You should! Innovative and successful digital marketing and digital radio initiatives from around the globe will be explored.

Session Ten: 11:25-Noon

Going Hyper-Viral

Social media experts will show you the tools and strategies to take your station's listener and advertising marketing to a higher level.

Moderator: Ruth Presslaff, President, Presslaff Interactive

David Perry, CEO/Founder, David Perry & Associates

Noon-1:10 p.m.

Lunch

Session Eleven:

1:10 p.m.-1:45 p.m.

The End of the Spot as We Know It and the Future of Spot Advertising

In a digital world where each ad unit is aimed at an interested consumer and where returns are based not on reach and frequency but on click-throughs and transactions, where does radio fit? Can advertising in radio streams provide the level of targeting display can? Is it worth it for radio to move listeners to engage with online ads the way they do with physical clients?

Moderator: Tom Bender, SVP GM, Greater Media Interactive

Brenda Goodman, Media Consultant, Goodman Interactive Consulting

Session Twelve: 1:45-2:20 p.m.

Uber Platforms: How to Maximize Your Brands, Talent, and Sales Efforts

Every talent and seller in your radio station can become a standalone media asset to generate buzz, revenue, and advertising. This session will show you the elements of a great platform and how to create and control them.

Moderator: Brian Glicklich, President, SoundMind

InfoPod: 2:20-2:30 p.m.

Drill down on specific information and services to assist your digital media strategy. Prize Giveaway. Must be present to win.

2:30-3:15 p.m.

Keynote: To be announced

Session Thirteen: 3:15-3:50 p.m.

The Planet of the Apps

Apps are not just for iPods and iPads anymore. They've hit the desktop, and that's where your station needs to be. Explore cool tools to place your station in more distribution points.

Session Fourteen:

3:50-4:25 p.m.

The Changing Face and Role of Websites

Our first conference in 1999 told you that you needed a website back when most stations didn't even have one. Now we take you to the next level to understand how the website has evolved beyond just a simple site to include social media and other platforms. A panel of digital experts look at station sites/Facebook pages/Twitter feeds (as volunteered by attendees), and offer a quick, professional analysis — the good, the bad, the ugly — of each platform, along with suggestions for how to make them better.

Moderator: Sandy Smallens, Managing Director, Audiaton

4:25 p.m.

Closing Remarks

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World Radio History



"Our perspective is that we're building a business because we see a need a customer has, and we're trying to fill that need. I don't think that means we need to go after terrestrial radio and hunt it down."



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Our Mission: Radio Ink's role is to empower radio management to be more successful by providing fresh, actionable, multi-media advice, inspiration, and education in a quick, easy-to-read, positive, pro-radio environment.

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Go to RadioInk.com and look for the Manager's Toolbox for more management and sales articles from your radio colleagues, industry consultants, and best-selling authors.

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B. ERIC RHOADS
FROM OUR CHAIRMAN

Advertisers Pass The Baton

What does this new generation think about radio?

I wanted to change the world when I entered the radio business at age 14. Radical change was already happening, as a few rare FM signals were playing rock in a land previously dominated by elevator music.

All my friends in my hometown of Fort Wayne thought AM radio was over, and we all put giant antennas on our roofs to capture WNAP from 125 miles away. Those stations were the first rock FMs we'd ever heard. And they were cool.

No matter what anyone told me in 1969 about AM radio's still being relevant, I wouldn't have believed them. Even if the facts supported them, nothing could have changed my mind.

Now, like then, young people have an incredible radar about what is cool and what matters to them, and they intend to use it to change the world. Kids want to prove their parents' generation wrong and move on to the next big thing.

This discussion came up over dinner with a neighbor, under 40, who is an account manager for a major national ad agency, responsible for a well known luxury automotive brand. I asked how that brand's business was changing, and how that impacted my neighbor's business.

"The next generation is taking over operations of local dealers in every city in the U.S.," he said. "The founders are retiring and turning the business over to their kids. And everything is changing. They don't want to do business the way their fathers did. They no longer want to use legacy media like radio, television, and newspaper, and they're all interested in digital and social media. Even though we see traditional media outlets as very valuable, we're having a difficult time convincing them."

He said many dealership founders still insist on dominating traditional media because they built their businesses on it, but added, "It's just a matter of time before they will no longer be involved in those decisions. We're already seeing it, and it's resulting in a shift in what these companies believe about marketing."

Take a deep breath and pause on that last paragraph for a moment. What is the likely impact on legacy media if the perception of the generation in charge is that these media are no longer relevant?

No matter what the facts say, no matter how strong radio's audience retention remains, will this new generation believe it? After all, their perception is their reality, and, like every new generation with something to prove, they want to go in a new direction.

This changing of the guard is not happening only among car dealers, but at businesses of all sizes. So how does radio convince the next generation that its audience remains loyal and that it's still a viable medium? Frankly, I don't think anything we say will matter if they've made up their minds.



There are two critical areas of focus for radio, locally and nationally:

1. Radio needs to be joined at the hip with digital solutions. How many billions is Groupon worth? In the simplest possible terms, Groupon built a database and became a strong local promoter so it can gather e-mail addresses for its coupon e-mails. Radio has better lists, deeper audience relationships, and bigger audience counts. Why are we not doing Groupon-style marketing? Why are we not becoming more data-centric and digitally focused?
2. Radio needs to understand that the magic of the digital era is rooted in metrics, instant clickthroughs, and proven results. Though we should always have been intent on ROI, this is a particularly critical time to focus on returns for advertisers. Every word out of every seller's mouth needs to be about return on investment.

Digital and social media are wonderful, and any business owner may want to experiment with the next big cool thing. But, at the end of the day, all they care about is, "Can you drive customers to me for a reasonable price and move the product sitting on the shelves?" That concept is universal, in every generation: Move product. And we all know radio's track record of product movement is unparalleled.


Don't tell me, don't try to convince me, don't change my mind. Show me. Prove it, and I'll shower you with money. **NRK**

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The LAURA INGRAHAM Show



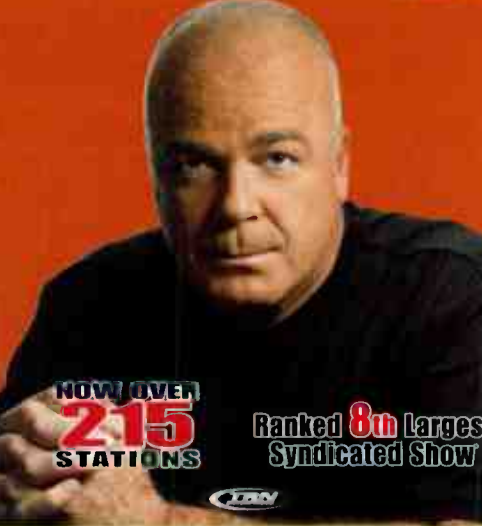
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The Michael Savage Show



NOW OVER 300 STATIONS Ranked **4th** Largest Syndicated Show

The JERRY DOYLE Show



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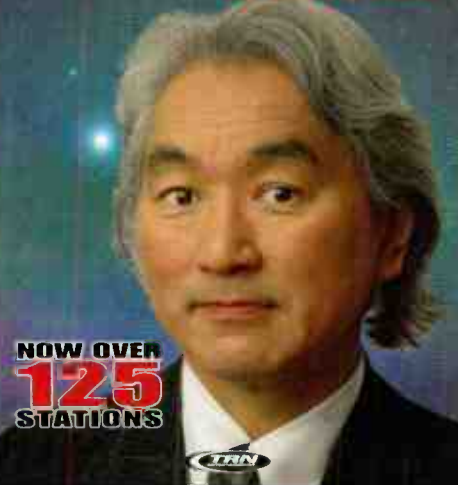
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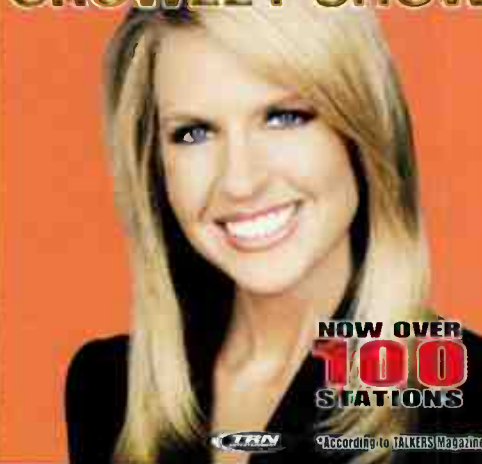


Amy Holmes
Co-Anchor



John McCaslin
Co-Anchor

The MONICA CROWLEY SHOW



NOW OVER 100 STATIONS

*According to TALKERS Magazine



Seen here backstage after the annual Country Radio Broadcasters Radio Humanitarian Awards, presented at the Country Radio Seminar in Nashville, are (in back, l-r) CRB President and WQYK/Tampa OM/PD Mike Culotta; Mike Moore, Entercom director/country programming and PD of large-market Humanitarian Award winner KWJJ/Portland, OR; Mike Hammond, director of operations for Citadel's WIVK/Knoxville, which took the medium-market prize; 2011 Tom Rivers Humanitarian Award winner NRG Media President/CEO Mary Quass; CRB board member and WYCD/Detroit OM/PD Tim Roberts; and CRB Exec. Director Bill Mayne. In front are *Radio Ink* VP/Assoc. Publisher Lois Chooljian, who co-presented the awards with Culotta, and Dave Elder, PD of small-market winner WCTY/Norwich, CT.



WKLB/Boston PD Mike Brophrey (c), number one on *Radio Ink's* 2011 list of Top Country PDs, is seen here at Sony Music's CRS party with *Radio Ink's* Lois Chooljian and Sony Music Nashville CEO Gary Overton.



Radio Ink's 2011 Top Country PDs gathered at the Sony Music event in Nashville, concurrent with CRS. In back are (l-r) Sony Music's Skip Bishop, WSIX/Nashville's Keith Kaufman, KMPS/Seattle's Becky Brenner, KKBO & KTHT/Houston's Johnny Chiang, KWJJ/Portland's Mike Moore, WGH/Norfolk's John Shomby, WMIL/Milwaukee's Kerry Wolfe, WKLB/Boston's Mike Brophrey, WIVK/Knoxville's Mike Hammond, KFDI/Wichita's Beverlee Brannigan, WYCD/Detroit's Tim Roberts, KNIX/Phoenix's Mark Medina, KIFM/Minneapolis MD JD Green (representing Gregg Swedberg), WQYK/Tampa Bay's Mike Culotta, Dial Global's John Paul, and WSOC/Charlotte's DJ Stout. In front (l-r) are WQDR/Raleigh's Lisa McKay, WXTU/Philadelphia's Shelly Easton, *Radio Ink's* Lois Chooljian, and Sony Music's Gary Overton.



The family of late Katz Media Group President/CEO Stu Olds was recognized at the Broadcasters Foundation's 2011 Golden Mike Awards. A fund established in Olds' name has raised more than \$450,000 in support of the foundation's mission of helping broadcasters in need. Seen here are (seated, l-r) Olds' daughters Whitney Kennedy and Madison Olds and his wife, Kim. Standing are Olds' daughter Morgan Gawronski with CBS Radio/New York SVP/Market Manager Don Bouloukos (l) and Broadcasters Foundation VP Carl Butrum. Photo: Wendy Moger-Bross



At the Broadcasters Foundation's annual Golden Mike Award presentation, held earlier this month in New York, *Radio Ink* VP/GM Deborah Parenti presents a check on behalf of the publication. Accepting for the Broadcasters Foundation is VP Carl Butrum. The 2011 Golden Mike was presented to Post-Newsweek Stations President/CEO Alan W. Frank. Photo: Wendy Moger-Bross

NEWS
RADIO **94.3**
C FM



RHETTA CLOYD
GENERAL SALES MANAGER
WSC CHARLESTON

"From a revenue perspective, adding *The Dave Ramsey Show* to our lineup was like taking the station off a dirt road and putting it on an interstate."



ALENE GREVEY
MARKET MANAGER/PRESIDENT
WSC CHARLESTON

"*The Dave Ramsey Show* has compelling content, and our audience will set a specific listening appointment for the show. This helps the overall station line up and improves the advertising effectiveness of our clients."



MICHELLE KELLY
DIRECTOR OF SALES
WSC CHARLESTON

"Dave definitely gives the station more of a female appeal. Many of our female staff members, clients and listeners are followers of *The Total Money Makeover* and are changing the way the family finances are being managed."

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How Does Your Client Like To Buy?

Not everyone buys radio according to the same criteria, so why do we always try to sell it in the same basic way?

The first thing you need to know is how your client will make his or her decision. Regardless of what you may have been told, advertisers never make a decision based on price alone. Their criteria may be as simple as price divided by audience size, but it's never spot rate alone, so please don't hide behind that myth.

The second thing you need to know is that virtually everyone in radio has a blind spot. (Don't be embarrassed. If you knew it was there, they wouldn't call it a blind spot.) Radio's blind spot is its relentless preconception that every advertiser should have a target demographic: "Who is your customer?"

There are three main groups of radio buyers:

1. Advertisers with no firm criteria for decision-making regarding ad schedules. They need you to be the expert.

2. Advertisers who just want the best deal they can get on one or more of the "right" stations. They have specific demographic and/or psychographic targets.

3. Advertisers who think of radio as "mass media" and believe radio audiences to be largely interchangeable. They're buying 12+ or 18+ reach and frequency at the best prices they can find. You don't like to hear that, but there it is. You can't corner these buyers into a "target demographic," but on the other hand, they're willing to pay you for every listener you've got, regardless of age, sex, income, or other qualitative criteria.

These three main categories of ad buyers can be separated into distinct groups at two precise forks in the road:

FIRST FORK: "Do you have a preferred method for evaluating radio schedules, or would you like me to give you some recommendations?"

Basically, what you're asking is, "Who's going to be the expert

here? Me or you?" If your prospect has no specific criteria for making decisions, you're dealing with a babe-in-the-woods, a neophyte. You're the expert. You're in charge. Be very careful to craft something that will deliver obvious, identifiable results because this client is counting on you. Not on your station, on you. Deliver consistent results and you'll be in control of this account forever.

On the other hand, if your client does have specific criteria for making decisions, you need to quickly get in step with it: Be for what is. Don't try to get the prospect to see things your way. Don't politely argue with them. Don't present them with new information in the hope of getting them to make a new decision. And for the love of all that's bright and good, DON'T have a standard presentation that you impose on every buyer.

Asking a buyer to reconsider their buying criteria is like asking them to change their religion. If your prospect wants to be their own expert, let them, because they're going to do it anyway, even without your permission.

Let's assume your prospect answered the first question by stating that they do, in fact, have a preferred method for making decisions.

SECOND FORK: "Some advertisers have specific demographic or psychographic targets while others use mass media as a way to reach the masses. I'd consider it a huge favor if you'd let me know how I can best get in step with you. Tell me what you'd like to see in my presentation and I'll do my best to show it to you."

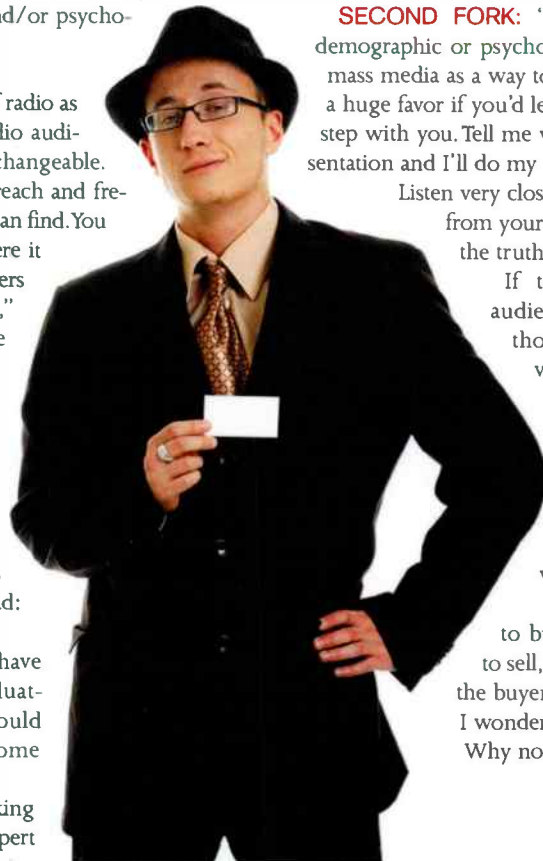
Listen very closely to the answer. The next words from your prospect's mouth are likely to be the truth, even if they don't realize it.

If the prospect talks only about audience size and rates, give them those and nothing else. If they want a ranker, give them that. If they want qualitative, give them that. If they want specific dayparts or sponsorships or "added value" in the form of participation in station promotions, give exactly what they name.

You can try to convince buyers to buy according to how you prefer to sell, or you can sell according to how the buyer prefers to buy.

I wonder which of these works better?

Why not try both and see? **INK**



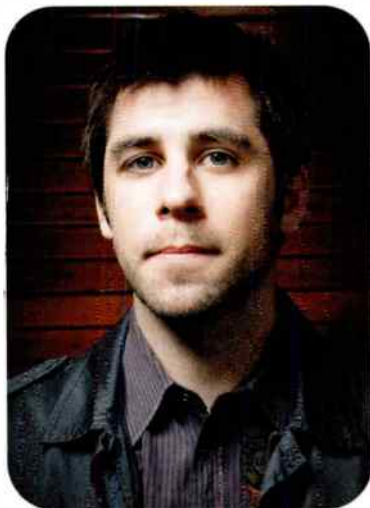
Roy H. Williams is president of Wizard of Ads Inc.
E-mail: roy@wizardofads.com



Millennial Game-Changers

Every generation alters the beat of the drummer. Millennials, raised on digital and experts in thumb-driven communication, have also introduced a whole new world of connecting tools, changing the essence of what it means to be social in the 21st century.

Archival is a leading youth marketing agency that specializes in social media strategy to reach millennials for clients including Red Bull, HP, foursquare, and Motorsports. Here's Clint Runge, co-founder and creative director, with advice for radio on how to position and market to this game-changing generation.



How does the millennial generation differ from others?

There are definite attributes that make millennials one of the most dynamic and influential generations yet. Here are just a few things radio should be aware of when targeting this audience.

Customization: Think about the world the millennial has grown up with. I can always "get it my way," customizing anything from burgers to cars to entertainment to relationships. There are always options, and there's always a way to make it more "me." Millennials have the expectation that they can customize your product — otherwise, what's the point? Gen X-ers deal with it, boomers are happy just to have it. Millennials want it made for them.

Time limits: Part of these expectations come from overbooked millennial social calendars. Social networks make sure this generation is always in the know. They would say they don't have much extra time, which means marketers have smaller windows in which to fit their messages. Add in the fact that millennials are completely savvy to marketing, and there are indeed challenges to connecting with this audience.

Definition of success: Times have changed. Gen X-ers like me have certain signals we look at to determine "success," usually having nice things, a good house, a decent car, and money in the bank. Look at the movies, celebrities, and music of the '80s and early '90s. It's all about glamour.

Today, success is defined differently. For millennials, it includes things like friends, relationships, family, and making a difference. It's not to say they wouldn't love to have nice things, but as a whole, what's driving the generation is inherently different from 20 years ago. That fact alone

should affect almost every communication effort with young adults. It's that powerful.

What's the most critical element in attracting the attention of this generation?

Being relevant. Your brand, product, service, or ad needs to provide both function and entertainment. While on one hand this generation can talk about wanting to be anti-brand, their actions show us that if a brand is relevant, entertaining, and provides something useful, they'll be all over it.

For a lot of brands, this entertainment factor comes through as humor. I think that's a strong play. But a lot of

brands create humor around what they think is funny — often led by a Gen-X marketing director. What Gen X thinks is funny, however, may be different from what millennials think is funny. So while you might have great ideas for great entertainment, I'd encourage you to get some millennials on your team to give it the sniff test.

If a radio station came to you for marketing, what would you advise?

Every radio station is going to have its own special set of circumstances, but there's one big thing I'd have on my mind. I'd want to be honest with ourselves and make sure that we examine how youth want to listen to music.

Radio is not truly customizable. Not when I've got eight gigs of music loaded on my mobile device and am connected to more music through apps like Pandora or iheartradio that hook me up with specific genres and artists.

Why listen to a preset list of songs on the radio? If you talk to young consumers, you'll find radio is more than music. It's entertainment. It's the connection to personalities. It's the staying in the local know that Pandora cannot offer. So I'd start to think about the station as an entertainment destination for the future.

How is social media different from traditional marketing efforts?

Many brands want to use social media as a marketing channel. Marketing is pushing messages on people. Social media is a conversation. So view your efforts in Facebook, Twitter, and other social media sites differently than you would an ad, and you'll have more success. **DK**

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Where Is Digital Radio In 2011?

**IBIQUITY'S BOB STRUBLE:
"WE WON'T REST UNTIL EVERY STATION IS
AN HD RADIO STATION"**

A little over 10 years ago, radio was just starting to talk about getting into digital. Today, broadcasters have spent hundreds of millions of dollars on equipment upgrades, and there is a comprehensive network of HD Radio stations across the country. Due to a long-running and consistent promotional campaign, HD Radio receiver sales to the consumer have been strong. New services have been rolled out to the radio industry, and listeners have an exciting array of choices that were never possible with an analog setup.

HD Radio technology, of course, upgrades broadcast radio from analog to digital, and HD-enabled receivers let broadcasters offer benefits that improve the listeners' experience, such as CD-like digital audio quality and useful data services such as real-time traffic, iTunes Tagging, and Artist Experience.

Additionally, more than 1,300 HD2 and HD3 subchannels are available now in markets across the country as broadcasters take advantage of their ability to put extra FM channels on the dial. These subchannels may provide expanded coverage of the content played on the primary HD Radio signal — for example, at a classic rock station, there may be a second "deep cuts" channel on the HD2 signal and added creative programming on the HD3. Or subchannels may be used to provide a format not heard in the market or to expand the reach of a sister station.



iBiquity Digital President/CEO Robert Struble founded HD Radio developer iBiquity (then known as USA Digital Radio) back in 1998, and he's been one of the driving forces for getting the word out to the radio industry about HD.

And he sounds pretty confident about the progress so far. "We are in great shape on the broadcast side," Struble says, "but there is more to do to build a mass-market, money-making consumer service, especially in the small and mid-sized markets."

Working closely with the automotive industry has helped HD Radio's expansion. "They are aggressively

building the technology into their cars," says Struble. "We are not done yet. Because there will soon be millions of cars on the road with digital receivers in all markets, broader station conversions are even more important. Overall, our belief is that AM/FM must join every one of their media competitors — TV, Internet, mobile phones, satellite radio — as a fully digital service.

"We won't rest until every station is an HD Radio station, every car is shipped with an HD Radio receiver installed, every radio purchased at Best Buy, Wal-Mart, and other retailers has HD Radio capability, and every mobile product has HD Radio built in.

We won't be done until the expanding set of compelling HD Radio features is being delivered by all stations and enjoyed by all consumers. And our job isn't complete until the

IN THE SPOTLIGHT!
Go to www.radioink.com/hd for a list of HD Radio vendors.

industry has a huge new source of revenue from HD Radio investments.”

>>What are iBiquity's major accomplishments since the merger with Lucent?

RS: Wow, you're going back quite a ways. Overall, I'd say we turned a concept into a growing business through a lot of good technology development and by working cooperatively with multiple industries and government regulators.

First things first, we completed the system, worked with the industry to test it, and had the U.S. digital radio standard set by the FCC in late 2002. On the station side, broadcast equipment manufacturers engaged with us to design and sell HD Radio station equipment. We struck deals with major broadcasters to upgrade their stations on an aggressive schedule, ultimately building out a national infrastructure covering more than 250 markets nationwide.

On the receiver side, we brought the first radios to market in early 2005. They were expensive and didn't perform as well as they could. Since then, we have worked continuously with several of the world's leading semiconductor manufacturers and more than 50 different receiver makers to improve performance and lower price, and, more recently, to lower power requirements to enable mobile HD Radio receivers.

We also worked hard to penetrate the OEM automobile market. BMW was the first car maker to introduce the technology, in 2006, and now there are 18 automakers, including best-sellers Ford and Toyota, building HD Radio receivers into more than 85 vehicle lines. Overall, more than 4 million HD Radio receivers have been sold, with prices as low as \$39, and we have introduced the first mobile products in the last few years. Receiver sales have more than doubled every year.

Finally, we have worked with all our partners to continuously



An iPhone showing iTunes tagging in progress. HD Radio works on the iPhone, iPod touch, and iPod nano via a Gigaware dongle.

upgrade the HD Radio feature set. Some don't remember that our technology was originally driven by improved audio quality alone. Over the years we have added the diverse content of HD2, HD3, and now HD4 channels; iTunes Tagging, which links music discovery to purchase; real-time traffic information broadcast by HD Radio stations to navigation systems in cars; Artist Experience, which enables stations to transmit images like album covers to radio screens; a bookmarking capability; and a live pause feature. These features add value for consumers, bring radio more fully into the digital age, and will lead to incremental revenue for the industry.

>>What technological advances have taken place over the years?

RS: Without being glib, our business requires that we advance the technology every single day. It is the only way we could take what was a sort of science project and make it into a service delivered by thousands of stations and enjoyed by millions of consumers every day. We and our partners have world-class scientists and engineers, and they have done world-class work.

A quick illustration: We introduced mobile HD Radio products in 2009, with Microsoft and Best Buy. The technical breakthroughs required to achieve that were enormous. We had to work with our semiconductor partners to reduce chip power consumption by a factor of 20 so that battery life would be acceptable. We developed breakthrough antenna



The My Ford Touch HD Radio receiver.

solutions to improve reception. We had to implement new features like HD2, HD3, and HD4 and tagging to get the portable-device makers interested.

It was a multi-year effort across many fronts, which paid off. But we have further to go as we target mobile phones. Happily, I am confident we have the technical team to do it.

>> How many HD Radio stations would you say there are now?

RS: There are more than 2,100 HD Radio stations across the country, in more than 250 markets. These stations reach over 90 percent of the radio listening population in the United States, and over half of all radio listening is taking place on stations that have upgraded to HD Radio technology.

To put that in context, 96 percent of the top 10 stations in the top 10 markets are now broadcasting digitally. On top of that, there are over 1,300 HD2, HD3, and HD4 channels broadcasting diverse new content to listeners. The industry has built a national HD Radio infrastructure, but, as I said, we need to focus on upgrading small and mid-sized markets, and we won't rest until all stations are digital.

>> Why should a radio station or company go digital?

RS: It is still somewhat amazing to me that I get that question in 2011. I think a better question for radio stations is, "Which of the competitive media I face are not already digital?" The answer, after TV flipped the digital switch in mid-2009, is: none. Every



An Insignia portable HD Radio receiver, confirming that a song has been tagged successfully.



An Insignia portable HD Radio receiver, showing Artist Experience during a live broadcast.

single one of radio's competitors is digital. So, long-term, it is a matter of survival — the last analog technology will not be successful in a fully digital world.

This is particularly true in a world where advertisers demand interactive capability and consumers expect their experience to be chock full of digital features, information, and interactivity. Stuff like artist name, song title, images of albums, artists, lyrics, the

The JVC KW-NT50HDT aftermarket receiver with Artist Experience, during a live broadcast on Clear Channel Radio's KBIG/Los Angeles.



HD Radio real-time traffic data, shown on a Cycle navigation unit.



ability to tag and buy songs, bookmark ads, and link to the Web off a broadcast will be strategic imperatives. HD Radio technology is the digital broadcast pipe that enables broadcasters to deliver these kinds of services to advertisers and consumers alike.

And in the short term, we see incremental revenue beginning to flow to broadcasters from their HD Radio investments. Spots and sponsorships are being sold on HD2, HD3, and HD4 channels. Stations have leased their additional digital channels to niche broadcasters. Selling songs via iTunes Tagging brings "finder's fees" from Apple. Traffic services generate revenue. Money is being made, and the dollars will only increase over time.

>> What is the biggest stumbling block to going digital?

RS: I think it mostly comes down to what we call the "chicken and egg" effect, which is typical with new broadcast technologies. When we have a huge base of HD Radio receivers in consumers' hands, the decision for stations to convert will be easy. But consumers would have had no reason to buy HD Radio receivers unless there was some digital content being broadcast.

Happily, many of the major broadcasters — Clear Channel, CBS, Cumulus, Citadel, Entercom, Cox, Radio One, Bonneville, Emmis, Greater Media, Beasley, and others — stepped up to be the "chicken" early on and built that national broadcast infrastructure, which enabled us to start selling eggs. And we are selling a lot of HD Radio "eggs," in homes, cars, and portable devices, more than 4 million total, with annual sales doubling every year. So hopefully that concern is being eliminated.

And obviously the industry's recent economic troubles have been a major stumbling block. With revenue falling so dramatically in 2008, there haven't been extra dollars for investment of any kind. That being said, we have seen continuous growth in HD Radio stations, even through the downturn. And with industry revenue now moving in the right direction again and the installed base of HD Radio receivers growing rapidly, we project continued growth in station upgrades.

>> What's the downside for a station manager who doesn't upgrade to HD Radio technology?

RS: In the long term, it is an issue of competitiveness and relevance as consumers turn away from analog services. In the short term, they are leaving money on the table and, certainly in the major markets, falling behind other radio stations that are quickly climbing the digital curve.

Like anything else, stations have a learning

period to get the most from their HD Radio investments: how to program, how to capitalize on new digital services, how to promote, how to sell. Stations not upgrading soon will be well behind in that learning curve. We have seen this effect clearly in stations' Internet efforts. Those that went early are reaping the most benefit now.

>> How much would it cost to turn on one HD Radio FM signal?

RS: The number varies depending on what shape the station is in and the equipment manufacturers have a lot of options, but we have seen a range between \$50,000 and probably \$250,000. I'd say a good average is \$125,000.

Some good news here: We have recently announced a barter arrangement with Citadel Media, where conversion costs can be funded with ad inventory, requiring no cash out. We've also introduced a pay-over-time option that allows stations to convert now and spread payments out over as long as five years.

>> Do you think the consumer can really tell the difference? If they can, how do you — and we — know?

RS: There's no doubt the consumer can tell the difference, and they like it! We have quite a bit of independent research from first-rate firms like comScore that bears out consumer satisfaction and advocacy for HD Radio technology.

But an easier way I use frequently is to simply visit online retailers where consumers post evaluations of the HD Radio receivers they purchase. I often go to Crutchfield's site (www.crutchfield.com), where there are thousands of HD Radio reviews. Crutchfield has sold more than 100,000 HD Radio receivers, and many consumers have posted their own assessments in the product reviews sections. Interestingly, most of these reviews discuss HD Radio programming as well as the product performance. I can say I'm always encouraged after one of these visits. **RMK**

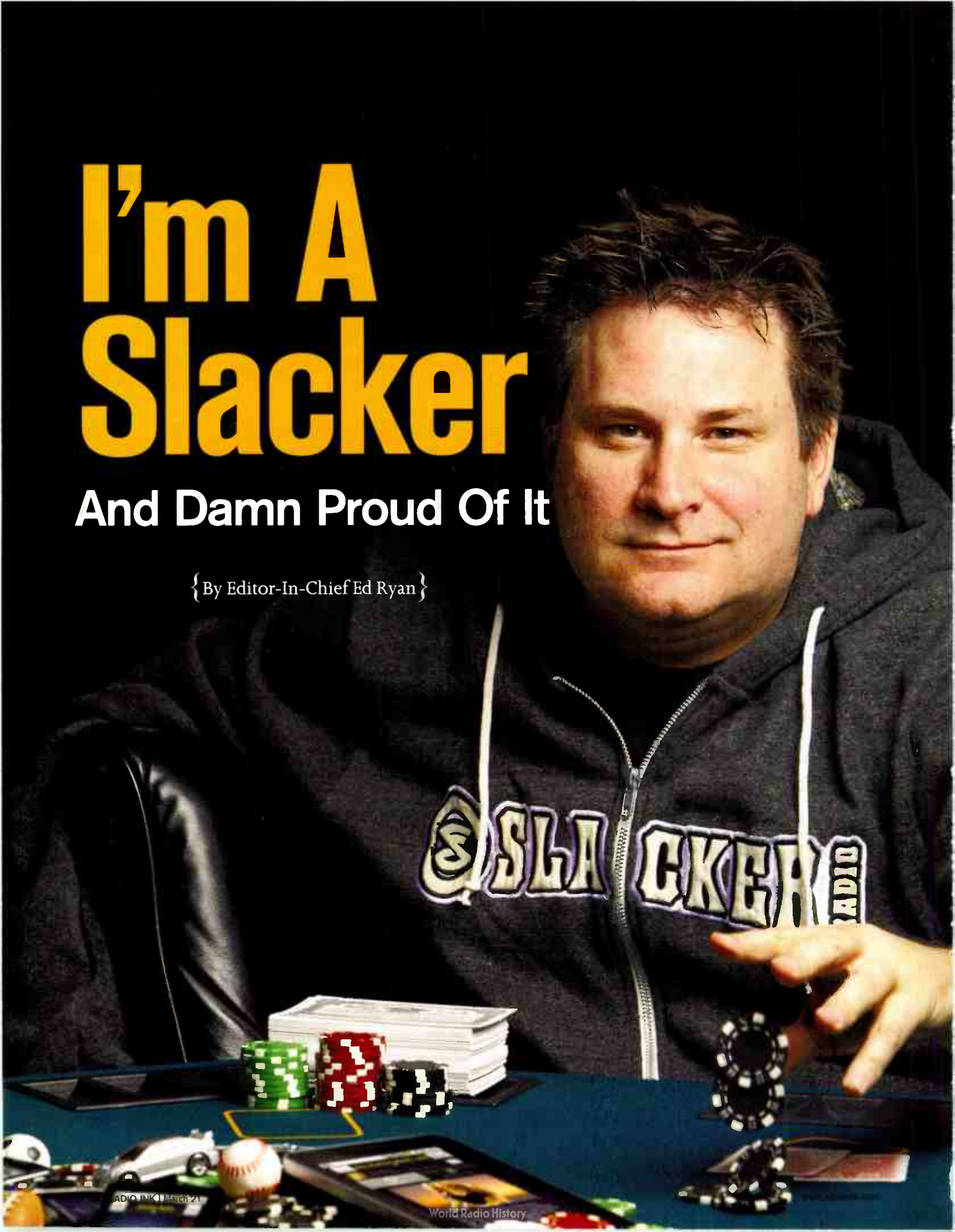
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I'm A Slacker

And Damn Proud Of It

{ By Editor-In-Chief Ed Ryan }



On March 14, 2007, Jim Cady and a group of colleagues were discussing how the music models they had access to just weren't working for them. Their original thought had been to create something to deliver content via satellite, and Cady and his group of 40 engineers and programmers had already spent the better part of 18 months putting the pieces together for the company. Now they needed to build the system and get their music licenses in order. The idea they came up with to solve their dilemma ultimately morphed into what we all know now as Slacker Radio.

What Is Slacker Radio?

Slacker promotes itself as "personal radio." When you log in on your computer or smartphone (the app is free), you get a menu of about 15 music formats, and, within each format, a number of pre-programmed stations. For example, there are 10 country stations: country hits, new country, classic country, etc. There are 17 rock stations: hard, rock, soft rock, party rock, and so on. Slacker also offers one news station, with content provided exclusively by ABC News (see sidebar, page 18). You can also search for an artist or song you like and have Slacker feed you songs closely aligned with that artist.

When you start a station on your smartphone, a video ad runs before the first song (you can skip past the ad), and strip ads run across the screen while music plays. On a PC, there are always ads running to the right of the music screen. When a song plays that you don't like, you can skip ahead to the next one, up to six times per hour (the limit, says Slacker, comes as part of its "label licenses"). If you upgrade to a Slacker subscription for \$15 a month or \$48 a year, you get unlimited skips — and choosing either option also eliminates the ads.

Delivering Music To Consumers Is Big Business

The music people choose to listen to has always been "personalized," of course, but iPods and other devices have made personalization so easy it's now an expected part of our daily lives. The major difference between your favorite device and services like Slacker and Pandora is the money. You're probably paying about a buck a song on your device, while these companies deliver the music just like radio does, free of charge. Over time they'll get to know about nearly everything we like and dislike, how much we weigh and when we go to the bathroom, but they can't predict our mood swings or when a song we hate will play on one of their stations. On our iPods, we know we love all the songs; we put them there.

To get a grasp of how quickly the technology industry — and its fickle customers — evolve, Slacker Radio CEO Jim Cady says he has research showing that using a device with only downloaded music gets old for the consumer. "We saw a lot of people buying MP3 players or downloading music," he says. "Then, if you drill down into

their profile, we found for the first 60 to 90 days, it was exciting to them. After that 60- to 90-day love affair, it comes off the tracks."

Cady says the first step was for consumers to push "shuffle," which changed their content a little, by changing the order. After that, in a lot of cases, the player ended up in a drawer.

Are You A Slacker?

Cady says the consumer he wants is out of college, with a job, a family, and a lot to do, but someone who still enjoys music. "Our thought is to deliver them more personalized content with a lot less work," he says. "Hence the name. We cater to what we refer to as 'busy music lovers.' We give consumers the ability to listen to content they want, with a variety of choices. You can start with input from your own pick or choose one of our professionally curated stations."

The idea, says Cady, is that you don't have to work hard to get what you want. You don't have to download anything, you don't have to manage the content, and you don't have to load anything on a device.

That concept was derived from surveys sent to consumers who have iPods and other portable digital music players. "We wanted to understand what the dynamics were, what their frustrations were, what their concerns were," Cady explains. "That's how we got the information. People love music but just don't have the time to invest in it. We also found that the other mediums that were available at the time weren't necessarily satisfying their thirst for content." Sounds like that one may have been aimed at us — traditional radio. (Perhaps more confirmation that the recent Thumbplay purchase by Clear Channel Radio was a good move.)

So, we wondered, is Slacker a friend or a foe to radio? "I don't think we're either," Cady responds. "I think we're a different solution for the consumer. Our perspective from that angle is that we're building a business because we see a need a customer has, and we're trying to fill that need. I don't think that means we need to go after terrestrial radio and hunt it down. That's not the purpose.

"Our purpose is to provide a solution to the customer that they want. With the fact that we generate tens of thousands of new customers on a daily basis, the majority of those mobile, I think we're serving a need that the customers want."

Slacker Vs. Pandora

There's another Internet radio player out there that gets a little more attention than Cady's Slacker Radio. He probably gets tired of being asked about it, but we asked him anyway. How is Slacker different from Pandora? "I chuckle because in some ways we are similar, but in a lot of ways we are different," Cady says. "We have built a free service that's ad-supported. That free service is built to give people exposure to the medium. We have then built a premium model, which allows people to upgrade from that free service to provide additional functionality, additional content, and an ad-free experience."

He continues, "Pandora is really focused, from a business-model standpoint. Pandora said, 'Let's build a free service that's ad-supported and make it available in as many places as humanly possible.' Our focus is to provide a free service, but provide customer value to move them to a paid service. From a business-model standpoint, that is the top-level differentiation."

Cady points out that the consumer experience on Slacker is very different as well. "Pandora focuses on the advent of 'Enter an artist or enter a song in our system and we'll build you a station in that fashion,'" he says. "We do the same thing, but the majority of our plays come from one of the 135 professionally curated stations that we have people manage, monitor, and refine over time. That's where the majority of the beginning listens come from and where most of our music discovery comes from."

"That's another big area of differentiation, our ability to provide hand-curated stations, not done by machines, done by people. Lastly, rather than ubiquity across every platform known to man, we have really focused a lot of our efforts in 2010 on mobile. Hence our relationship with a lot of mobile wireless carriers and coverage across a lot of mobile platforms."

Despite the differences — differences Cady believes give him an edge — Pandora has gotten most of the media attention. "On the awareness front, they are definitely in front of us," he acknowledges. But he notes that the two companies are taking different approaches



to publicizing the product as well.

"[Pandora has] taken a very aggressive approach with which to be able to get as many listeners as possible, regardless of what the financial outcome of that is," he says. "Our approach for 2010 was to focus on refining the model and making sure that we felt comfortable with both our ad-supported model — and in November [2010] that turned gross-margin positive for us — and also understanding our paid model so that we could scale effectively in a profitable fashion. 2010 was really the year for us to prove out the model, and 2011 is the year to push it now that we feel comfortable with how the financials work."

The Big, Fuzzy Debate: How Many Listeners?

The metric by which everyone measures these two companies seems to be how many listeners or users they have. But that number can get fuzzy, because there are no clear rules about what constitutes a listener. Even Cady says it's a good question. "If you compare and contrast Slacker to Pandora," he says, "they have 80 million listeners. Our number is in the 23 to 24 million [range]. That's a meaningless

ABC NEWS IS A SLACKER TOO

One really cool feature on Slacker Radio is the news channel. The information is provided by ABC News, so you know it's going to be relevant and professional. But what's especially great about the channel is that it's personalizable; you can skip and pause news stories. World news, U.S. news, business, sports, entertainment, and politics are all covered.

Steve Jones, VP/GM of ABC News, says the partnership with Slacker began in July of 2010, when the ABC News channel was created. "Soon listeners will be able to track stories by topic," he says. "That degree of customization will make the ABC channel unique."

ABC chooses stories to cover in each content category, then prioritizes the stories based on level of importance. Jones says Slacker's technology serves the audio based on this prioritization and ensures the same story doesn't play twice. The sequence of play-put follows a clock created jointly by Slacker and ABC News.

The ABC News model is set up to allow it to take chances on digital products like the one it's taking with Slacker. "We're the largest commercial radio network in America, so there's a lot riding on every decision," Jones explains. "For instance, when we consider launching new programming, there are myriad business and partner perspectives that must be considered. This is less so in digital, where we've structured our operation so the hurdle to launch is lower, the consequences of failure are less severe, and the upside can be substantial. That allows us to innovate."

"I'm confident some of these innovations will make their way eventually to broadcast radio. We are cash-flow-positive. Our digital revenue increased 400 percent through January 2011. While these initiatives are showing robust growth on a percentage basis, the total dollars remain small. More importantly, for us, it's about gaining market share."



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number because Pandora’s number includes everybody that’s ever listened to one song on Pandora in the last 10 years.”

So what are the real figures? “We track daily listeners, monthly listeners,” says Cady. “We use a 90-day look-back, everybody that has accessed the service in the previous 30 days or the previous 90 days, and see what those numbers look like. From my perspective, that is a more realistic viewpoint of what your business looks like. Our 30-day look-back is generally in the 4 to 5 million number.”

Is This A Sustainable Business Model?

After the fun and excitement wear off, the free money runs out and investors expect a company to turn a profit and make them some money. Many an online company started out with exceptional hype and financial backing, only to wind up in depths of the Internet sewer, leaving the VC to chalk another one in the red column.

But Cady says Slacker is close to being profitable. “We could be profitable very shortly, if we elected to do so,” he says. “We’ve elected to not focus at this point on complete profitability. We are focused on not losing a lot of money. 2010 was our year to prove the model out; 2011 is really a growth year for us. So we will be making investments that will allow us to be able to grow the business at a more rapid pace. That’s kind of at the expense of profitability, but that’s a dial we’ve selected to turn at this point. We’re not going to bleed money in a sig-

nificant way, we just want to grow our audience.”

With so many Internet companies having come and gone, nobody really knows if Slacker will still be a player in five years. But, quite frankly, nobody really knows how we’ll be listening to music in five years.

“The way I have always focused on building start-ups is to build a very compelling consumer proposition,” Cady says. “Build a business that is viable from a consumer side and from a financial side, and the future will allow you multiple options. I don’t know whether we’ll be independent or not. I think we will be a viable and valuable consumer proposition. That’s what we are focused on.

“We are in a position where the economics look promising. I think if you zoom ahead, we have tens of millions of active listeners. We have the ability to drive an ad-supported business. We have the ability to drive a subscription business. I don’t think that necessarily changes. I think you find that people utilize their mobile phones for part of their listening, and they have mobile phone access and embedded access in the car, and they have connected access at home for that content. Ultimately, their personal profile of their musical tastes and interests just kind of travels with them, since we are a cloud service. They have ubiquitous access from whichever device they wish.” **INK**



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Ten Tips To Keep And Deal With Your Highest-Billing And Toughest-To-Deal-With Salesperson

Do you have a love-hate relationship with your best biller? You have plenty of company. Here are some thoughts on maximizing your top dog's performance and minimizing the baggage that can often come with it.



1. Challenge them.

Your billing superstar got to that position by meeting challenges. Letting your rep rest on his or her laurels allows the "fire in the belly" to burn out — the feeling of personal achievement realized on the way up the ladder is lost, along with a good chunk of motivation. Challenge your rep by assigning goals that cannot be reached automatically. Make them stretch a little.

2. Recognize them.

The satisfaction of achieving a goal is not enough, by itself, to satisfy the high-ego top biller. They need and crave recognition. A senior account executive designation, name on a plaque, a word of praise in front of others, a VIP parking space, or other fringe benefit can all be effective means of recognition.

3. Trust them.

Top performers resent micro-management. Allow them some space and just enough rope to hang themselves — and hope they don't!

4. Verify their trustworthiness.

Everyone needs to be held accountable. Senior sellers are no exception. As experienced as they may be, top billers need to justify the privilege of your trust by meeting expected minimums (number of face-to-face calls, presentations per week, etc.).

5. Involve them.

Solicit input from your top-billing rep when developing sales materials, strategies, programs, events, etc. Senior reps have been in the field long enough to be able to offer valuable input. This sends a message of respect and appreciation — top motivators for any employee.

6. Accommodate them.

In my experience as a sales manager, I have learned that most big billers have one thing in common: a

healthy ego. That's a double-edged sword. One edge of the sword drives them to achieve. The other edge makes them difficult to manage at times. Managers need to strike a delicate balance between letting egos "breathe" and maintaining control and order.

7. Value them.

Allow your top biller more responsibility. For example, let him or her help train or mentor a rookie rep, or have him or her help create a sales promotion. This outwardly demonstrates the value you place on the salesperson and makes his or her job more interesting, another key motivator.

8. Respect them.

Just as employees need to show respect for managers, top billers deserve some amount of respect from managers, for as long as they continue to earn that respect.

9. Reward them.

It almost goes without saying, but top performers need to be incentivized and rewarded for exceeding goals. And money is not always the top motivator — something as simple as an extra day off, weekend getaway, or dinner for the employee and his or her spouse can have a similar impact.

10. View them as people, not just employees.

Management guru Dr. Steven Covey (author of *The 7 Habits of Highly Effective People* and developer of "Principle-Centered Leadership") reminds managers of the importance of acknowledging the personal challenges and triumphs of your employees and the impact of those things on performance. Your employees are real people with real lives, and that comes into play on the job.

Successful retention of top-performing salespeople is no accident. It's the result of proactive management. Managing a top performer requires finesse. Sometimes that involves hugs and kisses, and sometimes it requires tough love. **INK**

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The Five Most Common Stumbling Blocks To Hitting Your Digital Budget

And How To Overcome Them

With Q1 coming to a close, it's time to review your 2011 progress. Many managers in radio will look at their ledgers, only to see big digital goals staring back at them. Whether you're on your way to hitting your goals or struggling out of the gate, it may help to be mindful of these common stumbling blocks to hitting your digital budget.

1. The budget is not realistic.

Radio operators typically achieve 3 to 5 percent of their broadcast billing in digital revenue during the first year of an organized digital strategy. If you're stumbling into digital with no plan, people, or investment, expect 1 percent or less. Just the fact that the digital ad space is hot is enough to ensure that even the most bumbling sellers will get some money on the books. Still, it won't be meaningful or lasting unless you have a real plan, investment, and training, and a sustainable ad product line.

2. Low confidence in the product.

Without training or a real understanding of the product, your team will not succeed. Are you giving your sellers regular training and updates on the digital space? Do they understand the unique selling proposition of your products and how they work? Do they understand which categories work best for each of your ad products, and why? With a better understanding of the digital space and the ad products you are selling, confidence and better performance will follow.

3. Not enough clients in the pipeline or pitches from your team.

One typical problem starts with a simple, fundamental sales error: The sales team is not pitching the digital products enough. A lack of sales activity may also reflect that the company is not incentivizing sellers specifically on digital. An initial bonus on activity and long-term compensation on closing deals can quickly stimulate more digital wins, assuming you already have the right sales DNA on board.

4. Inadequate prospecting.

In your market, there are businesses that buy only digital advertising. These are buyers you can upsell to more



effective integrated campaigns that drive reach and awareness with radio and engagement and database using the Web. Are you prospecting for these buyers? Does your team even understand how to find them? It's an essential part of your sales training for digital.

5. Lacking tracking.

When sellers know where they stand, they perform better. Are you giving them a feedback loop that clearly shows them where they stand vs. their goals? Most sellers are competitive and will strive for success. They have to know where the finish line is, and they have to know where they stand. If you don't have clear digital goals, tracking, and reporting, you may be missing a helpful tool in driving the team's performance forward. **INK**

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SOCIAL MEDIA. No fewer than eight people crowd behind the WNEW/New York microphones (nine if you count Paul Winchell's pal Jerry Mahoney, making eyes at Dinah Shore) — just like families and friends gathered in front of radios at home to hear the hottest social medium around. Seen here are stars Louis Prima and Shore, an unidentified performer, Perry Como, Eddie Fisher, Grace Kelly, Ross Martin, and Winchell.

SEARCH YOUR ARCHIVES. Pull the boxes from your storage closet. *Radio Ink* magazine is searching for old (or should we say mature?) photographs of people, stations, or promotions to use on our Blast page. All photos will be returned, but please LABEL them with identifying captions, including a return address and contact name. Mail to: Editor, *Radio Ink*, 2090 Palm Beach Lakes Blvd., Ste. 300, West Palm Beach, FL 33409. Photo: Broadcast Pioneers Library

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