Back to Philly. Two years ago the NAB Radio Show descended on Philadelphia for the first time ever — and surprised itself. The city is beautiful, historic and gracious. The convention center’s perfect for this meeting — plenty of walking-distance hotel rooms and world-class restaurants. And it’s within easy driving distance of many East coast radio executives. As radio debates pivotal questions about converting to digital, remaining relevant to consumers, and choosing a new electronic ratings system — it’s good to be in a comfortable setting.

Eddie Fritts says “We’ve got to continue being local.” The NAB chief tells Inside Radio “that’s our franchise, ours and ours alone.” Expect to hear that word “local” over and over again — because XM and Sirius can’t duplicate radio’s ability to supply vital local emergency information after a hurricane. They also can’t put listeners in the showroom of the local Ford or Toyota dealership using a weekend remote. Fritts joins the chorus of Washingtonians impressed with the performance of radio along the Gulf Coast. If you were trapped on the second floor of your New Orleans house a week after Katrina blew through — chances are that the programming of WWL or other stations was your only lifeline. Radio got it done. Local radio.

Inside this NAB Radio Show edition of Inside Radio —

- Where Are They Now? What do they think about radio? Rich Batsbaugh, Frank Wood, Milt Maltz, John Hayes, Bob “Doc” Fuller, Bob Poe, Norm Wain and Lee Zapis all open up about life after radio. You’ll also read some straight talk — from the outside looking in — about radio’s current situation.
- “Fig” — Bill Figenshu. Our Mike Kinosian spends quality time with the former senior exec at companies like Viacom radio and Citadel. Read the Inside Story on Fig and his crystal ball.
- “Follow The Money” — Read about the forces shaping radio revenues into 2006.
- National Radio Award winner John Dille. His DNA comes from newspaper ink — so how did John wind up as the longtime owner of radio stations through his Federated Media?
- Radio’s Top Formats and Top Groups. These exclusive Inside Radio Database charts rank America’s Top Groups by Revenue and by Number of Stations. You’ll also see a 10-year chart of format trends (check the explosion in sports and Spanish). Plus more from Who Owns What.
- Get up early Friday morning — meet us at the 7:30am Legislative Breakfast. D.C. insider Mark Plotkin will make Washington understandable — for once! —Sponsored by Inside Radio.
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Philadelphia! welcomes you to INSIDE RADIO

Let’s face it – radio’s been getting beaten up lately. And frankly, we’re not used to it, and we’re not handling it all that well. Better than Mike Tyson, but not all that well.

Remember when radio was “the good guy”? Until about 2002 (when XM and Sirius started issuing more press releases than your average presidential campaign), radio was the good guy among the media. You know – local radio took the lead in blood drives and food drives and toy drives and in generally filling all kinds of local needs.

The thing is – radio still does a lot of those things. But we’ve let the perception take hold that radio’s out of touch and “corporate” and hobbled by its inability to compete with satellite radio and iPods. You run into people who think radio’s advertising base is being killed by XM and Sirius. (The facts: Radio will do over $20 billion in revenue this year and be very profitable, overall. XM and Sirius are still bleeding money and haven’t turned a profit yet. They may – may – hit 9 million subscribers by December 31, while radio reaches 230 million Americans every week.)

The objective facts are that radio’s recent slippage in listening (dating back to before XM, Sirius and consolidation) has steadied up – in contrast to the inexorable declines for other “old media” like broadcast TV and newspapers. Arbitron says that Spring 2005-book AQH levels are virtually flat over the last several quarters. And Arbitron and other researchers report the insight that not every kid is glued to his or her iPod to the exclusion of radio. Radio’s doing better than you might expect with the under-25 crowd. (Of course we could be doing more innovative programming and marketing aimed at young adults.)

“Rally ’Round Radio” is the theme the NAB chose for this year’s Radio Show – and it’s timely as can be. It would’ve been nice if we’d seen this coming in 2001 or 2002 and started our all-industry marketing efforts then. But we are where we are, and it’s high time for radio to be as local…as effective for advertisers… and as creative as it can be.

Are you up for it? Radio’s always successfully reinvented itself before. Now it’s up to us.

Enjoy the convention in Philly – and go home re-energized for the year ahead. And remember – we’re still “the Good Guys.”

-- Tom Taylor, Editor, Inside Radio

P.S. Enjoy what’s inside this first-ever special Radio Show issue of Inside Radio – and catch up on features like “Where Are They Now (and what do they think about radio)?” Also… thanks to our advertisers for making it possible.
Where Are They Now? And what do they think about radio?

Radio’s a funny business – it’s hard to leave. If you made a fortune selling your widget business, you’d walk out the door without a backward glance, and jet off to Boca Raton or the South of France. You wouldn’t think too much about widgets.

But radio’s different – many of the group heads and other significant players of the last decade who cashed out are still circling the business. Some, like Rich Balsbaugh, Bob “Doc” Fuller and Frank Wood, would love to buy stations again – if the price were right. Almost all of them retain strong, affectionate ties to the business and their longtime friends and comrades-in-arms.

Inside Radio started calling a few of these notables (the folks we were writing about daily perhaps 5-10 years ago) and asking two simple questions – What are you doing now? And what do you think about radio?

We found some amazing tales of Life After Radio from RICH BALSBAUGH, FRANK “BO” WOOD, MILT MALTZ, JOHN HAYES, BOB “DOC” FULLER, BOB POE, NORM WAIN and LEE ZAPIS.

Read for yourself—

Rich Balsbaugh
Former principal of Pyramid Communications

Rich Balsbaugh is proof you can take a man out of radio but you can’t keep him on the golf course - he’ll always end up back in a studio somewhere. A young retiree now only in his 50s, Balsbaugh has been playing a lot of golf in the years since he sold Pyramid Communications. But a recently-hatched business venture has brought him back to radio – with a twist.

Calling his new company Pyramid Radio, Balsbaugh has teamed with a number of his former staff members. What’s different is that you won’t hear any of his stations on the car radio. You’ll have to go inside big-box retailers, since his new venture aims to shake up the rather bland world of in-store radio. “A lot of the old gang is back,” says Balsbaugh, pointing out how many familiar faces are involved with the new company. While he’s the majority shareholder, among his strategic partners are former Charlotte general manager Macon Moye; former Kiss 108, Boston programmer (and more recently Infinity president of programming) Steve Rivers; and former Pyramid comptroller John Sprague.

“It’s less predictable than radio,” says Balsbaugh describing the service as “like old-time radio.” While most in-store audio networks currently loop the same programming over and over throughout the day, Pyramid will create a virtual in-store station. “If the store is open for 12 hours, then we create 12 hours of programming,” says Balsbaugh. Those stations would include advertising – often for products that are sold in the store. And stores, restaurants and the like are offered the service for free in exchange for a share of the advertising profits. So far Pyramid has met with representatives from Costco, Staples and Outback Steakhouse, among others. They’ve already signed a pair of retailers to their service.

“VP of Sound” is the title that Steve Rivers holds at the new company, and he’s running the content side from studios in Los Angeles. “What being in L.A. gives us is a great opportunity to get people to do voice work,” says Balsbaugh. Pyramid Radio currently employs about 20 people, but it expects to double in size over the next year as it signs more contracts with retailers.

Among the best parts of the new business, says Balsbaugh, is that “we’re able to be creative again.” He admits to thinking long and hard about going back to work, but sees it as destiny. “I’ve enjoyed semi-retirement and I kept thinking of every reason not to do this. But I thought about it and it just kept coming back stronger and stronger to do it.” Among the upsides is the ability to work alongside his son Erik, who’s a sales and marketing analyst for the company. A recent law school graduate, Erik was too young to be part of his father’s former radio business.

The frenzied 1996 dealmaking in the early days following passage of the Telecom Act saw Balsbaugh sell off his markets (Boston, Chicago, Philadelphia, Charlotte, Buffalo and Rochester) to Scott Ginsburg’s Evergreen Media for $316.5 million. He admits to “really missing a wonderful business” but at the same time he is “glad” he exited radio when he did. Particularly since he isn’t very happy with the course the business has taken – becoming more focused on Wall Street. He says “I sold, instead of selling out, and being a part of all that.” Yet Balsbaugh says he and his Pyramid partners still have a “long-shot pipe dream” of getting back into over-the-air radio. “We would love to buy some stations. But if this takes off the way we think it will, we won’t be able to do that for quite some time.”

—Rich Balsbaugh, 617-267-1333; rbalsbaugh@pyramidradioinc.com
**Change The Subject!**

These stations decided to _give_ their listeners a _break_ with the Dave Ramsey Show.

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* Arbitron SP’05. Increase represents previous hour to Ramsey first hour

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Frank Wood
Former group head of companies i.e. Jacor and Secret Communications
—Interview by Tom Taylor

“You know what a ‘cattle egret’ is? It’s a subspecies of bird that hangs around cow pastures, looking for that undigested kernel of corn. I’m still very busy, involved in some startups, and some wild-eyed things, really. I stay busy.

“After radio, I morphed into being a venture capitalist, for my own account. I did a play in doctors’ offices, where we put displays up, with flat-screen monitors, to do direct-to-consumer advertising, very soft-sell. There are also pamphlets in the exam rooms. That company was looking for capital and I controlled it, and then sold it to Alta last year, and that was a home run. The company was On Target Media, known as ‘Healthy Advice Networks.’

“I did a music magazine [focused on baby boomers] called ‘Tracks.’ But that was going to take longer to build, and ultimately didn’t work out.

“There’s a filtering company that I control, that filters access to the Internet. It puts a very elaborate video game on every desktop, and can stop people from visiting porn sites, and all the other ways they goof off at work. It’s software, though we also sell the hardware that it operates off of, using what’s called packet-sniffing technology.

“I’ve got a piece of Marketron, which was formerly BuyMedia.com. We added a TV traffic module, and bought TVScan.

“I’m on the boards of some public companies, like Rewards Network, out of Chicago.

“As for radio today – it’s not the great business that it was. Station pricing is still crazy. The reason I sold was that the pricing got out of hand. At the time Clear Channel and Infinity were buying, radio stocks were trading at 25-times cash flow, and if they paid 18-times, it was still accretive. But ultimately, they overpaid, and that’s why their stock prices are where they are today.

“Radio’s starting to look a little like TV when cable came in – there’s a leak in the bucket. But the water will go down slowly. 20 years after cable, TV is still a good business. Radio will be a very slow-growth business, and it doesn’t justify the multiples I see now. It won’t be the business it once was. XM and Sirius aren’t putting a big dent in it, but the key to it is that young people don’t relate to radio the way we did. Radio is a distrusted utility, as opposed to the passion we had.

“The other thing is the fun factor. Years ago, radio was like going to work for the circus, as opposed to going to work in the insurance business. Now, eight stations in a cluster begins to look like the insurance biz. The days of entrepreneurial operators are mostly over. It will be a couple of years before radio figures out how to make it more vibrant. I’m not bitter. It just takes a new generation of managers.

“When you’ve got Wall Street, the public is your boss, and you have to deliver what you promised them. In the late 90s it was an unprecedented business. For a couple of years there was 20% growth, which is absurd. Transactions occurred as though that were the standard. Then the new owner came in, whacked the costs out, then went on – but radio didn’t regain control of Cost Per Point. So the stage was set during 1996-2000, when radio started squeezing costs. But we debased the currency, and added enormous spotloads. Suddenly there was a big recession in advertising, and radio’s lucky to get 1-2% growth. It’s a different ballgame and takes a different skillset.

“Radio is still a wonderful thing and provides a lot of things people don’t even know, don’t even think about. But there are now other things – like wireless in our cars.”

“If prices were lower, I’d be encouraged to try to some experimental format – and I’m not alone there. But you can’t experiment when you’re bowed under the weight of so much debt, and you’ve got to get a return. If prices drop to 8-10 times, well, that’s a different story.

“And yes, I miss the radio business.”

—Frank Wood, 513-621-1600
Milt Maltz

Former Chairman/CEO, Malrite Broadcasting

—Interview by Frank Saxe

“For me, museums are a lot like a radio station. I am still in the programming business, except I’ve changed media,” says Milton Maltz. In the decade since leaving radio, he has built the for-profit International Spy Museum in Washington, DC, and next month will open the doors of the Maltz Museum of Jewish Heritage in Cleveland.

Today he’s just a listener of radio, but Maltz spent nearly his entire life involved in the business. In 1943 at the age of 14 he began his career as a child actor in one of the many radio dramas produced in Chicago. After leaving the military and earning a B.S. in journalism from the University of Illinois, he returned to radio. Maltz formed Malrite Communications in 1956 and built it into a group of major-market signals, like “Z-100” WHTZ in New York and KZLA in Los Angles – plus WMMS in hometown Cleveland. He also owned TV stations.

Maltz sold the radio stations to Roy E. Disney’s Shamrock Broadcasting in 1993 for an estimated $300 million. Had he sold just three years later (after the 1996 Telecom Act) he may have been able to reap for even more, but Maltz says he “never regrets” selling when he did. “I came out in great shape. I mean,” really, how much can one have?” After selling his radio stations, Maltz then focused on television, a business he stayed in until 1998 when a deal with Raycom Media took him out of broadcasting altogether.

“Do I miss it? I did at first. But I kept talking to my friends about what’s gone on in radio and that helped me miss it less. The days of the individual operator are gone. I don’t miss that kind of business.” That’s not to say that Maltz didn’t look at Wall Street’s potential himself. He was on the same road show as Mel Karmazin when Infinity went public in 1998. “I couldn’t take the constraints of being a public company.”

While in the Navy, Maltz worked at the National Security Agency in Washington, D.C. That’s where he picked up an interest in intelligence and national security issues. So when he left broadcasting he combined that interest with the knowledge he built while helping in the founding and development of the Rock & Roll Hall of Fame and Museum in Cleveland. In 2002 the International Spy Museum opened its doors, becoming the largest permanent exhibit dedicated to the history of espionage. Since opening it’s had more than three million visitors, and its first traveling exhibit opens in Oklahoma City next February.

Cleveland’s new Maltz Museum of Jewish Heritage opens October 11. Maltz says it will showcase “the American story” by focusing on “the lives of individuals and their families in terms of their social, cultural, economic and scientific contributions.”

Beyond the museums in Washington and Cleveland, Maltz and his wife Tamar have helped create a non-profit community theater by taking over the bankrupt Burt Reynolds Dinner Theater in Jupiter, Florida – their winter home. And their Maltz Family Foundation supports many philanthropic interests.

—Milton Maltz, (216) 781-3010
www.spymuseum.org; www.maltzjewishmuseum.org

John Hayes

Former U.S. group head (Fairmont) and owner (Alliance) – and now head of Canada’s Corus Radio

—Interview by Tom Taylor

John sold his Goldman Sachs- and Odyssey Partners-backed Alliance Broadcasting to Infinity in 1996 – the first year of the Telecom Act – for $275 million. Two years later he moved to the U.K. to again work with Goldman on media investments there and in Europe. He became an investor in a French national radio network named Skyrock and the French outdoor company named Giraudy. He sailed back to the U.S. in 2000 as Chairman/CEO of RadioAmp – a Boston-based streaming company that provided private-label radio-like services to Internet portals. And since July 2001 he’s done something very few Americans have even thought about – he’s run Canada’s largest radio group in terms of revenue and “audience tuning.” That’s Corus Radio, and the company says its 53 stations reach 8.4 million Canadians a week.

Before Alliance - John managed at major-market U.S. stations like WGRQ (now WGRF), Buffalo, KZOK, Seattle, KYUU, San Francisco and WNBC, New York. In 1987 he went to the next level as president/COO of the Fairmont Communications group, and in 1990 he founded Alliance.

How does John view U.S. radio, from across the border?

“The largest publicly-traded radio companies are inherently risk-averse. Right now they’re hunkered down, trying to keep their investment message of growth resonating. All of the things that need to be fixed in radio can’t be fixed without a radio company’s willingness to take a risk to cash flow.

On programming: “The financial players that built out the larger radio companies driving consolidation just plain lost sight of the interests of 80% of their core constituencies…advertisers, audiences, employees, communities, regulator… and focused on
Our new music scheduling system is so seductive—achieve complete dependency with a single use.

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the needs of the few, the investors. Their business model was not directed at having a customer and innovating, but rather on the purpose of creating investor and individual wealth. This led to excesses – 10-spot commercial breaks, cost-cutting, elimination of services and programming elements – that eventually have come home to roost and damage radio with audiences, advertisers and as an industry where the employees feel valued.

“What leads to growth in any industry is someone’s willingness to innovate or to rejuvenate a stagnated sector. What needs to happen in the U.S. radio industry is for some stations in the larger markets to become available to entrepreneurs. Until adventurous innovators arrive in radio again, little will change. Innovation is not valued due to the inherent pressure on the big public radio companies to provide high levels of annual cash flow growth.

“If the best programming innovation U.S. Radio can think of is a Canadian format that is really an oldies-based AC with new packaging, then there’s not a lot of risk being attempted that will surprise and delight the audience, is there?

“The differences between the radio industry here in Canada and in the States are visible – here, radio is a trusted partner by advertisers and audiences alike.”

Bob Poe
Former GM at groundbreaking rock AC WMMO, Orlando
—Interview by Tom Taylor

“For the last three years I’ve been the president of the Emergency Communications Network in Ormond Beach, Florida. We do what’s called outbound-911 – emergency notification, where government agencies, police departments and others pay us to quickly make hundreds or thousands of phone calls. It’s about speed and volume, as authorities deal with gas spills, missing children, road closures, and all that.”

After he left radio, Bob had a front seat at one of the most famous (infamous?) events of America’s political history of the last century – he was the Chairman of the Democratic Party in Florida during 2000. But he doesn’t dwell on hanging chads. And Bob had fascinating jobs before radio, too – he was the director of broadcasting for the NBA Orlando Magic. He also worked for Susquehanna.

What does he think of radio now, almost exactly 15 years after the launch of the much-watched and copied WMMO?

“It’s all business now, and you couldn’t start up a WMMO now. That’s because everybody’s watching to see if you make your quarter.”

—Bob Poe 888-884-6337; BobPoe@CodeRedWeb.com

“I DO MISS THE ACTION AND MY FRIENDS, BUT I DON’T MISS SWEATING OUT THE RATINGS, AND TOO MUCH DEBT PRESSURE.”
“When Bob Weiss and I sold Metroplex to Clear Channel in 1994 we briefly looked at some other things to do in the industry - but for me at least, nothing looked as interesting as retirement.

“At first I panicked. I took a couple of courses at John Carroll University near here and then I was invited to teach at Case Western Reserve University. Each fall semester for the past 10 years I’ve taught a class called Introduction to Mass Media. I just love the assignment.

It keeps me in touch with today’s young undergraduates and forces me to stay ‘with it.’ I bring in guest lecturers from all facets of media to spice up the agenda. Then in December, my wife and I head to Palm Beach Gardens for the winter.

“It was in Florida that I first became acquainted with liberal talk show hostess Randi Rhodes. I liked her air work and I loved her ratings on WJNO, West Palm Beach. Just as we were getting acquainted, Air America Radio was being organized, so I helped her negotiate her first contract with them. I also became an investor with AAR. In addition to any political agenda, I recognized that AAR filled an unmet need in many markets.

“Other things that keep me busy these days - Lots of community activities both in Cleveland and Florida. I must be on 12 different committees. In Florida, I emcee a sporadic TV series called ‘Meet Your New Neighbor’ on closed circuit TV. All that plus a weekly regimen of yoga, golf, tennis, biking, and swimming keeps me pretty busy.

“The radio business has always fascinated me. One of the most gratifying aspects of the business (besides the healthy cash flow) was the ability to be a vital part of the local community. Today with huge corporations owning hundreds of stations I find that the more things change, the more they stay the same. Those local GMs who can make their stations vitally important to their target demos still win the ratings battles.

“There is one cautionary note. I’ve always believed that new technologies don’t necessarily destroy the old but they sure do modify them. The classic example of this was when TV came in and stole all of the big names and shows away from radio. That didn’t destroy radio but it forced the industry into its basic music and news formats. Similarly, the dozens of new technologies which are competing with radio today (satellite, iPods, blogs, etc.) will force AM and FM operators to constantly review their role in the community. Digital broadcasting will no doubt help, but people listen to programming first and foremost. I would guess that those operations that truly super-serve their audiences’ needs, wants, and interests will continue to win.”

—Norm Wain, BChefinNorm@aol.com

When Lee was 15, his father Xenophon “Xen” Zapis drove him to the FCC field office in Chicago to get his Third Class operators license. But after owning stations for 36 years the Zapis family got out of radio in 1999.

Lee Zapis caught the Internet wave up – then down, and tried his hand at manufacturing golf equipment. Today he still owns a 20% stake of Jim and Tom Embrescia’s Media One Group and its five stations in Jamestown, New York - but Zapis’ main focus is on business-to-business magazine publishing.

Zapis Communications exited the radio business in 1999 in a $275 million sale to Chancellor Media. “Our timing was perfect,” says Zapis, who says he was “surprised” at how quickly the industry consolidated. In a fitting twist of consolidation, all of the stations they sold have since been dealt to -- or swallowed up – by other owners. Typical is WAAF, Worcester, MA, which was sold to American Radio Systems, which then merged with Infinity, which then spun it off to Entercom. While Zapis Communications never had more than seven stations in its portfolio, Lee believes they could have remained competitive despite the tougher operating environment. “We had a solid niche and I think we were really good operators.”

The decision to sell for the Zapis and his father was a difficult one. “It was hard to give it up, because it was our identity as a family. It was who we were in the community,” he says. So much so when the local beer distributor – also family run – heard they were selling their stations, he asked, “How can you sell? We’re the beer family and you’re the radio family.”

Once out of the radio business, Zapis formed Everstream Inc. with entrepreneur Stephen McHale. It was a company that provided streamed audio content for local newspaper websites. While it was promising in 1999, it fell victim to the dot-com bust as old line newspaper publishers became reluctant to make an investment in the Internet. “We were just too far ahead of that curve,” he says, noting that newspapers today are rushing to put streamed video and audio content on their sites. Last month Everstream sold to Concurrent Computer Corp. in a $15 million all-stock deal.

With the Internet business at a standstill, Zapis turned his attention to trade magazine publishing and in 2004 he launched Symphony Publishing and its three trade publications for the music education and equipment industry. He says his time in radio may be helping him in the print world. “I don’t know if one’s harder or easier. What we’re hoping to be in our magazines is to be the center of a community. In radio, we had to come up with tools to sell advertisers. That same philosophy works in publishing.”

His father Xen Zapis – in radio since 1949 – spends most of the year in Florida these days, with frequent trips to Greece. On a recent trip there he phoned his son back in Cleveland and showed that it’s a case of once an entrepreneur, always an entrepreneur. “He called and said we should look at opening Kinko’s franchises in Greece.”

—Lee Zapis, LZapis@ZapisCapital.com; 440-871-1300

—Interview by Frank Saxe

—Interview by Tom Taylor

THE TAYLOR REPORT: Where Are They Now?

Norm Wain

Former CEO of Cleveland-based Metroplex Communications

Lee Zapis

Former group head of Zapis Communications

10 INSIDE RADIO

2005 NAB RADIO SHOW SPECIAL ISSUE
INNOVATION

Continually adapting and strategically growing,

for over 75 years SESAC has been finding

creative ways to simplify and streamline the

business of performing rights, while maintaining a

standard of excellence extending around the world.

CELEBRATE WITH US
For this special NAB Radio Show issue of Inside Radio, Mike chose to talk with former Viacom, Clear Channel, Infinity and Citadel senior exec Bill Figenshu. “Fig” ranges over everything from how he got into the business as a kid to what radio’s too busy to do today – but must rediscover. Oh – Fig also talks about his old roommate, Rush Limbaugh.

by MIKE KINOSIAN

Brush with Greatness

With stealth-like meticulousness, a distinguished industry luminary has purposefully chosen to go undetected.

The paradox is, he’s been a major executive at several leading radio groups and admired by legions of managers and programmers.

Over a career sporting numerous significant achievements, it’s rare – if not impossible – that Bill Figenshu seeks glory.

Instead, the oldest of 10 children conscientiously answers a daily 3:30am alarm and sets out to make this industry better.

It would be totally apt if Fig’s Skytop, PA morning repast includes the breakfast of radio champions - cold pizza - rather than a frou-frou latte and croissant.

The ultra-early morning routine is something the Philadelphia native began when he did wakeup duties for four years at WMZQ/Washington and continued in his most recent nearly three-year assignment running Citadel’s Western Region.

Optimistic One

After holding other upper-echelon corporate management roles for Viacom, Chancellor Media and Infinity, the genial Fig determined it was time to venture on his own, and two months ago (July 2005) created Fig Media 1. “I wanted a number and ’1’ seems optimistic,” jokes Figenshu, who began thinking about doing this 15 years ago and, in the tradition of a good radio executive, conducted extensive research before taking the plunge. “I was at Viacom for many years and thought I’d die there. Consolidation happened and all that changed. I want to work with guys in the trenches who are trying to pay the station’s mortgage.”

Training the next generation of radio talent is a high priority for the new entrepreneur who enjoys working with fresh talent. “So many people out there are dying to learn, [but] don’t get [help],” Figenshu comments. “It’s not that companies suck at it. It’s just that nobody has time to take people under their wing anymore.”

Intense pressure from Wall Street and corporate headquarters is being put on the bottom line, so Fig’s brainchild is to bring his experience to a cluster and focus it with the GM. “They have no time to think,” he opines. “All their time is spent trying to administrate. This is still a creative business, but we end up doing less creative and more administrative work.”
Unsung Heroes

General Managers and Regional VPs are inundated with additional responsibilities and it’s inevitable some things will fall through the cracks. “There are only so many hours in the day to get everything done,” Figenshu maintains. “I always liked that people paid me for what I think. This is a business that rewards ideas that can be turned into action.”

Workloads have increased, but the number of employees per station has decreased and Figenshu contends those making the process work are GMs who are part of the community. “They’re consolidation’s unsung heroes who have to answer to advertisers and motivate employees. Good GMs make a good cluster great, [but] bad GMs will absolutely destroy a cluster from the top down.”

There’s nothing quite like being part of a winning radio station. “I get my energy from working with creative people,” Figenshu remarks. “Nothing real happens in corporate. All the real stuff happens at the station level.”

Radio – His Way

Philadelphia’s big WFIL-WIBG wars raged when Fig was growing up, but he didn’t develop an interest in the medium until he attended his 4,000-student high school. “I was in a graduating class of 1,200,” he points out. “There was a shortage of teachers, so they’d roll in closed circuit televisions and [simultaneously] teach Health to 12 classes from a studio downstairs.”

That fascinated him so much that he joined the school’s Television Club, but quickly discovered that rehearsals are required in that medium and thought that was rather tedious. “I liked the idea that radio was immediate and live. The concept of being able to have people respond was always attractive to me.”

Not long after high school graduation, Fig landed his first radio job as WMID/Atlantic City, NJ’s all-night talent. “My friends were flipping hamburgers on the boardwalk and I was playing Chicago records,” he fondly remembers, even though the $80 weekly he pulled down was less than Burger King’s going rate. “But I fell in love with [radio].”

The experience pre-dated the casinos that now dot Atlantic City’s landscape and came when WMID was a feeder station.

Road To Pittsburgh

The war in Southeast Asia, however, was of much greater consequence. The lucky teenager, however, hit the draft lottery with a virtually untouchable call-up number - 321. “I felt I’d be discovered at 3am on the radio - and I was,” states Figenshu, who caught the ear of legendary Los Angeles, San Francisco and Miami programmer Bob Hamilton - then PD of WIOO/Carlisle, PA. “He hired me, but quickly left to go to WIXZ/Pittsburgh. I knew I was in trouble when [WIOO’s GM] handed us unsigned paychecks. He said he’d sign them when the station got the money.”

Meanwhile, Hamilton didn’t forget Fig and recruited him to Pittsburgh. By that time, his salary as WIXZ’s nighttime personality ballooned to $135 a week.

Quickly striking up a friendship with morning man Jeff Christy, Fig asked the wakeup talent if he’d be interested in sharing expenses as his roommate. “He’d get in trouble every day for talking too much,” Figenshu comments of his new roomie. “I was the good corporate soldier. I played the hits and shut up, while this guy was getting memoed to death. We were 20-year old kids talking up vocals and answering the request lines so we could get dates.”

Despite a bad-boy past, Christy now enjoys a modicum of success … as Rush Limbaugh. “To a degree, any successful show is an act,” Figenshu states. “I don’t think Howard [Stern] or Rush are that way when they go home. They do what they do to make a living.”

Simultaneous with working at WIXZ and its challenged nighttime signal, Fig by this time was becoming acutely aware that FM, which he once playfully thought stood for “Find Me,” was starting to take off. So he jumped at the chance to join PD Ron Huntsman in launching WKDF/Nashville. “I did 7pm-Midnight and dropped my voice four octaves to intro [Traffic’s] ‘Low Spark Of High Heeled Boys.’ A guy named Scott Shannon was across the street [on WMAK]. Those were pretty heady times.”

Nothing To Lose

Nearly 25 years has elapsed since the industry took notice of Fig, who built a radio company from the ground floor when Viacom appointed him Radio Division President. “It’s a software company that creates and recognizes the value of content,” comments Figenshu, who oversaw such outlets as WLTW/New York, KXEZ/Los Angeles, WLAK/Chicago, WLT/Detroit, KIKK/Houston, WMZQ/Washington and KBSS/Seattle. “I got the job because I was a content guy. I always had this affection for content and the people who created it. I wasn’t particularly fond of sales, but knew I had to learn it. My entire career has been focused to generate ratings by getting the right programming on at the right price.”

A successful Soft Adult Contemporary was born in summer 1983, when Figenshu began tinkering with Jack Taddeo-programmed Beautiful Music WLAK (now Clear Channel’s WLIT).

Country WKHK/New York adopted a similar format six months later (January 1984), becoming “Lite-FM” - WLTW.

The Clear Channel AC remains one of the country’s most potent ratings and revenue juggernauts, but when it debuted, respected cross-town PD Scott Shannon (now programming/co-hosting morning drive with Todd Pettengill on ABC Hot AC WPLJ)
predicted the Easy Listening station for young people would disappear in six months.

It’s not as if WLTW would have the AC or Easy Listening markets to itself: AC turf was occupied by NBC’s WYNY (now Clear Channel CHR/Rhythmic WKTU) and WPIX (now Emmis Smooth Jazz WQCD). While WPAT-FM (now Spanish AC for SBS) and WRFM (which later became WNSR, WMXV and is now Clear Channel Urban WWPR) served the Beautiful Music audience.

“We had an idea for the second right answer,” Figenshu insists. “Beautiful Music was trying to add more vocals, so we decided to play all vocals. Beautiful Music guys had to protect the status quo and couldn’t drop [artists like] Frank Chacksfield, Mantovani and 101 Strings. We had nothing to lose.”

More Music/Les Nesman
The industry hasn’t witnessed anything like the meteoric rise engineered by Scott Shannon at Gotham’s “Z100” (WHTZ) in years. “All the good formats are already taken,” Figenshu reasons. “With the exception of Urban and Hispanic, the top five-ranked stations in most major markets have been that way the last three to five years. You won’t beat Lite-FM by being `Lite-FM Two.’ You’ll need to come after them in a different way.”

Some work in radio simply to collect a paycheck, but Fig counted the radio station as a second home, sometimes witnessing characters straight out of WKRP In Cincinnati. “GMs were fatherly figures and GSMs were wise guy cousins,” he laughs. “[But] there isn’t much difference in passion level and creativity in New York City as there is in markets like Boise and Reno.”

Those coming into this business generally fall into two categories. “Some think they’re going to be stars and make a lot of money,” Figenshu declares. “They realize it’s more about hard work than anything else. There are also kids like us who eat, live and breathe this business.”

There are sadly less of the latter and as he points out, “You’re hard-pressed in any market to find more than three all-night shows. That incubator isn’t there anymore. Remember – this isn’t the growth business it was in 1999.”

Culture Club
Corporate culture generally filters from the top down. As Viacom’s Radio Division President, Figenshu set his own tone but points out that’s changed post-consolidation. “In well-run companies, cultures should spring from local markets. [Citadel Chairman/CEO] Farid [Suleman] and [COO] Judy [Ellis] let me run the Western region the way I saw fit. We were successful and [reached our goals]. People don’t bother you when you hit the numbers, but they bother you a lot when you don’t.”

There was a wonderful camaraderie that Fig and talented fellow executives Dan Mason, David Pearlman, Don Bouloukos and John Gehron enjoyed at Infinity. “It worked for the stations and the company,” he comments. “The results speak for themselves. I can’t comment on what’s happening [there] today [other than to say] it’s different.”

Multicasting, podcasting and JACK-FM are among Infinity’s focal points. Of the latter, he comments, “Like any other format, it will be successful [if] the commitment is made by the company and local managers to build it beyond what it originally is. Any legendary station existing today began from an idea that swept the country. They go about it with a relentless pursuit of perfection every day. Some JACK stations will fail because they’ll look at it as a simple formula of plugging it in and walking away. On the other hand, some people will nurture and invest in it - [those stations] will survive.”

Fed Up
The always-astute Figenshu notices that once every 18 months, somebody comes out with a brand/concept that sticks. “We’re so desperate for fresh and creative programming that stations can’t put it on fast enough,” he declares. “If you think it’s crazy now, wait until HD Radio. For the first time, the radio industry has a distribution issue. Companies like Clear Channel and Infinity should develop HD programming [but] I’m afraid they won’t. I want to find independent thinkers and visionaries who have concepts that may not have been tried in more traditional places.”

One aspect of the forthcoming terrestrial to satellite radio transition by one of the biggest stars in our medium’s history has Fig totally perplexed. “With the exception of how [Talk Radio Network CEO] Mark Masters markets Mancow, I’m not aware of anyone else
willing to say `here’s Howard Stern’s replacement.’ It’s frightening there’s no heir apparent.”

Moreover, results from focus group studies he’s conducted in Buffalo and Salt Lake City tell Figenshu that people are having radio revelations and are upset. “We’ve beaten them to death with commercials and they can hear the same [artists] on seven different stations. They don’t have to take it anymore. GMs are very nervous - I’d be nervous, too. Wall Street loved us in 1999 and took us out to dinner. They’ve now left a note saying they’ll call us someday. We feel used and dirty and need to work hard to get back our self-respect, but I don’t know if everyone is ready for hard work.”

Rollin’ On KFRC
Diversity of the multi-market, multi-challenge environment is something Fig thrives on. “In addition to having terrific programming, my vision of programming is to make sure we have the right sales department, killer accounting and super customer service. That’s what cranks me up.”

There are very few conditions he hasn’t been exposed to. Several years ago, for example, Bay Area listeners heard him do several breaks on KFRC/San Francisco. “Who didn’t want to work there,” he asks rhetorically of the legendary RKO Top 40-turned Infinity Oldies outlet. “I snuck in there in the middle of the night and hit the post on [CCR’s] `Proud Mary.’ I thought I still had it, but after five breaks, I [realized] it’s more fun to create imagery and branding. ” (KFRC recently adjusted its traditional oldies fare.)

Good Day
The corner office, generous expense account and lavish perks have vanished and Fig now has even greater respect for those running their own businesses.

There are at least three noteworthy reminders of why Figenshu should be leisurely loafing on the beach right now. “It was a very good day for me when they sold Viacom Radio for $1.1 billion. I participated in the stock rise of Clear Channel through Chancellor Media and it was a very good day for me. I ran through Infinity and when they went public, it was a very good day for me.”

But certain people are driven. The person staring back in Fig’s mirror has a strikingly similar appearance to that kid on WMID who made $80 a week playing Chicago records. “It doesn’t matter whether I distribute programming through an iPod, satellite, AM, FM or two cups and a string,” he notes with determination – and good health. “I just like the idea people listen and respond to compelling programming. I wouldn’t start a company at my age [mid-50s] unless I was excited about the future and the possibilities in the industry.”

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10-YEAR FORMAT CHART

Country is down (2613 stations to 2019). Spanish (427 to 703) is up. And sports (148 to 497) is way, way up (triple the number of stations just 10 years ago). What other conclusions can you draw from this Inside Radio Database chart?

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**Largest Groups, by Revenue.** It’s the Big Two – then ABC, Cox, Entercom and Citadel.

**Largest Groups, by Number of Stations.** It’s the three C’s on top – Clear Channel, Cumulus and Citadel.

—Data provided by our weekly *Who Owns What*, August 2005. Numbers represent net gross only; stations legally owned and registered with the FCC.

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Follow The Money

BY TOM TAYLOR & FRANK SAXE

Watergate’s “Deep Throat” wasn’t the only guy to utter those words – group heads and cluster managers and Directors of Sales say them every day, as they strive to “hit the numbers” and make budget. What’s happened so far in 2005 and how will radio close out the year? What’s ahead for 2006? Some surprisingly candid insights here, as we all “Follow the money” —

David BENJAMIN
President/CEO, Triad Broadcasting

“This year is going to finish low-single digits. But I am more optimistic about next year, when I think we will see an increase of 5% to 6%, which is more back to the historical norm. There are several reasons for that. First, there will be a little political advertising, which will add 1% to 2%. It’s not like they get in television, but every percent helps.

“We’re also beginning to come to grips with better yield management policies. One of the things the 1996 consolidation did was provide a lot of inventory – some of which sold far too cheaply. Through Clear Channel’s ‘Less Is More’ and other industry initiatives we’re beginning to come to grips with better yield management.

“But something that gets too little media attention, and far more important than satellite radio and iPods, is that the recovery that began in October 2001 has not really helped working people. It’s helped people with assets, like stocks or real estate, but not working people, which is one reason why Wal-Mart stock hasn’t done as well. Working people are the ones that support the local businesses that advertise on local radio. Fortunately, working people are beginning to catch up because their real wages are beginning to catch up. That’s already beginning to happen and that’s a good thing for local radio.

“Also, if you look at Arbitron ratings over the last five to six years, audiences remain pretty high. Through the last five years the audience has been pretty steady. That’s during the same time that we’ve seen satellite radio and iPods grow. People will see past the hype and see that the fundamentals of the business are still intact. When Howard Stern leaves next January there will be a lot of publicity and hype. But the dust will settle and people will be pleasantly surprised about how healthy radio continues to be.”

John HOGAN
President/CEO, Clear Channel Radio

John, how’s 2005 so far? “Thus far it’s been a soft year, as evidenced by the published Miller Kaplan numbers - flat to low single digit growth. The balance of the year is likely to be more of the same, as we compete in an overall soft advertising economy and come up against strong political comps.”

And looking out to 2006? “It depends on radio’s ability to stimulate interest from advertisers, our ability to create our own ‘wind at the back. We certainly are providing more choices with Less Is More, with spot length, position and price, and with new formats and programming. How effectively we communicate and sell radio’s opportunities and strengths is up to us. I am encouraged by the progress Clear Channel Radio is making in creating a market for :30 and :15 spots and by the passion and effort our sales organizations are using to sell our stations.”

Rick PETERS
COO, Bluewater Broadcasting

“We are in a unique position here in Montgomery, Alabama. We paced 68% ahead of 2004 in first and second quarter and are currently tracking at about the same level in third quarter. That’s due to increased performance on both the product and sales side of this acquisition.

“It’s blocking and tackling. The previous owners (mom and pop types) just didn’t have the interest to invest in the product and personnel. We’ve spent a couple of hundred grand on marketing, changed two formats, increased the sales staff from four to ten, staffed up the programming department, etc. It’s really a story of acquisition strategy. We identified companies who missed the first (and second) wave of consolidation for whatever reason, and targeted them. We bought Montgomery and the rest, as they say, is history. There is still growth to be found in this industry – especially if you look in the smaller markets.

“As far as 2006 is concerned, we expect to be up another 20-30% over 2005, again due to improvements in this project. Not typical in this industry of 1% to 2% growth.”

FOLLOW THE MONEY

BY TOM TAYLOR & FRANK SAXE

2005 NAB RADIO SHOW SPECIAL ISSUE

InsideRadio 2005 NAB Radio Show Special Issue

21
Tom LANGMYER  
VP/GM of Tribune's WGN, Chicago

“Through third quarter, the Chicago market is up 1%. We’re looking for the market to grow by 2% to 3% in fourth quarter. However, it is important to note the growth is a result of lower comps from fourth quarter of 2004 when the market was down 3%. It has been more of a challenge to pinpoint fourth quarter since business is being booked later this year. There’s been some fluidity in the Chicago market with inventory reduction initiatives and format changes. This will eventually settle down. At this point, we’re forecasting the market to be plus 2% in 2006.”

Stu OLDS  
CEO, Katz Media Group

“It starts with the listener, to create an environment where they can become much more engaged not only with the station, but with the advertising message.” — Stu Olds

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Stu OLDS  
CEO, Katz Media Group

“The real story here is not to get caught up in where radio is right now. We’ll probably finish the year +1% to +3%. But the real story is what radio’s doing to get ready for the future. It’s happening on so many fronts - protecting and building listenership, flexibility, creativity, it’s all being addressed.

“It starts with the listener, to create an environment where they can become much more engaged not only with the station, but with the advertising message. Major groups have been reducing the amount of inventory, and that’s really reduced clutter. They’ve made it more attractive to the listener, and easier to connect. It’s a much more engaging environment.

“Agencies are starting to recognize it, the change that radio’s going through. Radio is listening to what they’ve been saying about clutter, an environment where their advertising can stand out.

“Second thing is – there’s much more flexibility in length, with :30s, :15s and the lesser lengths. That’s going to attract a new set of advertisers.

“Most importantly – there’s now a big focus on what kind of commercials are airing, and how those commercials are being put together to make sense. It’s not only the Clear Channel Creative Services Group, but also the RAB and others who are working on this. A bad commercial drives a listener off the station, and that doesn’t do the advertiser any good.

“Radio’s making a huge investment in terms of HD Radio. It’s really looking for ways to much more aggressively roll that out, talking about how they’re going to use HD.

“And the Internet is back. Groups are forming robust new websites that not only have traditional things, but also streaming. It’s a big benefit to listeners, going forward. You can be driving into New York City in the morning and hear people talking about going to www.whatever, to listen to the same station you hear in the car, but streamed on the computer at work. Radio should be extremely proud at how fast we’re moving in that direction – with technology.”

Mary Beth GARBER  
President, Southern California Broadcasters Association

“As for national...basically, the agencies are under tremendous pressure to show their clients that they are ‘cutting edge’ on all the new media and especially the internet. I think you will see more ‘traditional media’ money shifting into ‘new media’ and ‘new ideas’ opportunities — things like product placement, live billboards, blog-works, and anything else that seems really cool. I think radio and spot TV, and probably newspaper, will suffer for it. Until the sales drop markedly, and then the agencies will reconsider.

“At the big New York agencies, as the most expensive medium in terms of agency overhead when it comes to implementing plans, I expect radio will be on the short list more often than not (not a good thing). It will continue to affect our national dollars.

“Locally, I think the lag time between pulling off of radio and seeing a drop in sales is much more apparent much quicker and will result in continuing growth in local.
Is your Stations Web Address Easy for Listeners to Remember?

Example A: Dick FM - www.1009  
IttheRockofAlbuquerqueNM.com

Example B: Jack FM - www.jack.tm  
Bob FM - www.bob.fm
Dave FM - www.dave.fm  
Ed FM - www.ed.fm

Don't be a Dick!

Be more like Jack, Bob, Dave & Ed...

A Great Sounding Web Address ends in .FM!

www.dot.fm
“Solid but not spectacular” have been the watchwords for both the economy and the radio business in Los Angeles in 2005. Back in January we projected a 2% to 3% increase in radio revenue over 2004 and that is where we are pacing. It should be noted that radio is the only of three local media that is ahead of last year. TNS shows both TV and Newspaper behind last year as of the end of June. We anticipate about the same 2.5% to 3% growth for next year, although there will be lots of pressure to bring it up to 5% or more.”

“Locally, we’ll see the effects of more consolidation in the department store and cellular industries (eliminating advertisers and ad revenue). However, we’ll also see the continued rise in local business advertising turning to radio. For instance, the number of auto dealers using radio increased nearly 66% in the past two years, and the percent of their budget put into radio and amount spent both increased double digits over the previous year. Nationally, we’ll see the continued influence of the Great Discovery of the Internet and alternative ad spending among the major ad agencies and clients.

“What categories should we watch for in 2006? Automotive is always one to watch (it’s 13% to 16% of radio’s total revenues compared to 25% to 30% for TV and newspaper). The trend in the past three years has been an increase in the number of new dealers coming into radio and spending more money. Communications will be another category to watch – good or bad. The merger of Nextel with Sprint will further shrink the market, but also intensify competition. The invention of new, better, more multi-faceted cell phones will drive that segment. Also, Financial will be another important category. Many of the loans out there are five year ARMs, about 30% of which will come due next year or the year after, so re-financing should be big. Political may become huge next year, depending on whether or not they cancel this year’s special election.

“Events in 2006 that will have a significant impact on media include the Olympics, but that seems to have had minor impact on radio inventory in the recent past. Also, I don’t foresee any measurable impact by premium satellite radio on regular broadcast radio usage.

“What makes radio unique among media is its ability to react – often instantaneously – to demand from its customer base, the listeners. The amount of growth in the L.A. market so far this year is a testament to that. Radio will continue to morph into whatever format and form the listeners need. That’s why it is still a growing medium some 75 years after its on air debut. That’s especially true in car-crazy, usually out-of-home Los Angeles.

“We’ve done extensive sales training across the entire company and have required people to follow a Standard of Performance over the past couple of years. That is, we expect our sales people and management to ask for so much each day and to conduct so many Client Needs Assessments and to prepare so many major presentations. We hired Roger Dodson, formerly of the RAB, as President of Sales and Sales Training and although it seems to have taken more work than ever, we’re satisfied with 2005 results so far. July was our best month, being up 9%. That was mainly due to increase local direct sales. We are getting some national buys, and ag buys (which are important in our states) have come back to a certain extent as well.

“The remainder of the third quarter and the fourth quarter will be tougher for us, given comps to last year. We had a fantastic political year last year being in states where there were some major contested Congressional and Senate races. We figure we’ll do well to hold even with last year from here on out.

“An aside: I think it behooves the RAB to open an office in Washington and have a full time person dealing with Congress, the Senate, the various parties and issues, and the White House and constantly talk about the efficacy and efficiency of politicians advertising on radio. Right now I think we only get the crumbs that fall off the table from television. Radio is NOT top of mind among national politicians as something they use. Would be a great thing for the new RAB president to pursue.

“We’re expecting 2006 to be a decent year. Political will be back, it will be an Olympic year and usually that means that television sells out and we get some spillover. We think that the overall rising tide may help to lift all of us. Hopefully, the national press and Wall Street will become more realistic about the value of local radio, particularly as such companies as Clear Channel, with their Less Is More initiative, and Cumulus, perform better partly because it is just a better year for all. Like it or not, the value of public companies affects the values of everyone else. We’re going into the budget planning process expecting high single digit increases for next year. I’d like double digit increases, but having gone through the ‘perfect storm’ the last four years, that might be expecting a little too much.

“We have paid down our debt considerably and have recently negotiated better rates. We’re constantly looking for good stations to acquire and continue to be very optimistic about the future of this great business.”
You expect top billers to be from markets like New York (starting with perennial #1 WLTW), Los Angeles and Chicago. But this year Atlanta places two stations on the Top-25 list.

— Data provided by the Inside Radio Database, August 2005; Gross revenue.

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Bob Raleigh, President
What are the most popular formats on AM? How about FM?

Is spectrum destiny? Over one-third (35.5%) of all AM stations are programming either news/talk or sports. Throw in country (11.7%) and Spanish (8.7%), and odds are better than 50-50 that any AM station you run across will be doing one of those four formats.

On FM – there’s also a pretty good chance of running into news/talk. It’s now the second-most-programmed format on the FM band.

— From the Inside Radio Database, August 2005

<table>
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<tr>
<th>Primary Format</th>
<th>Total AM %</th>
<th>Primary Format</th>
<th>Total FM %</th>
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<td>Black Gospel</td>
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<td>Adult Standards</td>
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<td>0.1</td>
<td>Adult Hits</td>
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</tr>
<tr>
<td>Hot AC</td>
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<td>Sports</td>
<td>0.4</td>
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<tr>
<td>Easy Listening</td>
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<td>Ethnic</td>
<td>0.4</td>
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<tr>
<td>Top 40</td>
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<td>R&amp;B Adult/Oldies</td>
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<tr>
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<td>Modern AC</td>
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<tr>
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</tr>
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<td>Modern AC</td>
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<td>Pre-Teen</td>
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</tr>
<tr>
<td>Format Not Available</td>
<td>0.0</td>
<td>Format Not Available</td>
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</tr>
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Total Operating Stations: 4739
Stations off the air: 50
Construction Permits: 49
4838 100

Total Operating Stations: 8828
Stations off the air: 43
Construction Permits: 458
9329 100

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2005 NAB RADIO SHOW SPECIAL ISSUE
Reach: How Radio Builds Business in a PPM World

By Erwin Ephron

In today's marketing, reach trumps frequency. It's easy to see why. Reach is media's gift to marketing. It is fundamental to how mass advertising appears to work.

The key idea is "Recency," which is just common sense. Advertising is most effective when it is reminding people who happen to need the product about a brand they know. Recency is a reminding, not a remembering, model. The difference is critical because reminding is a stimulus that can be controlled; remembering is a response that cannot be.

On the face of it, reminding is a perfect job for radio, but not when used as a frequency medium. Frequency—contacting one consumer three times with a message—is not as good as reach—contacting three consumers once. This is because one consumer is far less likely to need the product than any of the three would be.

Given that someone who is the market for a product is usually more receptive to advertising for that product, fewer messages are needed. Again, reach, not frequency.

These ideas about how advertising works, together with growing media fragmentation, have made frequency a kind of media crabgrass. The planner's challenge is to kill it.

All said, today it is not good to be thought of as a frequency medium.

Radio Is Ignored

Reach and television are where national advertiser dollars go today. Radio is largely ignored because it is thought of as a frequency medium. But that reputation grows more out of how well radio targets than from any inherent reach limitations. Radio's targeting selectivity, especially among younger demos, leads advertisers to use only the few best-targeted stations to keep the costs-per-points low.

This emphasis on target CPP and few best stations artificially restricts the reach of a schedule, creating the familiar radio buy of low to moderate reach and lots of frequency. But when radio is planned differently, especially with the help of the new Arbitron PPM data, it becomes an ideal reach medium.

The new PPM data are especially helpful because they capture the full audience of a station and, on average, roughly double its weekly reach.

Reach Planning

Reach planning for radio increases the number of stations, reduces the number of weekly insertions per station and, if necessary, pays the higher target CPP for the higher reach schedule. This higher CPP is still far lower than for television.

The following table uses Philadelphia PPM data and real station costs to demonstrate radio reach scheduling.

In this example, the demo target is the most common one, Adults 25-54. The schedules compare the one-week and four-week reach of a five-station and a 10-station buy (Mon-Fri 6AM-7PM Adults 25-54). Stations are selected to hold costs reasonably constant.

More Stations Mean More Reach

| Adults 25-54 |
|---|---|---|---|---|---|
| **Stations** | **Spots** | **TRPs** | **Cost** | **CPP** | **1-Week** | **4-Week** |
| 5 | 18 | 86 | $28,350 | $328 | 31/2.4 | 50/6.9 |
| 10 | 10 | 95 | $28,500 | $300 | 45/2.1 | 68/5.7 |


Reach Trumps Frequency

Advertising doesn't do it alone. Today's media planning focuses us more and more on the consumer's role in making advertising work. Ads work best when the consumer is receptive. That tells planners that reminding many consumers is better than lecturing few.

In today's planning, reach trumps frequency. It is media's gift to advertising and, as this paper has tried to demonstrate, radio with new PPM measurement can deliver it by the cartload.

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www.arbitron.com
They only give one of these things a year – and this year the prestigious NAB National Radio Award goes to... **Federated Media CEO John Dille.**

NAB chooses the winner of the National Radio Award for service to the industry – and John Dille clearly meets the test.

He’ll accept that honor at the Friday, September 23 luncheon in Philadelphia, sponsored by ASCAP. Past winners have included Clarke Brown, Larry Wilson, Jeff Smulyan, Bill Stakelin, Lowry Mays, Mel Karmazin, and Ed McLaughlin – heady company.

His character and experience have made him one of the most trusted group heads on the scene – partly for his role in public, partly for his quiet behind-the-scenes bridge-building and negotiating. He was on the task force that brokered a truce and then the unification between the National Association of Broadcasters and the National Radio Broadcasters Association (the former NAFMB). Twice, he’s served as chairman of the NAB Radio Board. He’s been the chairman of the Radio Advertising Bureau and the NAB Congressional Committee, and president of the Indiana Broadcasters Association.

John’s DNA probably carries the inclination to work for the greater good. His father was a Joint Board Chairman of the National Association of Broadcasters in the 1960s – coming from the TV side. And both his father and grandfather were public-spirited newspapermen. John’s got some printer’s ink in his blood, too, but a chance encounter with the radio business turned him toward radio, as you’ll see. Let’s sit down with the modest – but very capable and well-connected – John Dille (“DILL-ee”) for a quick Q&A, shall we?

**INSIDE RADIO:** You’re descended from a long line of Midwestern newspaper guys, John – what turn in the road led you to radio?

**DILLE:** I was in the newspaper business, and started as a copyboy at the Washington Post, during the Eisenhower Administration. Then I became a reporter at the Elkhart Truth newspaper, and my father worked there and owned a piece of it. There was a sale of a TV station in Ft. Wayne, and left over from that was an AM/FM combination which was so important (and I’m joking) that it was doing play-by-play golf. It was nowhere. So they said “why don’t you go down there and see what this is about.” One thing led to another, and I hired Burt Sherwood (who later wound up in the brokerage business), and he was the manager. I didn’t know beans about radio, but he sure did.

The first station I actually bought was in Grand Rapids, Michigan – from John Fetzer. That was WJEF, an AM station, and we switched that to country as WCUZ. We subsequently added an FM there and did remarkably well in country. But this is a product-driven business, and we were probably playing too many commercials, when a competitor came along.

Then came WCKY in Cincinnati, in 1974. Back then you had to tell the FCC what format you were going to do, and we said we were into country music. Nick Clooney was there at WCKY, George’s father, and he and about 1500 others wrote letters to the FCC protesting the new format. So we settled on news/sports and didn’t close until 1976, because of the delay. We also bought Woody Sudbrink’s FM in Cincinnati and ran that as a Schulke beautiful music FM, as WWEZ. Later we added stations in Tulsa and Muskegon.

**INSIDE RADIO:** Speaking of turnarounds – what is radio’s situation today?

**DILLE:** With apologies to the Wall Street Journal, it’s really radio that’s the “daily diary of American culture.” I hope we can remember that. We talk about the industry getting back to being local, and I’m a real believer in that. But we’ve drifted from that, and if technology does nothing more than re-acquaint this generation of programmers with the American front porch, it will have served its purpose. In other words – if we can return to our roots, in a thoughtful, contemporary way, I think we’ve got a business.

We’ve got to work our way through this technology, and find our spot. I vacillate between abject terror, and real confidence that we can do this. We’ve got the skills, we’ve got the knowledge, and we’ve got the history.

It’s time to get focused in on this, and not get sidetracked off on an obsession with technology, or the distraction of publicly-traded entities. God love them, they’re working their keisters off.

But this is a product-driven business, and that’s what suffers in this short-term world. We wind up skimping on the product for short-term gain.

**INSIDE RADIO:** Congrats on the National Radio Award, John.

**DILLE:** Thanks – and I have to say that radio’s been great to me.
You’re So Radio If...

Inside Radio readers are not only smart – they’re funny, and observant, as you can tell from this selection of answers to our question “You’re So Radio If...”

... if you remember the childhood of your own kids by the market you were living in at the time.

... when at home, you answer the phone, “Hi, K-99!”

... if you dream that you can’t reach the board and you’re just about to have dead-air.

... if a vacation is driving around other cities listening to other stations, and wishing you could go look at their stuff.

... your kid asks you to buy something that cost more than $25, and you stop to think if the Regional VP will approve it.

... you find yourself criticizing commercials on other radio stations, and how you could have done a much better job.

... you hire a new PD/OM, and he gets drunk, arrested and thrown in jail the night before his first day of work. (This actually happened.)

... you think target listeners are born at the age of 12.

... you think that our two ears provide more vivid mental pictures than our two eyes do.

... you lost your virginity under the console.

... If you claim to know (fill in the name of a major radio group CEO) - but in reality you were only in the same room with him and 40 of your fellow employees when he came to town to meet the staff after buying your station.

... you’ve worked for every radio station in your market.

... the first thing you do when you get into a rental car is set the radio pre-sets.
You’re So Radio If... 

... after having been fired a year ago for poor sales performance, you were just hired to work at the same company but under a completely different management team because the one that fired you just got fired...for poor sales performance.

... you constantly annoy others in your family when you continuously push the buttons on the car radio. Just when they want to hear a song all the way through, you push to see what the competition is doing with promos or what advertisers they have on the air, etc.

... you can take your salary and your average hours at work per week... and figure your hourly rate to be well below the minimum wage at your local fast food joint.

... as the new GM, you change the logo of at least one of the cluster’s stations within 30 days of your arrival (usually the highest rated).

...You can remember the intro time on a lot of songs because you played them as 45’s....and sometimes see if you can still hit the post when no one’s listening.

... as you drive by a radio transmitting tower you know the call letters.

... you know the call letter history of most of the stations in your market...

... you still know how to calculate ratings with a Westinghouse slide rule....

... you have ever spent the night on the floor of the conference room at the radio station during a hurricane (with co-workers) and you liked it!

... you remember that rotating the music meant turning the cart over so the next jock wouldn’t play it.

... you had to put a penny on the turntable arm because the album was so warped.

... you can identify that weird radio station “smell” of paneling and metal desks with a hint of cigarette smoke.

... you had to use a typewriter to type the cart labels for spots and included words like “cold”…“fade”…or “stinger.”

... your pet peeve is when someone asks, “Oooh, do your radio voice!”

Special Thanks to all who contributed! There were many more entries that we just couldn’t print - you know who you are! Check the website for more. Additional entries are welcome any time...

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Coldplay
Alicia Keys
Justin Timberlake
50 Cent
Outkast
Dr. Dre

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