



Revitalizing Traditional Media: Radio

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Agenda for Today's Webinar

- Welcome - Introduction and BIA Advisory Services
- Why Revitalization is Critical
- Local Content
- Multiplatform Businesses
- Multiplatform Selling
- Case Study
- Discussion with The Cromwell Group and Renda Broadcasting
- Q&A



BIA Advisory Services

- Services provided over past 25 years:
 - Research on radio, television and newspaper industries.
 - Research and analysis of media advertising.
 - Appraisals of all media and telecom businesses.
 - Strategic consulting for traditional and new media.
 - Investment banking and investing in media, telecom and business services.
- Services acquired with The Kelsey Group
 - Research on local internet search, yellow pages, local media
 - Executive conferences on local media, yellow pages and verticals
 - Advisory services on local media
- Our mission is to help traditional media and emerging on-line companies survive and thrive in this changing media ecosystem.

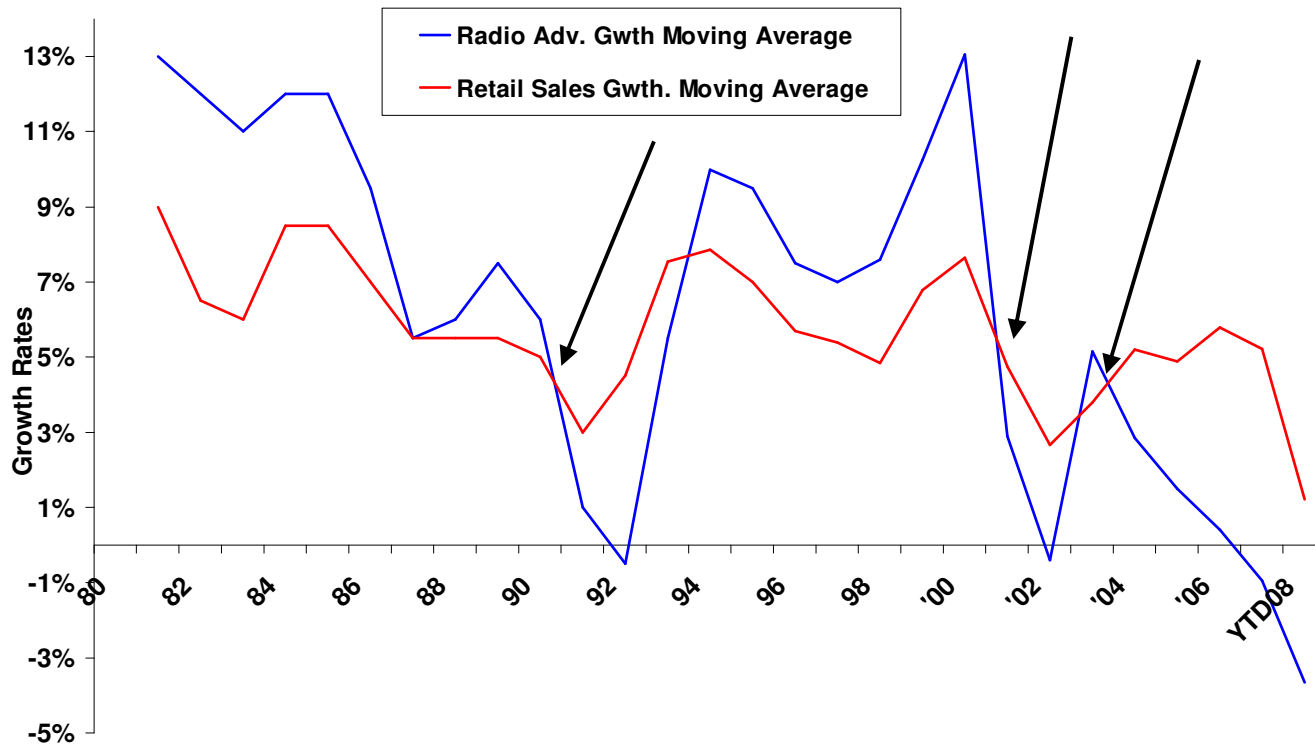


Why Revitalization is Critical

- Advertising Trends
- Profitability Trends
- Value Trends

Radio's Disturbing Ad Trend

Radio Advertising/Retail Sales Comparison: 1980 – 2008

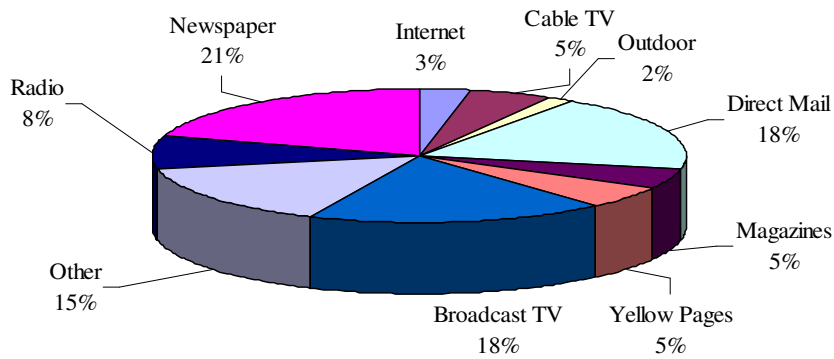


Sources: U.S. Department of Commerce, BIA and Robert Coen, McCann-Erickson

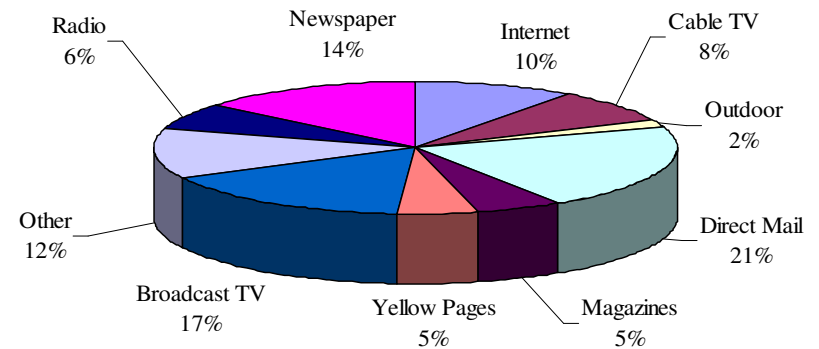


The Shifting Advertising Pie

% of Total Advertising Spending per Medium 2000
(Total Ad Spending is expected to be \$245 billion)



% of Total Advertising Spending per Medium 2008
(Total Ad Spending is expected to be \$280 billion)



Total Ad Spending by Medium (\$ in billions)

	2000 - 2008		
	<u>2000</u>	<u>2008E</u>	<u>CAGR</u>
Internet	\$ 7.6	\$ 27.8	17.6%
Cable TV	\$ 12.4	\$ 22.4	7.7%
Outdoor	\$ 4.0	\$ 5.9	5.0%
Direct Mail	\$ 44.7	\$ 58.0	3.3%
Magazines	\$ 12.3	\$ 14.5	2.1%
Yellow Pages	\$ 13.4	\$ 14.0	0.5%
Broadcast TV	\$ 44.4	\$ 46.2	0.5%
Other	\$ 37.0	\$ 34.0	-1.1%
Radio	\$ 19.6	\$ 18.0	-1.1%
Newspaper	\$ 49.2	\$ 38.9	-2.9%
Grand Total	\$ 244.6	\$ 279.7	1.7%

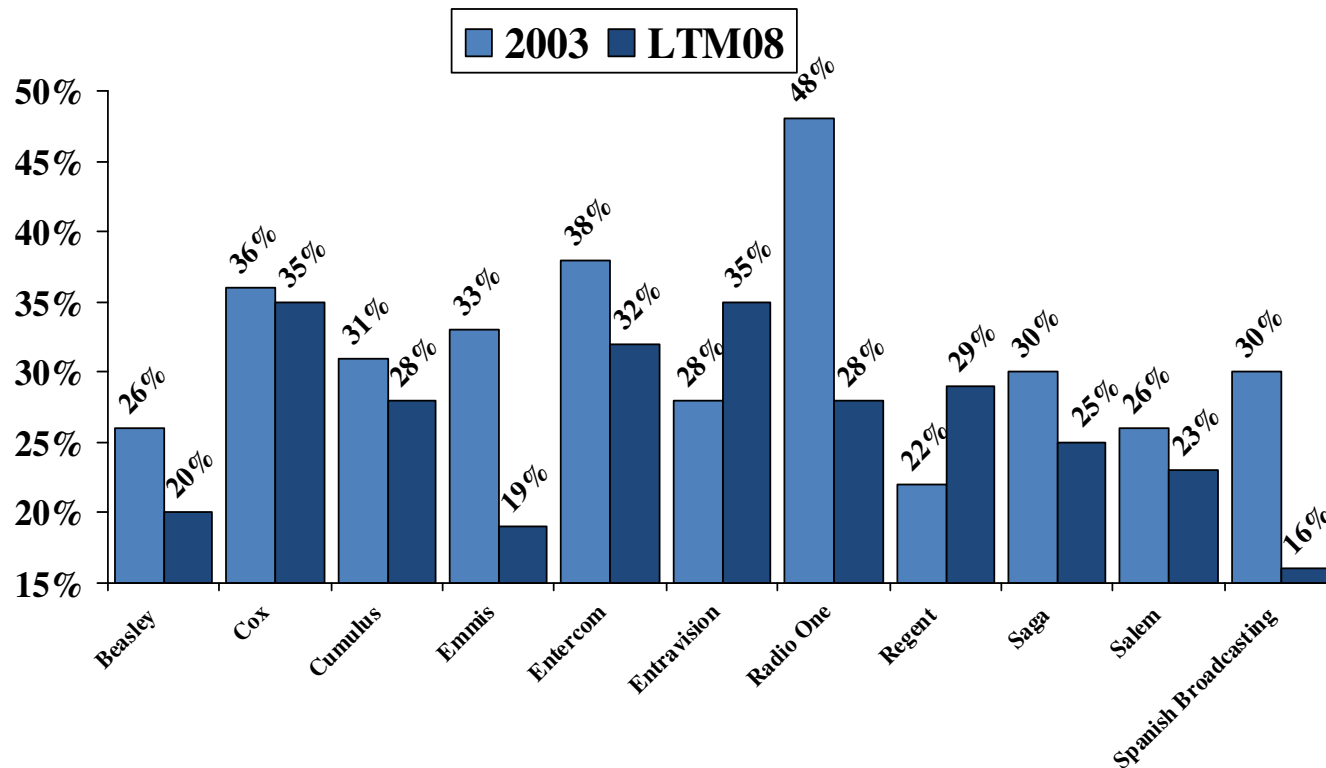


Source: BIA Advisory Services, The Kelsey Group

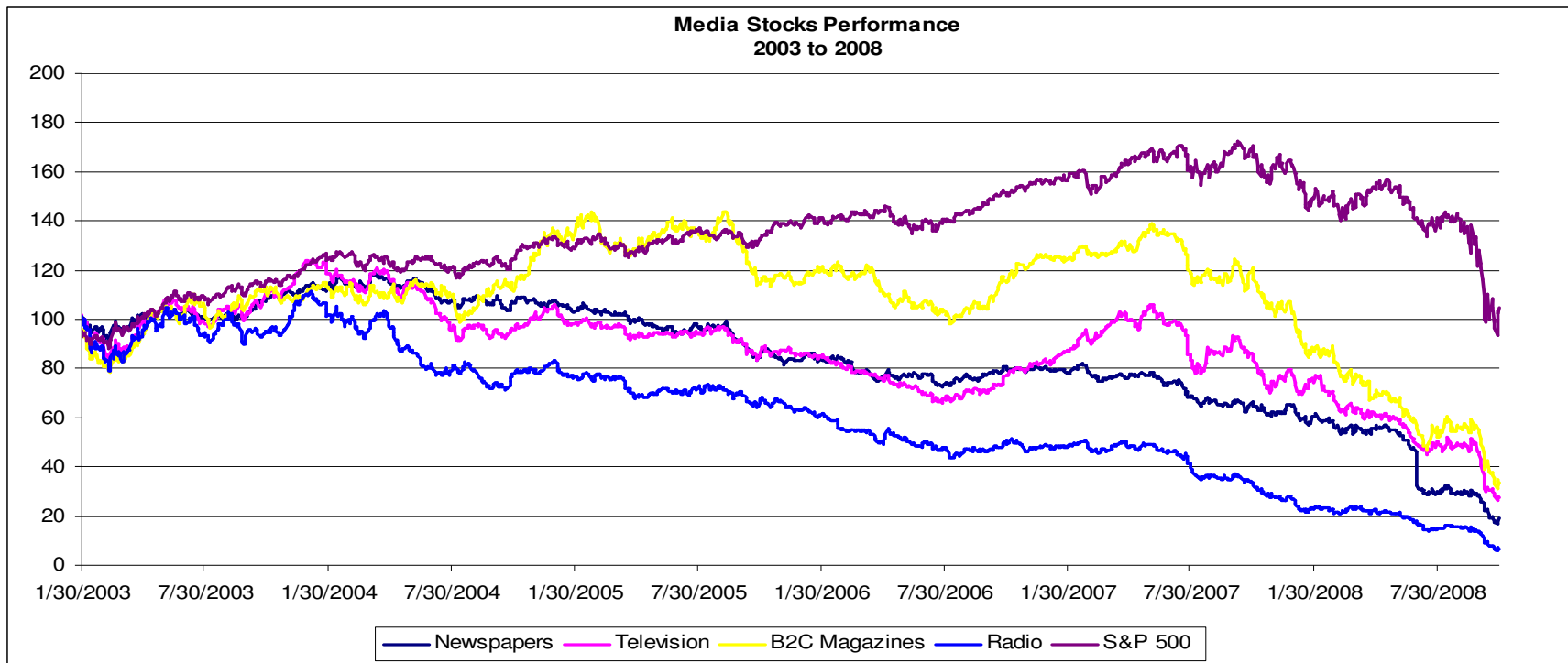


Radio's Profitability is Contracting

EBITDA Margins for Public Radio Groups: 2003 and Last Twelve Months 2008



Traditional Media's Value Decline



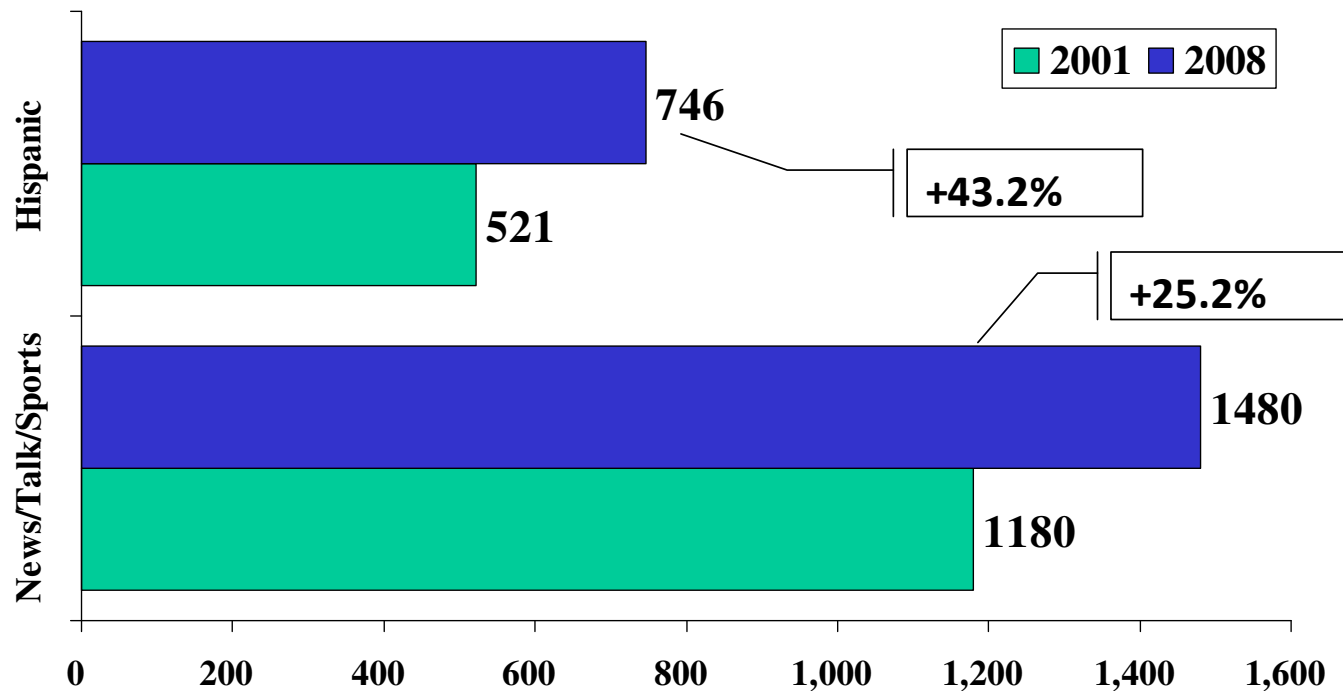
Key Factor 1: Local Content

- News & Information, Other Locally Desired Programming
- Weather & Traffic
- Events & Remotes
- Personalities & Advertisers



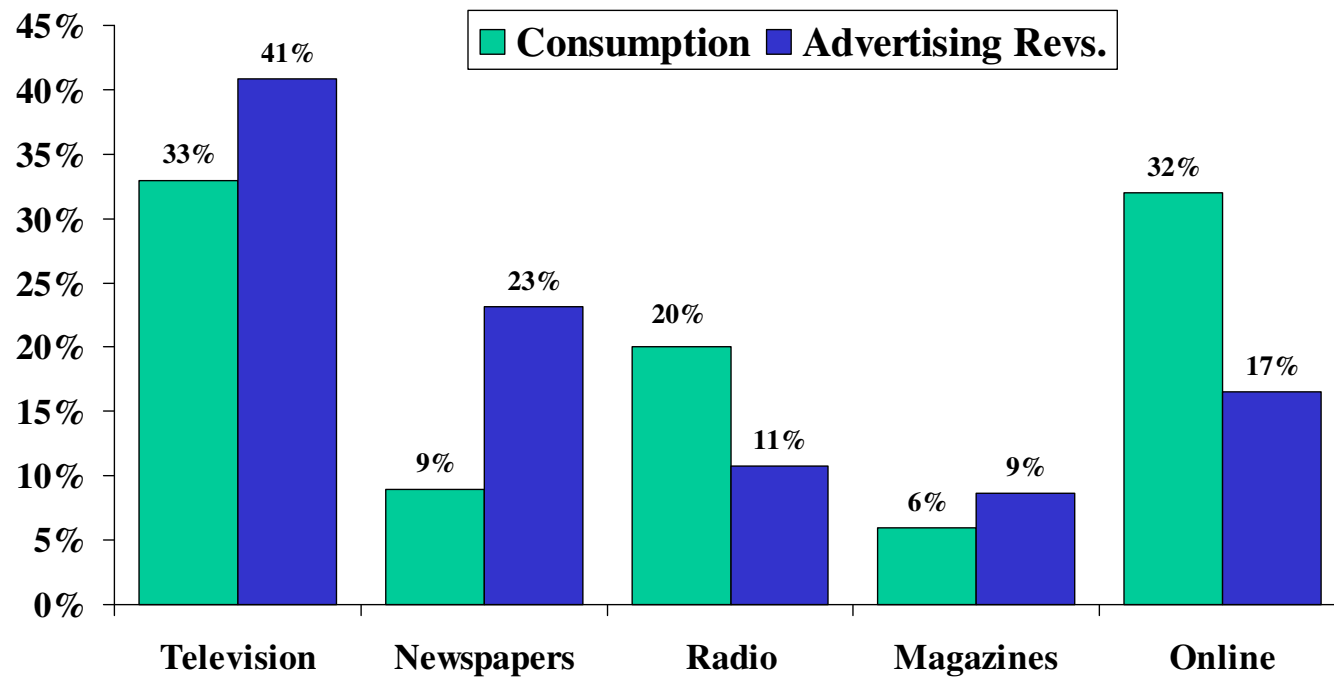
Radio Stations Changing Formats to Provide More Local Service

Format Changes: 2001 -2008



Radio Consumption Not Translating

2008 Consumption of Media vs. Advertising Share

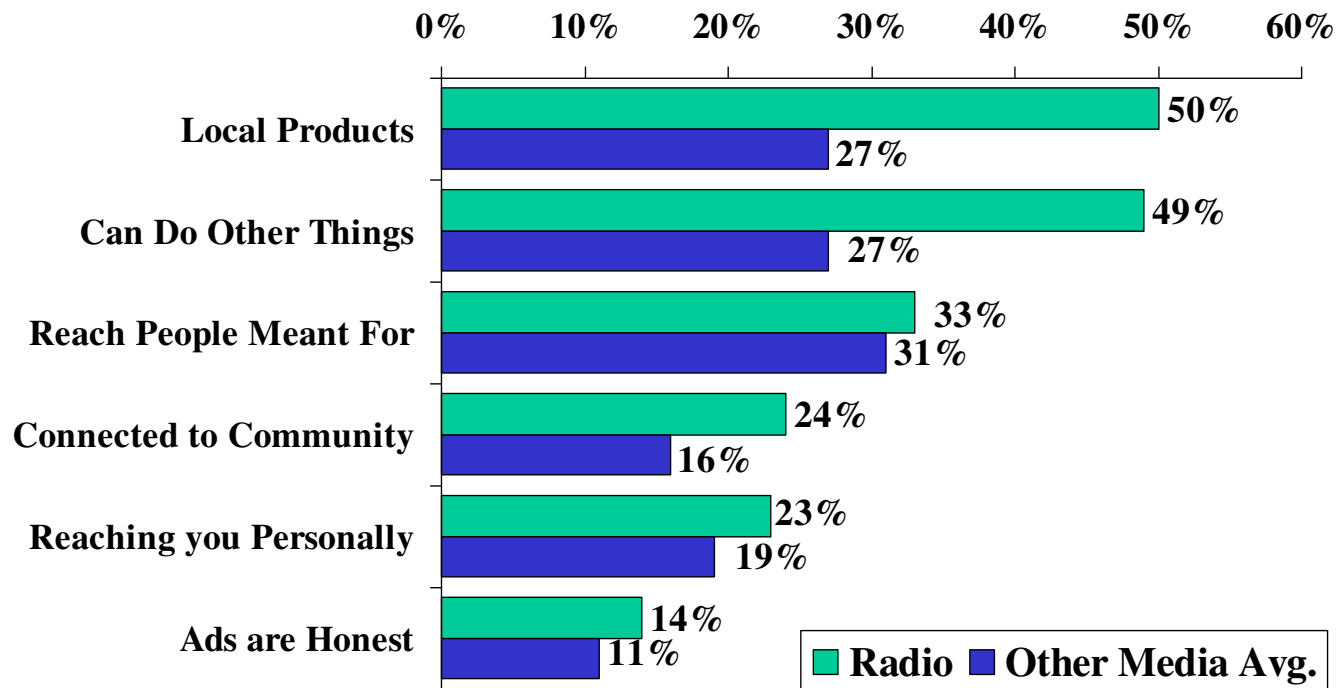


Sources: Forrester Research and BIA



Radio Advertising Perceptions

Radio ad attributes vs. average of other three media;
Percent choosing Radio over others



Sources: RAB

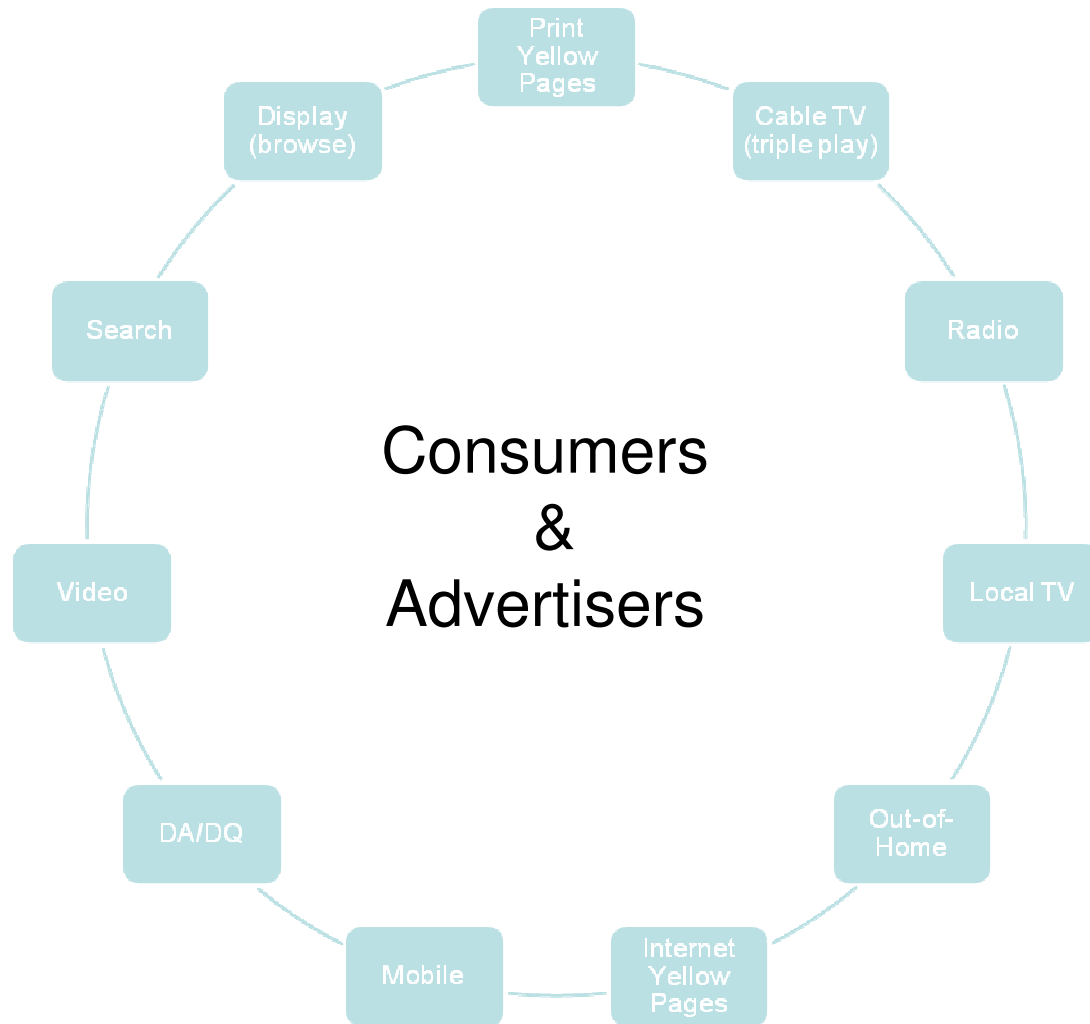


Key Factor 2: Multi-Platform Businesses

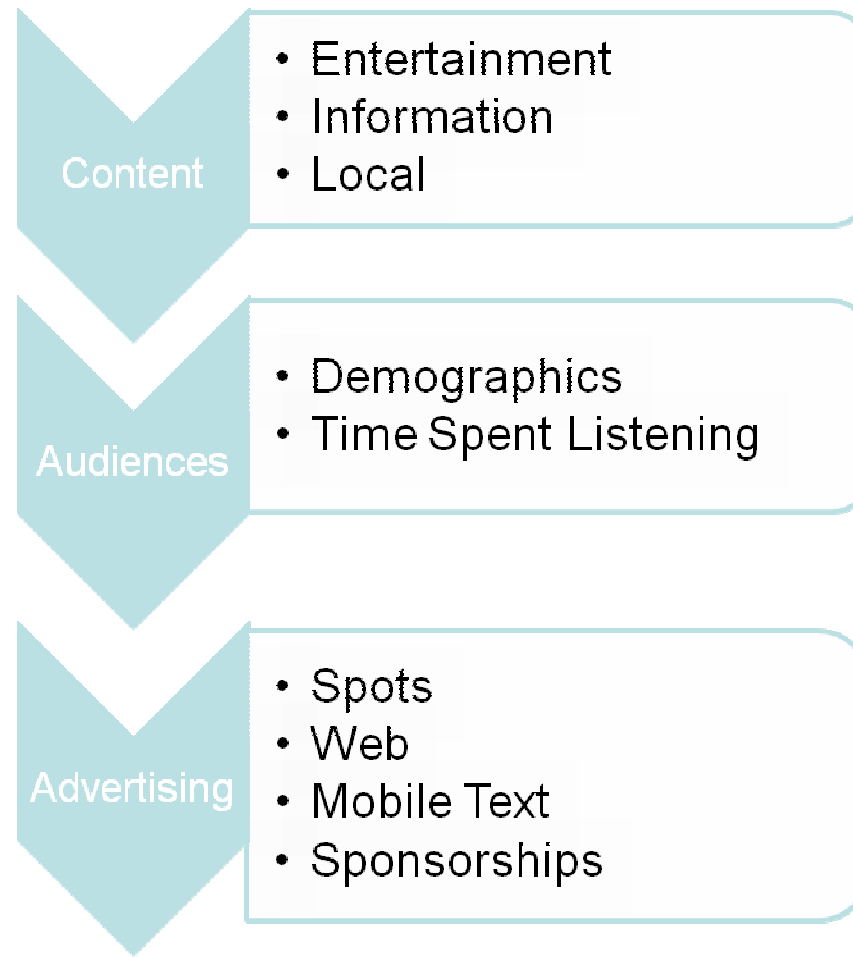
- Radio Broadcaster
- On-line Broadcaster
- Geo-Domain Content Provider
- Other Business Provider/Partner



A Multi-Platform World



What Business is Radio In These Days?



Disrupters Driving Change

- Ubiquitous broadband
- Device convergence
- User behavior
- Content licensing
- Advertiser behavior
- Applications
- Mobility
- Interactivity
- Social
- Personalization
- Continuity of experience

Radio Revitalization Strategies

LOCAL RADIO ATTRIBUTES

- Ad-supported – free to listener
- Home/Work/Car listening
- Primarily analog
- 233 million weekly unique users (92.7% of persons 12+).
- Local brand and operations
- Terrestrial RF signals (AM/FM)
- National, local program mix
- Several to dozens of services available depending on the market
- Scale economies – incremental cost to add listeners is zero.
- Measured and reported by Arbitron

OPPORTUNITIES

- Platform independence
- Interactivity and personalization
- Social networking
- Web site advertising
- Streaming
- Video advertising
- iTunes tagging
- HD Radio – digital audio
- HD Radio multicasting
- HD Radio Electronic Program Guide
- Datacasting - traffic
- Cell phones
- CE devices

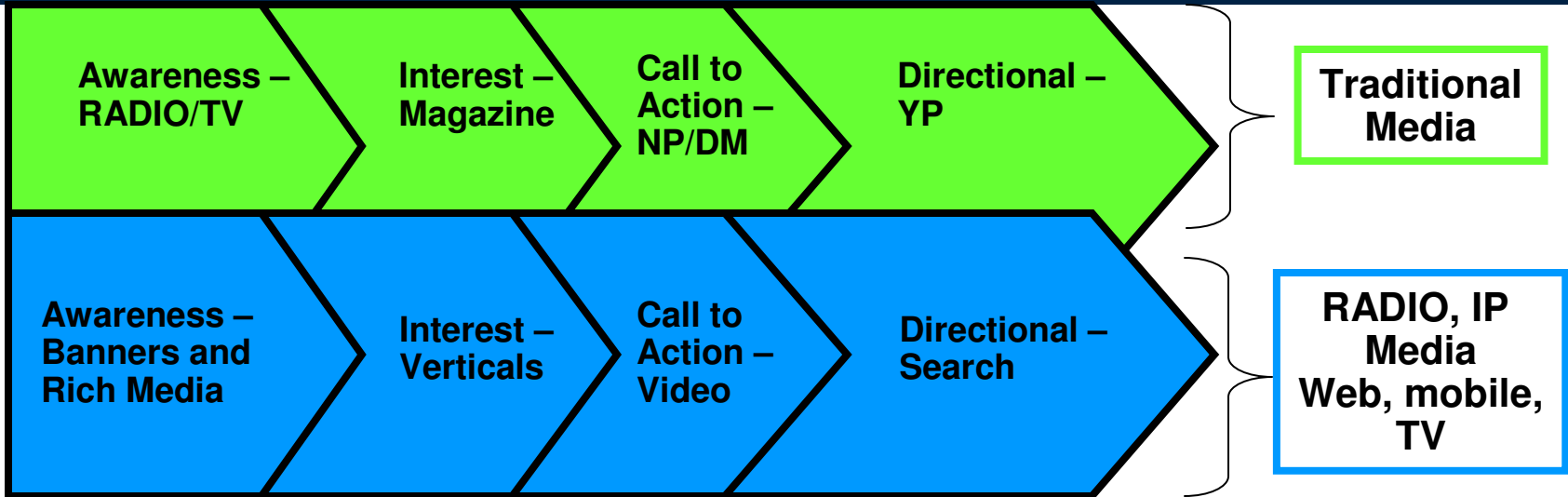


Key Factor 3: Multi-Platform Selling

- Direct Relationship with Advertisers
- Radio Spots
- On-line Advertisements
- Mobile Advertising
- Search Engine Maximization



The 'Emerging' Ad Model



Media that are ***sold*** based on perception



Media that are ***bought*** based on performance

Radio Account Exec's Emerging Role



Multiplatform Business: Case Study

Situation:

- Privately held radio group
- Local focus
- Metro coverage
- Format diversity
- Web sites
- Weekly newspaper

Status:

- Brand strategy
 - On-air stations
 - Alternative weekly
 - Station branded sites
 - Geodomain sites
- Sales strategy
 - Platform specific
 - Comp plans
 - No ad networks on web sites
 - Become *the* source for local information



Cromwell Broadcasting



Cromwell Radio: <http://www.cromwellradio.com/>
Speaker: Bud Walters

Stations Include:

- WBUZ – FM - Nashville, TN
- WPRT – FM - Nashville, TN
- WCBH – FM - Terre Haute, IN
- WQZQ – AM - Clarksville-Hopkinsville, TN, KY
- WZUS – FM - Decatur, IL
- WEJT – FM - Decatur, IL
- WYDS – FM - Decatur, IL
- WZNX – FM - Decatur, IL
- WMCI - FM - Neoga, IL
- WHQQ – FM - Neoga, IL
- WTCJ – AM - Tell City, IN
- WKRV – FM - Vandalia, IL
- WCRC – FM - Effingham, IL
- WPMB – AM - Vandalia, IL
- WCRA – AM - Effingham, IL
- WWGO – FM - Charleston, IL
- WTCJ – FM - Cannelton, IN
- WKCM – AM - Hawesville, KY
- WXCM – FM - Whitesville, KY
- WLME – FM - Lewisport, KY
- WVJS – AM - Owensboro, KY
- WBIO – FM - Philpot, KY



Renda Broadcasting



Renda Broadcasting: <http://www.rendabroadcasting.com>
Speaker: Tony Renda

Stations Include:

- WMNY – AM- Pittsburgh, PA
- WJAS – AM - Pittsburgh, PA
- WSHH – FM - Pittsburgh, PA
- WGSM – FM - Pittsburgh, PA
- WMUV – FM - Jacksonville, FL
- WEJZ – FM - Jacksonville, FL
- WSOS – FM - Jacksonville, FL
- WGNE – FM - Jacksonville, FL
- KMGL – FM - Oklahoma City, OK
- KOMA – FM - Oklahoma City, OK
- KOKC – AM - Oklahoma City, OK
- KR XO – FM - Oklahoma City, OK
- WSG L – FM - Ft. Myers-Naples-Marco Island, FL
- WWGR – FM - Ft. Myers-Naples-Marco Island, FL
- WJGO – FM - Ft. Myers-Naples-Marco Island, FL
- WGUF – FM - Ft. Myers-Naples-Marco Island, FL
- KBEZ – FM - Tulsa, OK
- KH TT – FM - Tulsa, OK
- WKQL – FM - Brookville, PA
- WQMU – FM - Indiana, PA
- WLCY – FM - Blairsville, PA
- WDAD – AM - Indiana, PA
- WECZ – AM - Punxsutawney, PA
- WCCS – AM - Homer City, PA
- WPXZ – FM - Punxsutawney, PA



Recap and Call To Action

RECAP

- Recognize the business has changed
- Focus on expanding local content origination
- Repackage local content for other platforms
- Train account execs to be multiplatform solution consultants
- Pursue non-traditional revenue opportunities

CALL TO ACTION

- Work with BIA and The Kelsey Group to develop a digital strategy and sales program for your company that addresses a multiplatform business approach.



Question and Answer Session

We will now hold a Q&A Session with our speakers.

This webinar will be available for on-demand viewing on our website at:

<http://www.bia.com/webinars>

To submit questions, please use the Question and Answer box on your screen.

To e-mail questions or to suggest a topic for future webinars,
please contact us at: webinars@bia.com

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