

# RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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Appointments requested at MVP's suite,  
 Las Vegas Hilton during NAB.



RBR's exclusive interview with retiring  
 FCC Commissioner, Jim Quello, p.10.

**"If the Lord took the FCC  
 Chairman's job, he'd be crucified  
 by either Congress or the Courts."**

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# Quello looks back, ahead for radio days

by Leslie Stimson



Quello and fellow Commissioners posed for this picture during an FCC meeting in 1977.

(l-r: Margita White, Abbot Washburn, Robert Lee, Chairman Charles Ferris, Jim Quello, Joseph Fogarty and Tyrone Brown.)

**Jim Quello** is leaving the FCC (by this summer) after serving more than 23 years as a Commissioner. Nominated by then-President **Richard Nixon** in 1974, Quello has served with seven chairmen and was interim chairman between **Al Sikes** and current Chairman **Reed Hundt**. He began his career in radio, "by accident" because he really wanted to be a newspaperman. He was a newscaster on WKR-AM East Lansing. The modest Quello believes he was a better writer than speaker.

After serving overseas in World War II, he returned in 1945 and worked in the promotions department of WXYZ-AM Detroit. He also publicized "The Lone Ranger," "The Green Hornet" and "Challenge of the Yukon." He then moved on to WJR-AM in 1947 for a \$65 raise, gaining experience in programming, as operations manager and finally, VP/GM.

As an FCC Commissioner, the 83-year-old helped craft rules for several of today's new media, including cable and Personal Communications Services (PCS). He's also been a tremendous force in laying the groundwork for broadcasting changes as the FCC implements the Telcom Act and deliberates the transition from analog to digital for both radio and TV.

He sat down with RBR's **Leslie Stimson** recently as he prepares to move on to Michigan State University as a lecturer in broadcast management and the practicalities of government regulation.

## **Relaxed ownership limits**

This is a mixed bag because those that are left with one or two stations are going to have a hard time competing. However, those that were able to sell to them are going to say "great." That's exactly the reaction I got overall to the loosening of the rules [by the Telcom Act]. Some said, 'I'm glad, I have someone to sell to.' Others said, 'look what I have to compete with now.'

There's one thing people can't overlook. It gives radio the critical mass to go after TV and newspaper advertising.

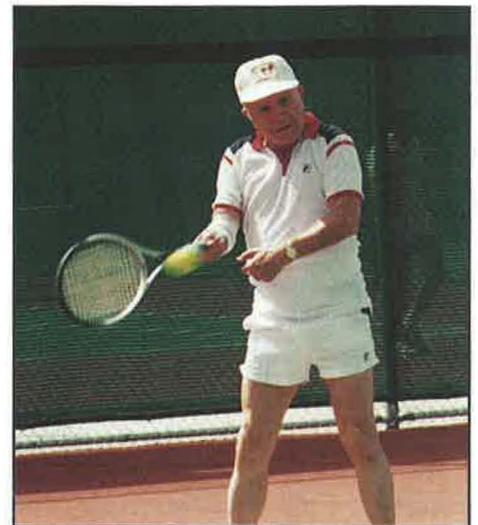
If I were one of the little stations, I'd try to get an ownership waiver to be able to present a five-station package

in a market to compete with the other five station owners.

If there isn't an antitrust problem, if there isn't a market dominance problem, why not?

## **DOJ antitrust review**

Should it [the relevant market] be radio only or advertising as a whole? That will have to be resolved. If they look at radio revenues only, compared to newspaper or TV, there won't be too many antitrust objections because newspapers don't make as much money as TV, but they [newspapers] take an awful lot of ad revenue, and so does TV. In radio, you might have an argument that if you're



Quello eyes the ball like he's eyed broadcasting regulations at the FCC for 23 years.

an owner with five or six stations, you're going to have diversity because you don't want to repeat the same thing in your own family. However, you have consolidation and economy of scale. Consolidation is a polite word for reduced personnel. It may be more efficient, but tough.

## **Radio's future against competing media**

The advantage of radio is it's wherever you go. It's inexpensive and available to anyone. It's the medium you want to be using in cars. The omnipresence of radio and the fact that it's going to be the number one car medium and in a car you're practically a

point-of-purchase medium, I think it's going to survive real well.

### **Radio v. TV**

TV was coming on strong and in 1952, we had a meeting of all the Detroit radio stations to develop an ad campaign to promote radio. Some of our slogans were: "Wherever you go, there's radio....in the car, in the house, at picnic grounds."; or "Radio, you don't have to stop and look, just listen." and my favorite, "Radio—building mental pictures that can't be captured by mere film."

### **Satellite DAB**

It's an efficient way of getting a lot of signals in but it does not have the localism that you need as radio has. It should be a subscription service to protect that localism.

### **As a chairman...**

It's a tough job, having been one myself for 11 months. You have to arrive at a consensus. Probably one of the best consensus builders was when we had seven Commissioners and **Dick Wiley** was Chairman. When you're Chairman, you wish we were more organized like an industry where the CEO is the boss and doesn't share responsibility with others who have equal voting power. The Chairman's not our boss. We render independent judgments. You sacrifice time to get everyone to agree.

### **Broadcasters as Commissioners**

It's important to have someone that's had business profit-making responsibilities on the Commission. That's the only way you can evaluate the impact of regulation on a business. One out of five with this background would be great. Now, it's a legal ball game. Three out of five should be lawyers. The other two should be from something else besides law. Whether you're going to get it or not [with the nominations], I don't know.

### **Fewer commissioners**

As a former Chairman, I'd say three or fewer could work pretty well. But it's tough. Any entity has one CEO, not five different people. They mean well, but they might have different issues or egos that slow things up. If the Lord

came down and took the FCC Chairman's job, he'd be setting himself up for crucifixion either by Congress or the Courts.

### **Speaking of those nominations...**

Sen. **John McCain** (R-AZ) slipped by saying it's time for **Rachelle Chong** to go. Chong is a good lawyer and very capable and smart as hell and deserves re-appointment. But Chong herself wasn't sure whether she wanted reappointment. Then, when she decided it, all of a sudden, if they're going to make Sen. **Trent Lott's** (R-MS) choice **Harold Furchtgott-Roth** one of the Republicans, then it's between her and Retired General **Colin Powell's** son, **Michael**. That's a tough choice.

### **Looking beyond the FCC**

I hope to lecture on the practicalities of government regulation and broadcast management at Michigan State. They also want me to help them develop a Communications Department in their law school.

My initial decision was to stay here through April 30—my 23rd anniversary at the FCC. In the meantime I've had calls and pressures from both the Hill and industry, asking me to stay until someone is confirmed.

### **Returning to radio?**

Not at this stage of the game. After my experience at the Commission, running one station would almost seem a little small. I would want to be an owner or run a group. Ownership is where the money is. The big money is made by those who have enough guts to get a banker and go out and buy. I tried to buy a competing station against WJR when Capital Cities came in. He wouldn't sell to me. I had a big



A dapper Jim Quello early in his career (1949) as promotions manager, WJR-AM Detroit. The snazzy tie shows "Free Speech Mike" selling war bonds. Quello also handled publicity for radio shows "The Lone Ranger," "The Green Hornet" and "Challenge of the Yukon" during his early WJR years. He became VP/GM of WJR in 1960 and retired from station work as VP, Cap Cities in 1972.

backer. At the time, I was thinking of moving all the WJR people to the new 50-thousand watt station. When it didn't happen, I behaved myself and stayed at Capital Cities. They did make me a VP.

### **Favorite radio stations**

At my age, [83] I listen mostly to news...WTOP-AM and WMAL-AM Washington. I listen to **Stern** every once in a while to see how raunchy he is. He's entertaining enough. He doesn't have to go that far. He just breaks the rules. Stern is a talented man, but he has a First Amendment right to be wrong, a First Amendment right to ridicule and criticize government officials. He has the First Amendment right to be an insufferable smart-ass. But he does not have a First Amendment right to violate existing laws on indecency and obscenity. that's where he got in trouble. The guy went too far.