

INSIDER RADIO

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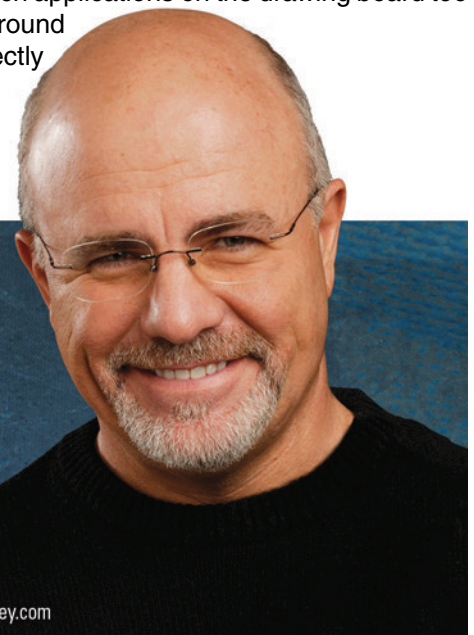
f t r THE MOST TRUSTED NEWS IN RADIO

BTC shifts its focus to the automotive industry. More than two years since the Broadcaster Traffic Consortium was created, the 11-group alliance has seen growing interest as technology and what radio has to offer begin to converge. "Momentum right now is in the auto business," BTC president Paul Brenner says. "Those are long-term, lucrative deals so that's where we're putting 90% of our effort." Mercedes-Benz is already onboard with a Navteq-BTC navigation product in its dashboard, and three other mass market carmakers have followed suit. They've not yet been made public, but Brenner says it will be in 2011 models, hinting, "These are major brands, high volume cars." What's attracting automakers from Japan to Germany is the ability to offer consumers free, ad-supported traffic. "The automakers see the personal navigation companies in their rear-view mirror," Brenner says. "And consumers are making choices on vehicle driven in part by the kind of experience they get sitting in the cockpit." But beyond traffic, auto companies see bigger opportunities with radio. Brenner says, "The interest in HD-based data services is blossoming." With more HD Radio stations on the air and some car companies installing receivers, automakers see it as a way to stream more information into the dashboard beyond basic traffic and weather. "Drivers can just turn on their radio and have this collection of data in front of them. That's a very powerful and innovative message that we've been sending to these guys," Brenner says. The shift of focus to the automotive market comes after spending four years working with the companies that manufacture personal navigation devices. Unlike the dashboard systems, they've used both analog and digital RBDS to datastream to the handheld devices. Millions of BTC-Navteq-enabled units have been sold with dozens of models on the market covering 82 U.S. cities and seven Canadian markets. Garmin alone sells 15 models offering ad-supported free traffic. Brenner says, "The personal device market is shrinking, there is no question about that, but we helped them pick up sales quite a bit." That's helped BTC begin to pay its members, having distributed several million dollars already.



Beyond the dashboard there are bigger revenue plays. Today's focus may be on personal navigation devices and automotive entertainment systems, but the Broadcaster Traffic Consortium has begun to look at other applications. In some cases, the lure of radio's spectrum has brought suitors to the industry's doorstep. "It's really interesting what kind of attention is drawn when you have a nationwide coverage of a digital data distribution network," BTC president Paul Brenner says. With momentum accelerating, Brenner says the BTC may be looking to add new members later this year. Most of what's in the works remains hush-hush not to alert rivals — including Clear Channel's competing system. In at least one instance, it may turn a longtime rival into a paying customer. "We've prototyped an e-reader that receives newspapers over HD Radio," Brenner says. Mobile phone companies are also expressing interest to help them alleviate their growing problem of not enough cellular spectrum to deliver all the services that consumers are demanding from smartphones. Brenner says, "We could give them localized content and potentially data services." It could also accelerate the effort to get an FM receiver into mobile phones. Brenner declined to share specifics, but BTC partner Navteq is a subsidiary of Nokia and it already provides traffic to their phones in North America and Europe. Brenner says they have other tech applications on the drawing board too and a team of nearly two dozen at Navteq is helping the radio industry sell them around the globe. He says, "Any consumer product that is mass market, that aligns perfectly with HD Radio data."

Location-based advertising shows promise. As radio moves forward with new uses of its spectrum, many of the applications are reliant on location-specific advertising. The Broadcaster Traffic Consortium-Navteq powered Garmin



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devices already include banner displays and sponsored categories based on the user's GPS position. Unlike pop-ups or other web annoyances, the location-based ads are seen as a service as much as a marketing ploy. In a survey conducted by Marketing Research Services for Navteq, nearly three-quarters (72%) of device users are open to the ads. Navteq VP of ad sales David Klein says, "This type of advertising reaches out and finds a consumer when they're most open to making purchase decisions." One-in-five (19%) consumers clicked through an ad to find nearby retail locations -- and up to 6% visited the business. Navteq is already able to combine a GPS location with demographic data to target the ads. That's caught the attention of advertisers and agencies. "Marketers care about reaching consumers at the moment when they are closest to making a purchase decision," says Drafftcb VP/interactive media director Nicole Haygood. It could also mean more revenue for BTC members if location-based advertising is shown to be effective. Haygood says, "It will emerge as a desirable option for ad dollars."



Ad buyer pushes to keep PPM encoders in place. As Spanish Broadcasting System attempts to wriggle free of PPM contracts and pull encoders from its signals, a large radio buyer is siding with Arbitron in their legal dispute. SBS says the product is "flawed" and their contract worthless. But the ratings company argues its contract with SBS is valid and it cannot pull out of PPM because it's not happy with the results. JL Media EVP/media director Stan Gerber says if stations were allowed to drop out of PPM his buyers would have no reliable way to evaluate the performance of their radio buy on a station or how the station compares to others in the market. "It is crucial to JL Media that the PPM data and reports contain as much information regarding as many radio stations as possible," Gerber tells the judge. JL Media buys for such clients as Home Depot, Macy's and Office Depot. Radio One is also siding with Arbitron, noting it hasn't always agreed with the numbers but says it believes PPM methodology is "sound." CEO Alfred Liggins says it fixes the problem of diary keepers "voting" for their favorites, which he believes has favored "legacy stations" with strong brands. Liggins says SBS pulling out would not only complicate advertising buys, but also programming strategies because PPM data serves as "a consistent source of intelligence" on how his company is doing versus rivals. "The PPM survey is useful to Radio One only if other radio stations encode," Liggins writes. Other broadcasters aren't so sure. Inner City Broadcasting tells the court it's unclear whether stations operating in New York and San Francisco will feel any impact by SBS' absence. Attorneys for Spanish Broadcasting System have asked New York Superior Court Judge Shirley Kornreich to toss the Liggins and JL Media statements from the court record over a procedural issue. Kornreich has ordered SBS to keep encoding for now, although the company has said it plans an appeal.

For ethnic media, less bad is a good '09. It was a bruising year, but media targeting minority groups took a lot fewer punches. While revenue was down, Nielsen finds outlets targeting Blacks and Hispanics didn't see the same rate of decline felt in the general market. Spanish-language advertising was down 4.7% to \$5.4 billion. Nielsen's sample of Spanish radio stations did even better — closing the year with 1% drop. "It turned out to be a strong year for Univision," CEO Joe Uva told investors earlier this month. Univision revenue was up 2% in fourth quarter — which helped temper its 2009 revenue declines to -3%. Spending on African-American media declined 7.3% to \$1.9 billion. While most segments were down double-digits, Black radio revenue was off 9.6%. Only cable networks targeting African Americans saw a spending gain. No sector spent more in ethnic media than fast food restaurants, which put \$335 million into Spanish-language media and \$87 million into Black media. Leading the list is McDonald's. Automotive was the second-largest although it was down in both ethnic media segments. The category showing the most growth among the top ten Spanish-language advertisers was satellite TV providers. Insurance was the biggest gainer in African American media. Nielsen bases its radio data on a sample of 74 Spanish-language stations in 24 markets and 105 Black-targeted stations across 34 markets.

Clear Channel reinstates retirement benefits. A year after radio groups were instituting pay cuts and slicing benefits, the pendulum may be swinging the other way. Clear Channel alerts staff it will begin offering a match on 401(k) contributions



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