Rebranded AC stations produce mixed results. From Bend, OR to Baltimore, programmers have remodeled heritage AC stations, updating their music mix and presentation. Dated handles that carry perceived baggage, like “Lite FM,” have been tossed in favor of new monikers that better reflect their contemporized sound, such as “Now,” “MyFM” and “More FM.” More than one year into the nationwide trend, some stations have fared better than others at improving their ratings. In May of last year, CBS Radio’s KVIL (103.7) dumped “Lite” positioning in favor of “Best Variety...’90s, 2K & Today.” But KVIL’s share of women 25-54 was higher before the changes. After slowly updating its music over an extended period of time, Jerry Lee’s WBEB, Philadelphia in January dumped its long-running “B101” handle in favor of “More FM” to better align listener perceptions with the station’s more contemporary sound. But WBEB’s year-over-year women 25-54 share is down 10% from September-October, although it remains No. 1 in the demo and is expected to surge significantly with the Christmas format. Ratings have increased for some of the rebranded stations. CBS Radio’s WLIF, Baltimore and iHeartMedia’s WLIT-FM, Chicago are both in better shape now than before their refreshes. And with the number of “Lite” branded stations down 22% during the past year, 2015 may hold more success stories. Many broadcasters say the updates were necessary to keep up with changing audience tastes. When Horizon Broadcasting rebranded AC KLTW-FM, Bend, OR to “95.7 My FM” in June, Horizon president Keith Shipman said its core 35-54 year old female listener target “wants things newer” and a station “that they can perceive as their own.”

Aggressive reboot pays off for Chicago’s WLIT-FM. When it segued from “Lite FM” to “93.9 My FM” in June 2013, Chicago’s WLIT-FM made aggressive music, imaging and talent changes that brought it close to a hot AC position. New programmer Mick Lee boosted the station’s power rotations from 30 spins a week to 55-60 and has since upped them closer to 70. “It was your mom’s station, the boring station you listened to at the doctor’s office,” Lee says. “Now it’s more of a lifestyle station.” “93.9 My FM” plays the big pop hits, after they break on CHR and hot AC, as part of a mostly post-2000 music mix. Only a smattering of ‘80s and ‘90s titles remain. One year after the “Lite” went out, the station’s women 25-54 share was 39% higher than before the change. A second boost came in January, when the station used the Christmas format to market its new product to a cume that had nearly doubled. By November it was sixth in the demo with a 4.6, up from a ninth place tie of 3.1 before than changes. “The main reason we're seeing these AC stations go more contemporary is because hot ACs have moved to more of a top 40 presentation,” Lee says. As hot AC walked away from artists like Matchbox Twenty, Goo Goo Dolls, Sarah Bareilles and Phillip Phillips, AC seized that music and became more aggressive with currents. Lifestyle changes are also behind the evolution. “The 45-year old female is not the same as her generation was 20 years ago,” Lee notes.

WLIF kept core but grew young end with transformation to ‘Today’s 101.9.’ In contrast to the aggressive changes made by Chicago’s WLIT-FM, CBS Radio took a more measured approach when updating WLIF, Baltimore as “Today’s 101.9.” in January. The goal was to hang on to the core while growing its appeal on the younger end. The refresh included a new jingle package, a new female station voice, jocks that better reflected pop culture and going earlier on big hits like Echosmith’s “Cool Kids” and Meghan Trainer’s “All About That Bass.” But WLIF kept its current rotations in the 20-
30 spins a week range. With a sister hot AC in the building, getting too contemporary didn’t make strategic sense. It also hung on to ‘80s music. When it came to replacing WLIF’s long-running “Lite” handle, the station tested a variety of new names before choosing “Today’s 101.9.” WLIF VP of programming Dave Labrozzi says the relaunch has involved a major balancing act. “We worked really hard to find a balance between playing today’s music but not abandoning the core of the radio station,” he says. “We didn’t want to push it too far, too fast.” Year over year, WLIF is up 6.2-8.5 in women 25-54, to rank third in the market. In addition to its 45+ core, the station’s appeal to younger women has increased, growing 6.3-8.1 among women 18-49.

**Tower sale for iHeartMedia could fetch $400 million.** In a deal that could reach $400 million, iHeartMedia has agreed to sell the majority of its radio tower sites and their related assets to tower owner Vertical Bridge. The deal, which includes 411 sites, allows the broadcaster to lease back space on the towers for 15 years, followed by three additional periods of five years each. iHeart says the sale will help “optimize its balance sheet and maximize liquidity,” with proceeds used for general corporate purposes. “We’re using this as an opportunity to redeploy financial resources to areas more important to the growth of our company,” iHeart spokesperson Wendy Goldberg says, adding that it already leases tower space in many of its larger markets. “Now we’re converting more of our markets to that way of doing business,” she adds. In an 8K filing, the company says the sale may occur in one or more closings. The first would take place in the first quarter of 2015, after a 60-day diligence period during which Vertical can exclude some sites from the transaction. Vertical is required to buy at least 85% of the tower portfolio but iHeart doesn’t have to consummate the deal unless Vertical agrees to buy at least 92.5% of the portfolio (based on its value) at the first closing. Subsequent closings will occur as defects are remedied on any excluded tower sites. In the filing, iHeart spells out the deal’s financial impact. If Vertical buys all the tower sites, iHeart will have annual lease payments of $22.7 million, a loss of annual tenant revenues of $11.6 million and a reduction of direct operating expenses by $3.8 million annually.

**What’s driving tower sales? High demand and attractive cash-flow multiples.** Tower sites continue to sell at higher cash flow multiples than radio stations, making them attractive sale assets for broadcasters looking to improve their balance sheet. They’re currently going for multiples in the low-double digits, brokers say, considerably higher than the 6-8 times cash flow paid for stations. Even that’s down from tower multiples that went as high as the mid-to-high teens. In addition to iHeartMedia, other broadcasters have talked about the possibility of cashing in their tower chips. Cumulus Media executives have said they’d be open to selling their 200 tall towers. And Spanish Broadcasting System has said it may be willing to shed some broadcast towers to help raise cash. With built-in lease-back arrangements, broadcasters can do deals and not disrupt station operations. For tower buyers, the combination of low interest rates and high demand from wireless, broadband and data providers has fueled a wave of deals during the past few years. But there may be slowdown ahead. “It’s still a good time to sell towers but that clock is ticking,” says Greg Guy, managing partner at brokerage firm Patrick Communications. “Deals will still get done but as interest rates rise, value for tower sites will go down and the gap between broadcast multiples and tower multiples will shrink.” High margins have made the tower business appealing for giants like American Tower, which reported last month that its profit margin hit 75% during the third quarter. “There’s not a lot of costs to it,” Guy says. “You’re talking about insurance, some maintenance costs and property taxes.”

**Ad Council to look for inventory set-asides.** The emergence of programmatic buying as a way to sell every last station avail has caught the attention of the Ad Council. Last year media outlets donated $1.6 billion of inventory to a collection of causes, and now the organization is looking to ensure programmatic buying doesn’t leave the spot well dry for its public service announcements. “We think that’s in the far future, but we want to get out ahead of it,” outgoing Ad Council president Peggy Conlon says. So the organization is preparing to approach media companies and ask them to commit to setting aside a block of inventory that wouldn’t be sold programatically to ensure there’s room for PSAs. Conlon tells Inside Radio she’s optimistic radio groups and the rest of the media will step up. After all, when the Ad Council began asking for upfront commitments from major media companies a decade ago, iHeartMedia was the first to put a $150 million pledge on the
The Ad Council says radio was its biggest contributor last year, giving $654 million worth of support – or about 42% of all the donated media the organization receives. Read the full Q&A with Peggy Conlon as she turns over Ad Council leadership to new president Lisa Sherman on page 4.

A faster, simpler digital dashboard is coming from Ford. Tuning to radio, both broadcast and streaming, will be easier for Ford owners when the automaker rolls out Sync 3 starting in the 2016 model year. Ford says its updated infotainment system is faster, more intuitive and easier to use, minimizing the number of steps needed to carry out a command. To switch back to a radio station, the user can just say the station’s frequency or the name of the SiriusXM channel. Sync 3’s AppLink feature, which connects a smartphone to the vehicle, will now automatically discover smartphone apps, including iHeartRadio Auto, Spotify, Pandora, Stitcher, NPR One and SiriusXM, and display their unique graphics and branding. Music and news apps are automatically displayed along with other media sources, like AM/FM or satellite radio. Simplification is the goal. The home screen features three zone choices – Navigation, Audio and Phone. Tile-like icons dominate the screen, with a quick access function tray along the bottom making for a more straight-forward user experience. There’s more conversational voice recognition technology, a more smartphone-like touch screen and easy-to-read graphics. With Sync 3, Ford is dumping the MyFord Touch branding used for the second iteration of Sync, one ridden with bugs that drew consumer complaints and caused its quality ratings to plummet. “Simplicity has value,” Ford global director of human machine interface Parish Hanna said in a statement. “Reducing the number of things on-screen also makes control easier and is designed to limit the number of times a driver has to glance at the screen.” Sync 3 will be offered throughout the full Ford and Lincoln fleets by the end of the 2016 calendar year.

FCC denies Radio One requests for review of decisions involving its Baltimore AM. In a single order, the FCC has denied two Radio One requests to review Media Bureau decisions that affected its Baltimore station WOLB. Both stemmed from the Media Bureau giving the greenlight to WIOO Radio to change the frequency and operating power of WIOO in Carlisle, PA. In yesterday’s order, the FCC notes the WIOO application predated and conflicted with Radio One’s application to increase WOLB’s power. That application came after the FCC had already okayed a construction permit for WOLB to modify its facilities. Granting that first application for WOLB “made acceptable and grantable” WIOO’s frequency and power application, the FCC writes. That grant, in turn, rendered a subsequent application by Radio One to upgrade WOLB’s facility “ungrantable and subject to dismissal because it did not protect the modified WIOO facilities,” the Commission said. The Media Bureau had already dismissed Radio One’s Petition for Reconsideration of both the grant of the original WOLB facility change and the OK for WIOO to change its frequency and operating power. In yesterday’s order, the Commission refused to review either decision. It noted that Radio One’s latest requests “repeat – almost word-for-word – the same arguments” Radio One made in its earlier petitions. After reviewing the entire record, the FCC concluded that Radio One failed to show that Bureau erred. And it noted that the grant of the first WOLB application “extinguished all protection rights for the now formerly licensed and abandoned WOLB facilities.”

Inside Radio News Ticker... CBS extends agreement with Moonves... Dealmaker Les Moonves has struck a new deal of his own. The CBS chief executive has signed a new agreement that adds two years to his employment contract with the company, extending it through June of 2019. The new deal supersedes his prior contract, which ran until 2017. Moonves’ salary stays the same ($3.5 million) and he’ll continue to be eligible for an annual performance-based bonus and receive equity-based compensation... Atlanta’s ‘El Patron’ adds Hawks games in Spanish... The Atlanta Hawks have joined a growing list of sports teams adding live radio play-by-play broadcasts in Spanish. iHeartMedia regional Mexican “105.3 El Patron” WBZY will carry eight Hawks home games against teams that have Hispanic and Latino players, starting with Monday’s contest against the Chicago Bulls.
THE INSIDE RADIO Q&A: PEGGY CONLON

For only the fifth time since the Ad Council was created 72 years ago, there is a new leader coming aboard the organization best known for coordinating public service campaigns. After 15 years, Peggy Conlon is turning over leadership of the Ad Council to Lisa Sherman, who most recently was EVP/general manager at Viacom’s LogoTV channel. Conlon’s retirement caps a media career that began in the early 1970s, reporting “20/20 Local News” for KCIN, Victorville, CA — today it’s Rudex Broadcasting’s regional Mexican “Victoria 1590.” A lot has changed since then and Inside Radio caught up with Conlon to talk about where she sees radio fitting into the Ad Council’s ongoing mission.

Inside Radio: What do you see as radio’s role for the Ad Council with PSAs are going more places than ever?

Peggy Conlon: It’s amazing. Our growth in donated media across the board since 1999 has been more than 130% and it’s been across every platform. It’s like water seeking its own level. Like advertisers have, we have grown with every platform.

IR: Does that include with radio?

PC: Radio is still our largest platform in terms of donated media. Out of the $1.6 billion in donated media we received last year, 42% of that came from radio. That was $654 million in radio support.

IR: Is that because there are so many more radio stations with inventory to fill?

PC: It’s partly that but I’m a big consumer of radio and I hear our work in really good dayparts. So I think it’s partly the inventory issue and it’s also the commitment to the community.

IR: With companies under more pressure than ever to make money, is the ask getting harder?

PC: That’s one of the things we are taking a look at. Our current chairman Laura Desmond, who is the CEO at Starcom MediaVest Group, started a task force six months ago to take a look at some of the new technology coming along and to see how we need to think about that in terms of the future. One example would be programmatic buying. If machine-to-machine buying can monetize everything, then what’s the role of public service advertising? We think that’s in the far future, but we want to get out ahead of it. So Laura has put out a clarion call for support from media companies. What we’re hoping to do is ask for a commitment, a set aside of inventory, that wouldn’t be put into programmatic buying so that we can protect the model and make sure the Ad Council and all of its wonderful campaigns can still reach an audience. And of course it has to be customized for every single media company.

IR: Is it harder to get on the air in the major markets?

PC: It’s a little harder. They’re the ones that sell out first and have the least inventory. I hear most of our work on weekend radio, but at my home in northern Florida I hear a lot of Ad Council work. In places like New York and Los Angeles we over-index in outdoor.

IR: Does it matter that you’re on more during the weekend?

PC: No. In the aggregate we get great weight. We got $1.65 billion of support across 40 campaigns last year. That’s really great exposure for our campaigns. And we know that they’re moving the needle because we benchmark attitudes, awareness and behaviors and other metrics that we set at the beginning of each campaign before we even launch. And we do continuous tracking studies for those campaigns over time and we can see website activity. We watch the needle move and measure the impact in a very quantitative way.

IR: Any sense of radio’s ROI impact for campaigns?

PC: There are certain campaigns that I think radio and outdoor are particularly well-suited for. Texting and driving for example, and also our “Buzzed Driving,” which is our successor to our drunk driving campaign. There are also campaigns for seatbelt use, baby car seats, and teen seatbelt usage — so we have a number of campaigns where I think radio and outdoor have the most impact because you are in the moment. And just like every other product category, radio continues to reinforce all the other platforms and we can see it when we heavy up in our analytics and our tracking.

IR: After 15 years leading the Ad Council, any campaign you’re particularly proud of?

PC: Everyone here at the Ad Council has their own favorite campaign because what we bring to these issues is our own life experiences so one issue may be more important to one person than another. I happen to gravitate to the campaigns that are intended to help the people living on the edge, the working poor if you will.

IR: So what’s next for you?

PC: I’m actually retiring. I am going to spend the winter just outside of Jacksonville and take a little time off for the first time in my life. I know I’ll want to do something. Whatever I wind up doing will continue to give my life purpose because doing that for 15 years at the Ad Council is really addictive. You never want to stop doing something along those lines.

This interview has been condensed and edited for space. Read the complete Q&A HERE
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