

## CMS Station Brokerage

Station Brokers for Small and

Medium Market Broadcasters

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# The Broadcaster

*A Newsletter from CMS Station Brokerage*

November, 2008

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## Low Lowest Unit Rates

In our other business, radio station rep firm Commercial Media Sales (it's where we got the initials CMS), we do lots of business with political advertisers. In the election cycle that just ended we had political campaigns and issue advertisers on over 1,500 stations in 20 states.

From where we sit, we have an opportunity to see what the political rates (lowest unit rates) look like across many, many stations. Most stations have healthy political rates which reflect fair and consistent pricing of the stations inventory.

Some of the political rates are incredibly low. Low even for small markets. Scores of stations have Lowest Unit Rates under \$8 for a sixty. Some are around \$5. Several are in the \$3 range and a few have political rates of \$2.

Let's contemplate this: some car dealer/furniture store/bank/fast food restaurant is buying lots of spots with an annual commitment and demanding the station give them a low rate. Let's say they buy 50 spots/week for all 52 weeks in a year for \$3 a spot. This means that the station is undermining their rate integrity for \$7,800.

As a media broker I encourage owners to do what they have to do to increase their profitability. As you know, station values are based on a multiple of cash flow. So if you get the cash flow up, you are making your business much more valuable. Having low rates works against profitability.

How do you get the rates up? I've invited sales consultant Tom Pierce to write a piece for this newsletter with helpful ideas to get your advertisers to pay higher rates for your air time. His suggestions are written below in the News You Can Use feature of this newsletter.

Increasing your rates for your commercial inventory is a good way to improve the profitability of your radio station business. It will pay large dividends to you down the road.

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In the week ahead, let us focus on what is truly important as we

gather with our families and friends over the Thanksgiving holiday. Remember how fortunate we really are.

*Roger*

Roger Rafson  
President

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## Recent Station Sales



CMS Station Brokerage is pleased to announce the following station sales that recently closed.

**WCRM-AM Fort Myers FL** was sold to Christ Center International, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**WJEP-AM Thomasville GA** was sold to Georgia Triangle Broadcasting, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**WADM-AM Decatur, Indiana.** Holden Broadcasting, Inc. was sold WADM to Lewis Broadcasting LLC. CMS Station Brokerage acted as the exclusive broker in this transaction.

**WOHT-FM, Grenada, Mississippi.** Century Broadcasting LLC was sold WOHT-FM to Gregory Slotsky. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator K237DZ, Missoula, MT** was sold to Sheila Callahan and Friends, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator W255BP, Silver Creek, NY** was sold to Chadwick Bay Broadcasting, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator K277BC, Cheyenne, WY** was sold to Brahmin Broadcasting, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator K299BC, Lander, WY** was sold to Fremont Broadcasting, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**NCE FM CP Facility ID 176944, Reliance, WY** was sold to the University of Wyoming. CMS Station Brokerage acted as the exclusive broker for this transaction.

## Stations Under Agreement

CMS Station Brokerage is pleased to announce the following station

sales that are currently under agreement with transfer applications having been filed with the FCC.

**FM Translator K294BO, Monte Vista, CO** is being sold to PCL Ministries, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator K225AZ, Alamosa, CO** is being sold to PCL Ministries, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator W237CN, Perry, FL** is being sold to Dockins Telecommunications, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator K281AW, Shiprock, NM** is being sold to PCL Ministries, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

**FM Translator K294BF, Shiprock, NM** is being sold to PCL Ministries, Inc. CMS Station Brokerage acted as the exclusive broker for this transaction.

## Stations For Sale

[listed alphabetically by state]

We have a number of **FM Translators** for sale in several states. Contact Roger Rafson (412) 421-2600 and he'll be happy to send you the list.

We have a number of **Non-Commercial FM Construction Permits** for sale in several states. Including:

Murfreesboro, Arkansas - Class C3 FM

Susanville, California - Class A FM

Lee, Illinois – Class A FM

Paxton, Illinois - Class B1 FM

Hampton, Iowa (Waterloo) - Class C1 FM

Mystic, Iowa - Class C3 FM

Iowa Falls, Iowa - Class C3 FM

Goodland, Kansas - Class A FM

Hays, Kansas - Class C1 FM

Smith's Grove, Kentucky – Class A FM

Harrisonburg, Louisiana - Class C1 FM

Natchitoches, Louisiana - Class C3 FM

St. James, Minnesota - Class A FM

Chillicothe, Missouri – Class C2 FM

Antlers, Oklahoma - Class C3 FM

Lonerock, Oregon - Class C1 FM

Spur, Texas - Class C1 FM

...and we have others available as well.

Contact Roger Rafson (412) 421-2600 and he'll be happy to send you the entire list.

Radio station for sale in **Flagstaff, Arizona**.  
Serves a growing market. Priced to sell quickly.

Radio station for sale in **Riverside-San Bernardino** (market 25)  
also serves **Los Angeles, California** (market 2).

KPCO-AM, **Quincy, California**. 24 hour radio station for sale.  
5,000 watts day; 500 watts night.

24 hour AM radio station for sale in **Florida**.  
Includes real estate. Growing market. Priced to sell quickly.

10,000 watt AM station Construction Permit for sale  
licensed to **Hilo, Hawaii**

Full Service FM station for sale in **Tama, Iowa**. Includes studio real  
estate as well as transmitter site real estate.

FM radio station for sale in **Maine**. Profitable.

AM radio station for sale in **Springfield, Massachusetts**. Profitable.

Combo in **Massachusetts** for sale. Profitable.

5,000 watt heritage AM station for sale in  
**Ann Arbor, Michigan** (market #147).  
Active trading area population is 575,000.

WNAU 1470 AM, **New Albany, Mississippi**  
Profitable station in growing county. Includes real estate.

FM station with CP upgrade to Class C FM for sale in **Nevada**.

Class B AM station for sale in **New Jersey**. Profitable.

AM station for sale in **New Jersey**. Profitable.

Class B AM station for sale in **New Jersey**. Profitable.

Radio station for sale in **Albuquerque, New Mexico**  
(market #70). Fastest growing market in the country.

24 hour AM station for sale in **upstate New York**.  
Profitable, Full Service Station.

24 hour AM station for sale in **Bismarck, North Dakota** area.  
Profitable. Includes real estate.

FM Construction Permit for sale. Licensed to **Cannon Ball, North  
Dakota** (Sioux County) Serves the Bismarck, ND market.

KBIJ 99.5 FM **Guymon, Oklahoma** for sale.

100,000 watt Class C1 FM

Radio station for sale. **Pittsburgh, Pennsylvania.**  
Profitable. Includes real estate.

AM/FM combo for sale in **Pennsylvania.**

AM/FM combo and weekly paper in **Central Pennsylvania.**  
Profitable.

Full Service AM station for sale in **Pennsylvania.** Profitable.

FM Construction Permit for sale. *Price just came down!*  
Licensed to **Farmington Township, PA** (Forest County)

KWTR-FM, Big Lake, Texas for sale. Has approved CP to increase  
power to 100kw and cover **Odessa-Midland** Market.

KLSN Class A FM serving **Lufkin & Nacogdoches Texas.**

Full Service AM station for sale in **Southwest Virginia.**  
Profitable. Growing market.

Cluster of Stations for sale in  
**Morgantown-Clarksburg-Fairmont, West Virginia.**  
Profitable. Growing market.

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## News We Can Use

### Stop the Cut Rate Madness...It's not the rate

By Tom Pierce  
Frontier Marketing & Management



Radio has been hit with its fair share of sales issues over the past five years. Since 2003, we've seen the proliferation of the internet and the opportunities or challenges that it creates, the emergence of satellite radio in the marketplace, the graceless introduction of HD radio, an iPod in every adult's pocket under 30 and the fallout of owners paying too much for properties in the five years prior to the last five.

All the changes in technology are changing not only consumer behavior, but changing how buyers see the medium. Selling radio is getting harder but so is buying radio....but so is buying any selected advertising medium. Think about it.

Whether your buyer is an agency time buyer or a direct client, there are more options for marketers to spend their money. But it's a

rather misguided notion if your sales effort allows the buyer to believe that all the changes in technology have only impacted consumer behavior in radio. There are 17 million subscribers to Sirius or XM. There are 300 million people in the country. Depending on which survey or study you believe, radio still reaches 85% - 93% of Americans each week, down from 96% a few years ago. Only television and cable/satellite combined is still higher than radio. Would you rather be selling newspaper? If you think radio has lost its edge, selling news on the doorstep may be as fresh as an Iron Butterfly concert. Everything has been diluted by advances in technology, not just radio.

Layer in the pressure that rolls down hill as owners try to recover from their evaporating 20 – 25 times multiples of the late 90's and you have all the chemistry for a sales meltdown.

The result has been ugly. In an effort to balance the drop off in demand from either a tough economy or lack of faith in the medium created by a glut of technical changes and the trailing inventory, sales management completes the supply/demand/price economic equation by cutting rate. I've been in markets where stations that were selling commercials for \$10 - \$25 per spot are selling spots for less than \$3. That's ugly on a variety of fronts.

First, has the client purchased because they really believe in the power of the medium or was it such a cheap bucket of spots, they couldn't pass it up? Once you've introduced price before you've established value, price will always be the tail that wags the dog. Second, once the rate is established, moving it up will always be an issue. If you sell a \$3 commercial that you expect to receive \$10 for in the next twelve months, I suggest you rethink your offer. I know that's easier said than done when your avails are running wide open and some mezzanine finance guy is reminding you about your cash flow covenants in your finance agreement. But remember, if you cut the rate by 50%, you'll need to sell twice as many commercials or advertisers to break even. Third, cutting rate ends up shrinking the entire market billing which ultimately hurts the owner's investment in the property.

The point is this, time spent developing value or re-establishing value in the medium may take longer and may not be easy but it's the true answer to long term stability. It may take some new training or a new approach, but the notion that cutting rate is fresh, revolutionary or a long term solution to generating long term sales is ridiculous.

The medium is stronger than most think. We just need to reinforce those strengths before we sell price. The opportunities need to be quantified, segmented and positioned with our sellers so they can be properly sold to the client community. Time spent training and championing our own brand will be better spent than the cut rate tactics that are being employed by a great deal of stations in today's

environment.

Our company specializes in platforms to help stations train their sales staff, market their product and generate revenue. Visit our website at [www.frontiermm.com](http://www.frontiermm.com) for information or give us a call at 252.288.4523 for some fresh ideas.

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## Closing Quote



"A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be."

Wayne Gretzky  
professional hockey coach