

KAB TRANSMITTER

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Wishing You Happy Holidays!!!
From Kent and Judy



Chairman's Message:

Jeff McCausland, KSAS/KMTW TV

We've all heard the saying "the only thing that remains the same is change." This past year certainly supports that idea. As broadcasters, we have navigated the waters change in many respects. Severe weather and disasters tested our resolve, but we all stepped up and provided critical information to our local communities. Changes in technology and competing media made us reexamine our long term strategies. The legislative and regulatory landscapes provided additional curve balls and questions. Finally, the business environment remains a battle of attrition while our economy recovers.

Thanks for allowing me to represent you as Chair this past year. I have truly enjoyed the opportunity to serve this membership. It has been great meeting people all over the state at our quarterly meetings. In addition, I have learned much about the legislative process through meetings with members of congress, the Governor and the state legislature.

The convention in October was one of the highlights of my year. I always enjoy the lineup of presenters and vendors. It was fun to catch up with old friends and meet new people from all over. As is usually the case, I was inspired listening about the contributions that were made by our Hall of Fame inductees. We have big shoes to fill

Lastly, I want to personally thank the members of this year's board and Kent Cornish. I believe we have a good mix of folks from radio and television from different size markets and different parts of the state. They have been enjoyable to work with. Kent is a terrific leader, who has made my job much easier. Your organization is in very capable hands. Thanks again for everything.

2012 KAB Annual Dues

By now all general managers should have received an email with the 2012 dues schedule and application. There is also a list of the services you receive for your annual commitment. Since those dues are based on 2011 net revenues, it is up to each station to complete the form and send in the correct amount. If you don't want to pay until 2012 that's just fine – send in the form and check the box for us to invoice you.

There is no increase in dues so we hope you will continue your support of the KAB. If you have any questions, please let us know.

KAB Replies to FCC Proposal on Public Inspection Files

While these Joint Comments filed this week relate to regulations proposed for television stations, the positions are just as relevant and important for radio stations because whatever happens in the TV context the FCC will likely propose later for radio. We are pleased that the Commission has agreed to host the public inspection files of television stations on the FCC's own website, rather than requiring individual stations to re-design their own websites for that purpose. We also are pleased that the Commission continues to exclude from its online public inspection file proposal the multitude of letters and emails that television station receive from the public.

However, our biggest concern is the Commission's proposals to require television stations to place their *political files* online as well as to expand substantially the types of "sponsors" that must be identified on the lists that stations have long been required to maintain in the public files. Not only will such new requirements be extraordinarily burdensome, we fear that these proposals reflect a new "gotcha" regulatory attitude of the Commission and that researchers, public interest groups and the Commission will play "stop watch" roulette if station political files were to go online or if the list of "sponsors" were expanded.

In other words, the Commission is proposing to expand those requirements "to include all sponsorships that require a special on-air disclosure." Sponsorship identification, now disclosed only on-air, would be needlessly expanded to also require disclosure in the online public file, again increasing the burden on television broadcasters. Replies from interest groups are due January 6 and it could be months before the FCC takes any action.

PEP Pledge

This is just another reminder to please send in your air time pledge for our 2012 Public Education Partnership (PEP) spots. The forms were sent to each GM in late November to complete and return. The PEP program is the number one revenue generator for the KAB and makes it possible to provide stations with free sales training, lobbying, webinars and legal hotlines – just to name a few.

If you didn't see the email or misplaced the form, please let us know so we can send you another one. We really appreciate your support on this.



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Stephen Koranda

Sales Contracts Need Non Discriminatory Language

As we approach license renewal in another year, this is a reminder that every station must certify that they do not discriminate in the sale of advertising time and that their contracts contain the required certification. If you are re-doing your sales contracts, here is a reminder the Commission "will vigorously enforce its rules against discrimination in advertising sales contracts." Stations that use advertising rep firms or other sales agents must also make sure that these agents have nondiscrimination clauses in their own contracts used to sell advertising time on the station.

Below is the suggested language to be used in those contracts. **HOWEVER**, I advise you to have your ownership and/or legal counsel review it.

This station does not discriminate in the sale of advertising time, and will accept no advertising which is placed with an intent to discriminate on the basis of race or ethnicity. Advertiser hereby certifies that it is not buying broadcasting air time under this advertising sales contract for a discriminatory purpose, including but not limited to decisions not to place advertising on particular stations on the basis of race, national origin, or ancestry.

2012 Legislature

The new legislative session begins Monday, January 9. The Governor will be announcing his budget proposal during the annual State of the State address on Wednesday, January 11 at 6:30pm. He will outline a new income tax reduction plan that will have numerous ramifications on the expense side. He wants to lower marginal rates for both personal and small businesses in an effort to increase private sector jobs and net income.

How the lower revenue is made up – whether through cuts in spending or eliminating sales tax exemptions - will dominate the session. I believe many things could be on the table – including the sales tax exemptions for advertising and/or broadcast equipment.

However in a meeting several of us had with the Revenue Secretary last week, those exemptions are **NOT** part of the Governor's proposal. His plan will include a surplus at the end of the fiscal year with the lower revenue offset by less government spending.

I'm certain other issues will pop up, and I may look for your help in contacting your legislators.



[Click the ad for more information](#)

Crystal Awards Call for Entries

As your station works to serve your community during the holiday season, don't forget to keep track of your activities for the NAB Crystal Radio Award entry. The Crystals are given for year-round commitment to community service. Don't let your efforts get lost in the hustle and bustle of the

holidays! Complete information and entry guidelines can be found at <http://www.nab.org/events/awards/overview.asp?id=1927>



Back To the Future

From the movie Back to the Future (In 1955, Tab and Pepsi Free aren't invented yet)

Lou-You gonna order something?

Marty McFly-Ah...yeah, give me a Tab.

Lou-Tab- I can't give you a tab unless you order something.

Marty McFly-Then give me a Pepsi Free.

Lou-If you want a Pepsi PAL, you're gonna pay for it!

Cheap rate packages are keeping broadcast stations from reaching their short and long-term revenue potentials. In markets all across the country, rate structures are cratering, with prices dropping in some cases back to early-1980s levels.

"It's all about supply and demand in a saturated media environment and a recessive economy," is the convenient but short-sighted reason for pants-dropping. Because as we all know, spoiling local clients (and their little blood-sucking advertising agencies) for the short-term also spoils them for the long-term. In other words, selling cheap packages for "just this one time" is how we create rate-contentious clients for life.

Smart broadcast sellers advise their clients against spending 95 percent of their advertising dollars on sales events, going after the worst, most disloyal three percent of bottom-feeders who will only buy the merchant with the lowest price. Yet, here we are doing precisely the same thing with our "special packages".

So, how do we get rates back up? We go "back to the future".

We go back to the "good old days" of professional broadcasting, back when we had to bring good creative ideas to the table because the clients were not capable of coming up with the same quality of creative on their own (they're still unqualified in the creative area to this day). We show clients how to identify and solve consumer problems in the consumer's own language to drive business to the client without having to sacrifice the client's price. We show the client why it's in their best interest to get away from "clown car" cliché-infested, Crapmaster commercials and get back to deep-sell marketing strategies that solve actual consumer problems.

We do detailed return on investment calculations with clients, using their gross margins of profit and their average sales against our total CUME numbers, not fragments of numbers, not with CPP, just like we used to do in the Golden Age of broadcasting, for the following reasons:

- So that clients know without a shadow of a doubt that doing business with us is a good, calculated risk rather than a gamble. "Based on your average sale of \$___ and your gross margin of ___ percent, we'd have to bring you ___ new customers per week in order for you to break even. Based on our weekly audience of _____ thousand people that means we could fill up _____Arena _____times, and out of all of those people we would only have to sell _____. If we sold ___ people, that would be a 50 percent return on advertising investment. Looks like a good, calculated risk to me."

- So that we can manage their expectations about results. If you don't do the ROI analysis, you and the client are not on the same page about how many new customers the client needs to break even. That's when you get the surprise phone call, "Cancel my advertising. It's not working." Based on what? That's anybody's guess.
- So that we can double or triple what they feel comfortable spending on your station. Once clients understand return on investment and how few new customers they really have to sell to break even, they may opt to spend much more money with you. We should be establishing the cost, not them. Would you make your decision on what attorney, accountant or surgeon to hire based solely on who had cheapest price? I hope not. If your doctor told you that you needed open-heart surgery, would he ever say, "By the way, what's your budget for this?" No, of course not.

Just like back in the Olden Days, we steer conversation away from our price and back to the value that we bring to them as professional advertising consultants. When sold correctly, value always supersedes price. We think bigger, not smaller, even in a recession. The broadcasting industry has been through recessions (and depressions) before. There is no question, even in our current economic situation, that bigger proposals get more client attention and consideration than the little dinky ones. Of all of the vendor proposals pitched to clients, ours are usually among the smallest, hence worth the least amount of the client's valuable time and consideration. No more small-ball.

When clients bring up other station's cheap rates and packages, remind them that there is a lot more at stake than just the rate. "Remember at family get-togethers like Thanksgiving, when you had the Big Table and the little table? Well, Mr. Client, they're trying to seat you at the little table. Their prices and lack of a solid creative campaign reflect that. A business like yours has a lot of potential and I think you'll get there a lot faster and feel more comfortable seated here with us at the Big Table. Now, let's move on and talk about long and short-term marketing strategies."

We must sell smarter, we must sell bigger. We convince clients that our plan for their success is better than theirs, not that we have the cheapest rate in the market. Can we? Yes, even in a recession. Turning our backs to cheap rates now is the only way to a brighter future. And, if we don't go back to higher rates, the future doesn't look very bright at all. Here's to back to a brighter future for all of us.

Mr. Strickland-You don't have a chance. You're just like your old man. A McFly never amounted to anything in the history of Hill Valley.

Marty McFly-Yeah? Well, history is gonna change!

(Paul Weyland is a broadcast sales trainer, author and speaker. You can reach him at paul@paulweyland.com or at www.paulweyland.com or by phone at (512) 236 1222. Read Paul's book Successful Local Broadcast Sales, available on line or at bookstores)

If you have anything you would like to place in the newsletter send it to kent@kab.net