

KAB TRANSMITTER

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If you don't serve your industry well, it won't serve you well.



Chairman's Message:

Gordon Johnson – KLEY AM/KKLE AM/KWME FM

Gordon is recuperating from a spill he took while cleaning his gutter. According to his wife Susan, all ladders have been removed from the house! In any event, his column will return next month. If you would like to send Gordon a card, his address is

543 N Longford Ln. Wichita, KS 67206-1815

KAB AWARDS – BIG CHANGES!

This spring, the KAB Board voted to fund a new system for entering and judging our annual KAB Awards for Excellence. Beginning with this competition (deadline is July 1) all Radio and TV entries will have to be uploaded for viewing by judges. No more gathering CD's/DVD's and shipping or running them to our office to meet the deadline. Several states and many national award competitions are already doing this, so some of you may be familiar with the process.

Your station(s) will set up its own password protected site through a company, Better BNC so no other station can see your entries. **THE KEY TO ITS SUCCESS, IS THAT YOU CAREFULLY READ ALL INSTRUCTIONS, AND THAT YOU START ENTERING EARLY!** Remember, all entries must be on a URL, or FTP site or something similar so judges can view them (examples are listed in the attached instructions). And there can't be any firewalls preventing their access or the entry will be disqualified.

Instructions on accessing this site along with the rest of the awards information can be found on the KAB website. <http://kab.net/kabawards/broadcastawards/default.aspx>

By the way, the categories, fees and rules have not changed. Please designate a "Contest Manager" at your station to coordinate all entries. And by all means, begin uploading those entries now! Don't wait until 11:59pm on July 1, because the site will close.

NAB Seeks Spectrum Inventory Review

NAB President Gordon Smith wants the new co-chairs of the House Federal Spectrum Working Group to first get a handle on how the federal government and private sector are using their spectrum before deciding how best to free up spectrum for other uses. He argues that without a "fulsome inventory and complete accounting" of how spectrum is being deployed and used, the government can't be certain that claims of a spectrum crisis are even valid.

In a letter to co-chairs Reps. Brett Guthrie (R-Ky.) and Doris Matsui (D-Calif.), Smith says it is those claims of crisis that have fueled the Obama Administration push to free up 300 MHz of wireless spectrum over the next five years, including reclaiming broadcast spectrum through incentive auctions.

NAB has long pushed for a full spectrum inventory as a necessary preamble to any reconstitution of the spectrum band, and Smith pushed the point in his letter, saying that before Congress moves to optimize use of the "vast quantities" of spectrum under federal control, it should look at how "all" users are optimizing their spectrum. "Reasoned policy decisions and thoughtful consideration of these matters simply cannot be honestly and earnestly debated without the facts," he writes.

Smith reiterated that broadcasters do not oppose giving up their spectrum in exchange for a government payment, so long as they are free not to give it up to, and continue to deliver free, local TV and innovative new services like mobile DTV, to the millions still relying on over-the-air service "without incurring expensive data charges imposed by wireless carriers."

EAS CAP Deadline

No later than June 30, 2012, all broadcast stations must have CAP capable EAS equipment installed and operating in their facilities. FCC rule 11.56 requires all broadcasters to have equipment installed and operating that can receive and decode National Level (federal) Emergency messages (EANs) encoded in the Common Alerting Protocol (CAP) format.

The original CAP compliance deadline was March 31, 2011. In response to a petition filed by NAB and others, the FCC extended that dead line to September 30 2011. On Friday September 16, 2011, the FCC released an order further extending the deadline to June 30, 2012.

The rules also require broadcasters to interface with and monitor FEMA's Integrated public Alert and Warning System (IPAWS) server for those federal CAP-formatted EAS messages. However, because IPAWS monitoring will be largely conducted via an Internet connection, the FCC will consider, on a case by case basis, applications for waivers from this monitoring requirement based on the physical lack of availability of broadband.

David Oxenford Moves to New Law Firm



The KAB Washington Hotline Attorney, David Oxenford, has changed law firms and is now with Wilkinson Barker Knauer, LLP. The firm specializes in communications law and was recently named "Communications Law Firm of the Year" by U.S. News and World Report.

Although David has moved to a different address, I'm pleased that he will remain the KAB legal counsel. You are always welcome to contact David with quick questions at no charge, or come through Kent at the KAB office. His new email is doxenford@wbklaw.com

Read Kansas Read



The KAB has joined Governor Sam Brownback and the Kansas State Department of Education to launch *Read Kansas Read*, a reading program aimed at encouraging Kansas children to read during the summer to prevent academic loss associated with a lack of educational activities during the summer.

Kent Cornish joined the Governor, other state officials and mascots of the state universities in the kick off this month in Topeka. Also speaking to children and their parents was Dr. Malbert Smith,

who's research behind 'summer academic loss' was the reason the Governor initiated the program.

PSA's for this program will soon be sent to stations to air this summer as they have time. There will also be a few opportunities to get involved around the state with the program. More on those later.

Along with the KAB, other sponsors include Freddy's Frozen Custard and Steak burgers, Kansas Board of Regents, Kansas Book Festival, Kansas State Library, Kansas State University, MetaMetrics, Inc., Pittsburg State University, University of Kansas, and Wichita State University.

The top readers in Kansas will get to have a picnic with the Governor and First Lady at the end of the summer.

2012 Kansas Legislature

By now you know the Legislature adjourned on their 99th day – 9 more than is allowed by statute. Also by now you have probably heard enough about the bickering and finger pointing from both parties and both houses.

We really had no specific broadcast issues this session. But obviously the tax legislation impacts many of you, a change in liquor laws, and the redistricting which may delay the August 7 primary. In a nutshell

- **Beginning Jan. 1 taxes will be eliminated on non-wage income for limited liability companies, sole proprietorships and subchapter S corporations. It is expected to provide \$231 million in tax relief during the fiscal year that begins July 1; that figure would grow to \$934 million in six years. Legislative researchers project the cuts would lead to a budget shortfall by July 2014 and that the gap would balloon to nearly \$2.5 billion by July 2018 if unchecked. Administration projections say the cuts could generate 23,000 jobs beyond natural growth by 2020.**
- **Kansas is the only state in which lawmakers have failed to approve a congressional redistricting plan, according to the National Conference of State Legislatures. That failure threatens to delay the state's Aug. 7 primary. Lawmakers were supposed to adjust the lines of congressional, state Senate and state House districts to account for population shifts over the past decade. After bitter wrangling, conservatives and moderates said they would leave the task to a federal court. A hearing before three federal judges is on going**
- **If signed by the Governor, Kansas will once again allow "Happy Hours" for special pricing at bars and restaurants. Those have been outlawed for a number of years. It would take effect July 1. Just be sure the client knows what is legal in having happy hours (you can't give away free liquor) before you air their spots.**

Kansas Health:

A Prescription for Change



Bryan Thompson

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NAB Sues FCC

The National Association of Broadcasters sued the FCC last week to block the commission's order requiring TV stations to put political advertising data online. In their filing with the U.S. Court of Appeals for the District of Columbia, the broadcasters said that the FCC overstepped its authority and that the rule is "arbitrary and capricious." They also said the requirement infringes on their First Amendment free-speech rights.

An FCC spokesman said the agency would defend the regulation in court. "The public file rules are a common-sense update by the FCC to move from paper to online access to public information in the digital age," the spokesman said. "The rules are consistent with Congress's directive to ensure public availability while providing cost-savings for broadcasters."

TV stations are already required to compile data on how much political campaigns paid for advertisements, but the rule will require the stations to load that information into an online database on the FCC's website. Previously, anyone who wanted access to the information would have to go to the TV station in person. For the first two years, the rule only applies to network-affiliated stations in the top 50 markets, but after that, all stations will have to comply with the requirements.



Magic Numbers For Local Broadcast Sales

Numbers are a funny thing. For example, the number 37 is the only number (besides one) that can be wholly divided into 111 and 222 and 333 and 444, etc. all the way up to 999. Here's another example of funny numbers. Although the earthquake in Oklahoma registered a 5.6 on the Richter scale, Arbitron only gave it a 3.2. What's up with that?

Hahaha! Just kidding around... this article is about different kinds of numbers, the ones you need to calculate return on investment for local direct clients. The numbers I'm talking about are client gross margins of profit and your client's average sale. If you don't know these numbers then you're blind, and you're asking for trouble. What kind of trouble? "Cancel my advertising. It's not working." or, "You're too expensive."

You need to know about these numbers if you want to manage your client's expectations about results. You'll need these numbers to show clients that advertising with you is not gambling, but instead, a

good calculated risk. And, you need to know these numbers if you are interested in doubling or tripling or quadrupling what your clients are spending on your stations.

Average Sale represents the dollar total of all sales rung up on an average day, divided by the total number of sales rung up.

Gross Profit Margin is the percentage of profit AFTER the business has paid for goods (retail outlet) or labor (service-oriented business) ONLY. GPM is calculated by subtracting either the cost of labor or the cost of goods, but not both, from the sales price.

Let's look at the power you have by knowing those two numbers. I spoke with the owner of an auto body repair shop. He told me that his average sale is \$2500 and his gross margin of profit (after labor) is more than 50 percent. So, how many \$1250s does he need to bring in per \$3,000 per week spent on your station? Fewer than 3? What percentage of your audience would 3 people represent?

Furniture stores operate at a 44 percent gross margin of profit and the average sale is about \$850. So, per \$5,000 per week spent on your station, how many \$476s must we bring the owner of the store? 10.5 would be the correct answer. Do you think that perhaps your station might be able to muster up two new customers a day for a furniture client? I hope so. Per \$10,000 per week spent on your station, you would need to catch 21 new customers a week. Don't you imagine that with really good creative that your station could compel four new people a day to purchase furniture from your client's store?

Here's how it works with lower-ticket businesses. Obviously people buy more low-cost items than they do higher cost things like furniture and cars. Restaurants work at a 65 percent gross margin of profit, after food/beverage cost. Let's say the average sale for a local restaurant is \$25. But what is the value of one new customer to that restaurant? How often will the average customer return to that restaurant? I try to visit my favorite Austin restaurants at least once per month. So, I might be worth at least \$300 in sales to that restaurant. 65 percent gross margin would mean \$192 left over that the restaurateur could invest back into his business. How many customers like me would a restaurant need to capture per \$3,000 a week spent? 15. A couple of new customers a day is all.

Convenience stores operate at a 30 percent gross margin of profit, after the cost of goods. What's the value of one new customer to a convenience store, especially if he or she smokes? When I used to smoke, I bought a pack a day, never cartons, because I always believed I'd quit soon. Cigs cost about 6 bucks a pack. I bought a pack a day. Along with the smokes, I'd also purchase breath mints, gasoline, maybe a lottery ticket, perhaps a magazine or a Coke or a six-pack of beer. Figure that my average sale was probably \$10 per day. And remember that cigarette smokers don't take weekends off. So, \$70 bucks a week? Times at least 48 weeks a year? That's \$3,360 in sales, just from me! Thirty percent of that is \$1,008. Man! How many new customers like that would I have to deliver per \$7,000 spent on your station?

Not a bad way to think about asking for more budget, am I right? Once you start selling this way, the magic numbers way, you can never go back to the Neanderthal way you used to sell.

Originally printed in *Radio and TV Business Report*. (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