

# 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*

As you try and stay cool during this Kansas summer heat wave, I'd like to update you on a few things the KAB and Board members have been working on. First off, the association is in a good financial position as Kent has kept expenses at or below budget. Our main source of revenue comes from the PEP spots your stations air.

We have a few new PEP spots coming out in the next month or so, and I ask that you please make sure your people handling these are receiving the orders and placing them on the logs. It is extremely important that we meet the commitment made to our partners.

The board approved this spring for Kent to hire a company to handle our award entries on line for the first time. Many of you or your employees have already used the system and the feedback has been very positive. Of course those entries are due July 1.

The nominating committee will be putting together a slate for next year's board of directors. There will be 2 open seats and if you are interested in being considered, let Kent know by July 10.

The scholarship committee interviewed a number of broadcast students and handed out \$16,000 in scholarships. That's in addition to the \$7000 given to KAB member stations employee's children who are entering their first year of college or trade school.

One final item. We are again having the silent auction at the convention to benefit the KAB Foundation. Like last year, the success of this is based on the quality of items that are donated by broadcasters so that bids go high! Please come up with an appropriate item that you can send to the KAB office. It should have a minimum value of \$200 – or priceless for memorabilia. Let's generate a lot of money to continue providing scholarships to deserving students.

On a personal note, I'm sure most of you have heard about my recent accident. My recovery continues and is going well, and I'd like to thank everyone who sent well wishes. I'm anxious to get back in the loop and back to the business at hand.

## 2012 KAB Annual Convention

The KAB convention will be returning to Wichita October 21-23. It will be held at the DoubleTree by Hilton Wichita Airport. This is the same great hotel we have used in the past – just a name change.

The schedule is still being worked out, but we are pleased to announce that our all day sales session will be presented by Stephen Warley. He is the founder of LocalBroadcastSales.com, the leading on-demand sales training service for the broadcast industry, now partnered with 25 state broadcast associations. Stephen also co-founded the Digital Leadership Academy, now in its fourth year as the LBS Innovators Summit.

## **Hall of Fame and Other Nominations Due August 1**

We are currently accepting nominations for the KAB Individual Awards presented each year at the convention. Recipients will be selected by the KAB Board of Directors. These prestigious honors include the Distinguished Service Award, Hall of Fame, Mike Oatman Award for Sales, and the Sonny Slater Award for Service to the Community.

The deadline to submit by email is August 1. All of the information including past recipients can be found on our web page at <http://kab.net/kabawards/kabindividualawards/default.aspx>.

## **Supreme Court Rules FCC Violated Due Process**

In a unanimous decision, the U.S. Supreme Court has ruled that the FCC violated due process in finding the broadcast of the ABC show NYPD Blue was indecent. In essence, the Court stated that the Commission "cheated" due process in imposing the massive fine. Because the Commission failed to give Fox or ABC fair notice prior to the broadcasts that fleeting expletives and momentary nudity could be deemed indecent, the FCC's standards as applied to these broadcasts were unconstitutionally vague. The Court did not address the current policy on First Amendment grounds.

Indecency rules enforced against broadcasters for decades have only applied between the hours of 6 a.m. and 10 p.m. Yet, you never see nudity on the broadcast airwaves or hear "Sopranos"-like language during Leno and Letterman. That's why the practical impact of a Supreme Court decision may be less dramatic than it may appear.

A statement from the NAB says, "NAB has long believed that responsible industry self-regulation is preferable to government regulation in areas of programming content. We don't believe that broadcast programming will change as a result of today's decision, given the expectation from viewers, listeners and advertisers that our programming will be less explicit than pay-media platform providers."

## **Quarterly Issues Due**

The next Quarterly Issues/Programs List ("Quarterly List") must be placed in stations' local inspection files by July 10, 2012, reflecting information for the months of April, May, and June 2012.

For television, the next Children's Television Programming Report must be filed with the FCC and placed in stations' local public inspection files by July 10, 2012 as well.

## **Update For on line Political File Requirement**

The Office of Management and Budget (OMB) has once again rubber-stamped and approved an FCC information collection request in apparent defiance of its statutory obligation to take a hard look at the burdens imposed under the Paperwork Reduction Act (PRA). In light of the OMB's approval, all Top 4 network affiliated stations in the top 50 markets will have to start placing political file material online 30 days after the FCC publishes a notice of the OMB approval in the Federal Register. The rest of the TV stations will have to comply by 2014.

The KAB and forty-five other State Broadcasters Associations joined in Comments challenging the Commission's new requirement. The State Associations showed that the Commission violated the Paperwork Reduction Act by failing to analyze the impact that its new requirement will have on television stations generally, and on small television stations in particular.

We also demonstrated that the new requirement was unnecessarily and thus impermissibly, duplicative of records already required to be maintained online by the Federal Election Commission. The State Associations contended that the Commission failed to adequately address the significant new burden involved in requiring television stations to maintain political file on two platforms - on the FCC's website and at the station in the form of electronic "back-up files."

We urged the Commission to allow television stations to maintain back-up political files in either paper or electronic form and to clarify that a television station will be deemed to have complied with the "immediately absence unusual circumstances" political "filing" requirement if within the required period of time the station either posted the particular political file document or placed the paper or electronic copy of the document in its public file.

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## FCC Filings by KAB

So far in 2012, we have filed other comments in the matter of standardized and enhanced disclosure requirements for broadcasters. The KAB and other State Associations urged the Commission to retain the quarterly lists requirement, which has long been accepted as the best evidence of whether a station has been responsive to local community needs, issues and problems.

We also asked the Commission to reject the notion that the number of minutes a particular type of program may have aired on a station is a more appropriate measure of a broadcast station's service in the public interest than the information provided in the quarterly lists. Those Lists are already "standardized" in terms of the type of information required to be included in them. The fact that it may be difficult for a person to "compare" the Lists of one station against the Lists of another station is simply not relevant. The Lists were never intended to be used for station-to-station comparison purposes and such a focus on comparisons would be inappropriate in any event.

In April and again this month KAB filed on behalf of TV stations opposing online political files. The FCC is requiring television stations to post on the FCC's website those contents of their public inspection files that are not already available on the FCC's website, and requiring the affiliates of the top four television broadcast networks in the top 50 markets, within two years, to post, going forward, their political files on the FCC's website. We offered a compromise proposal which would have permitted television stations to provide *summary* political advertising information online, including the total amount of an advertising buy and the total amount of money a candidate has spent at that station on ads during a particular election window. The proposal would have substantially eased uploading burdens and kept commercially-sensitive per unit rate information out of the online public file.

In May, we wrote in strong support of the retention and three-year extension of the Viewability Rule. That is the rule requiring cable systems to continue offering both analog and digital signals to customers who don't have or can't afford digital TV sets. Two weeks ago, the FCC announced it was allowing this rule to sunset on December 31, 2012.

These examples of advocacy before the FCC well illustrate how vigorous the participating State Broadcasters Associations have been in protecting and advancing the best interests of the free, local, over-the-air, radio and television industries before the FCC.

## Over the Air (only) Viewing Increases

According to new research by GfK Media, the number of Americans now relying solely on over-the-air (OTA) television reception increased to almost 54 million, up from 46 million just a year ago. The recently completed survey also found that the demographics of broadcast-only households skew towards younger adults, minorities and lower-income families.

The 2012 Ownership Survey and Trend Report, part of The Home Technology Monitor research series, found that 17.8% of all U.S. households with TVs use over-the-air signals to watch TV programming; this compares with 15.0% of homes reported as broadcast-only last year. Overall, GfK Media estimates that more than 20.7 million households representing 53.8 million consumers receive television exclusively through broadcast signals.



## There's A Chicken in the Room

The reason we get so many “chicken poop” orders from local direct clients is because there is a chicken in the room, and it's not the client.

As a sales rep, you've got to ask yourself how you come up with the amount you're asking your client to spend. What is that amount actually based on? Who really sets the low budget bar? Is it the client, or in reality, is it you, the rep recommending the chicken poop schedule?

I asked a sales rep in a medium-sized market radio to give me a proposal significant enough to help a friend of mine weave his product into the fabric of the format and subsequently into the fabric of the listener's minds. She sent me a computerized report that suggested 15 commercials every other week. I was surprised and so was the client. Surprised actually, because we had expected her to try to sell us many more commercials. We had also fully expected to be on every week, not just every other week. Why did the rep just assume that we wanted such a thin schedule when we felt that we had communicated something much larger? She said she had done it to reach a certain frequency goal that she had fixed in her mind. She also indicated that what she was pitching seemed like a big order for her station.

In this case, she was the one with the rate resistance problem, not the client. I wonder just how often that really happens, at radio and television stations all over the planet. And, how much are we really leaving on the table?

“Shy” budget proposals present a real revenue problem for you and your station. But, it also poses a serious problem for the client, because they might not get the level of exposure they really need. That, combined with weak copy, causes clients to say they tried broadcast advertising and it “didn't work”. I watch salespeople talk to local direct clients on a regular basis and I see the recommended budgets. They are typically what I would consider low... in most instances, about two thirds lower than what a client could actually afford, based on his average sale and his gross margin of profit.

Let's say the client owns a furniture store. The gross margin of profit, after the cost of furniture, runs 40-45 percent. The average sale is \$600. So the question is, how many \$270s (45 percent of \$600) would the store have to sell per \$1,000 per week in advertising? The answer would be less than four. Per \$5,000 per week spent on your station, the answer would be 18 or so. Per \$10,000 you would have to deliver less than 40 new clients per week.

If you CUME say, 50,000 listeners per week, the 40 new customers would represent less than .09 percent of your total audience. .111 percent of your audience would represent 55 furniture customers, each spending \$600. If you could attract nine new paying customers per day Monday-Friday, with a deep-sell commercial and a kick-butt schedule, the client would realize a 49 percent after-advertising cost return on his investment. Not bad. I think I'd take 49 percent on my money any day. Even in a tough economy, that seems like a good calculated risk.

And, what is the value of one new customer that your station could bring to the client over a lifetime? I have spent thousands at my favorite furniture store. I have spent even more at my favorite grocery store. When I smoked cigarettes I dutifully spent at least \$7 dollars every single day (smokers don't take weekends off) at my favorite convenience store.

Gross margins of profit and average sales stay pretty much the same, regardless of whether you're in a large, medium or small market. So, don't be shy in smaller markets about asking for more.

The business person is used to talking big numbers every day, *except with you*. He or she is routinely making large investments in inventory, materials, labor, software, tools and space. We're talking many thousands of dollars per week from many different vendors. The routine exception? The radio or television rep.

When you ask a businessman for real money, you get their undivided attention and their respect. I know because I've witnessed it over and over. The client typically fidgets in their chair and then they lean forward, their eyes riveted on yours, fully engaged. Decision makers are usually much more interested in investing their time in learning more about a proposal that calls for a real investment in treasure. Chicken poop proposals, not so much. The client is competitive. Give him the consideration of what it would take to win over your audience. Make it big and juicy.

When clients ask if you have any "packages", perhaps you could say, "Yep. We've got good, better and best. Best means that you absolutely dominate your category. Better means you're a contender for dominance, and good means that at least you're in the game. Let's take a look at what it would cost to own the category and what that could mean to you." Make sure that your "best" is expensive enough to at least rate attention of a busy and distracted decision maker.

If you're not asking for real money, ask yourself why. If you're turning in chicken poop orders, maybe it's because you're the chicken. It's up to you to set the minimum standards for a decent schedule on your station. Go high, you can always come down if you have to. Take the risk. Don't underestimate what the client might be able to spend, especially when he learns how to calculate his risk. What's the worst thing that could happen by pitching real money, especially when you have a brilliant creative idea to back it up? "No," would be the worst thing. I've never heard of a media sales rep being murdered for asking for a decent amount of money.

Oh, and by the way, do you know what they call that white stuff in chicken poop? Well, that's chicken poop, too. Why did the chicken cross the road? To see his friend Gregory Peck.

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](mailto:paul@paulweyland.com) or at [www.paulweyland.com](http://www.paulweyland.com) or by phone at (512) 236 1222. Read Paul's book *Successful Local Broadcast Sales*, available on line or at bookstores)

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