

Rep Firms ...

by Amy Bellinger

Radio stations aren't the only entities feeling the ground shift under them as a result of deregulation and continued ownership consolidation.

Companies providing services to stations, like national rep firms, are feeling the effects of the big changes as well. Until all the aftershocks subside, though, it is tough to say exactly how the rep business will shake out.

Mostly, the nature of the business has not changed so far. Katz Radio Group and Interrep Radio Store still dominate the nearly \$1.5 billion in national spot radio that will be placed through the national rep firms in 1996. And CBS Radio Reps, handling the powerful CBS owned-and-operated properties and a handful of other accounts, continues in its role as the "other" rep firm that agencies cannot afford to ignore.

Gary Fries, president of the Radio Advertising Bureau (RAB), says "a game of musical chairs is being played out in the rep business, as acquired station groups align with their new entities' rep firms." But probably the most significant consequence of consolidation, according to Fries, has been an accelerated continuation of the trend for stations to do business with one of the major national rep firms.

firms are not regulated; why should they show their hand?

Each rep firm reports to the RER division of Competitive Media Analysis and gets back only a tally of total rep firm dollars, along with its own firm's amount and share of the total. Guild was the only rep firm head forthcoming

64 percent does include Katz Hispanic division figures on top of the RER numbers. Only English-language station dollars in the United States are reported to RER.

But anything can happen, and there are dozens of ways to view the closely held numbers. The irony is that hearing



Illustration by Vicky Barron

Mix It Up

Katz may be slightly ahead of Interrep in year-to-date share of rep firm business. Stu Olds, president of Katz Radio Group, says his firm (including all its various divisions) is responsible for 54 percent of this year's total rep firm billing through July 1996, up 6 percent from Katz's 48 percent share for January-July 1995.

Ralph Guild, president of Interrep, counters that he does not know how the Katz numbers are possible, but he can't examine them and neither can the general public. Rep firm numbers have always been secret. After all, the rep

firm heads position themselves enough to offer to share a copy of his most recent RER report, which assigns Interrep a 41.2 percent share of rep firm-handled national radio dollars so far this year (through July 1996). The figure includes all divisions except Caballero, Interrep's Hispanic division, while Katz's

the rep firm heads position themselves sounds very much like two stations in a market selling to an advertiser. When you have the numbers, you talk numbers. In the absence of numerical supremacy, you

... after Deregulation

talk quality, specific demos, growth, loyalty, psychographics, the future — anything. And rightly so. A little brava-do is not only expected from rep firms, but desirable from a station management point of view.

Year in review

The presidents of Katz and Interep both assert that the continued station ownership consolidation has affected them positively. Katz's Stu Olds points to his numbers, and Interep's Guild sells beyond the numbers, pointing to some specific examples of new territory conquered.



Olds

been the addition of Sentry Radio Sales, a new rep firm division headed by Katz veteran Bob McCurdy.

In the Interep camp, Ralph Guild sums up the year. "We converted Shamrock Radio Sales (an Interep Division) into the rep company for Clear Channel Communications, increasing billing in that division from \$30 million to \$70 million," Guild says. He points out that Interep has picked up Classical Music Broadcasting Service (CMBS). "There might now be one or two commercial classical stations we don't represent," he says. Late last year Interep also acquired Caballero, formerly an independent Hispanic rep firm, which competes with the Katz Hispanic Radio division.

Lotus Hispanic Reps remains the lone independent Hispanic rep firm going for ever more Spanish-language radio dollars, an annual market now estimated at \$65 million and, according to Interep's Guild, the fastest-growing segment of radio. Guild and Lotus CEO Rick Kraushaar disagree, however, about where the new Hispanic radio dollars are coming from. Guild claims the revenue is being drained off Hispanic TV and print, while Kraushaar contends that the new dollars are coming from English-language radio. "A

"We have been successful in picking up new client groups in the deregulated environment," Olds says of the year's highlights. Another change at Katz this year has



Guild

few agencies and advertisers still don't understand the need for Spanish-language advertising, but now most see it is essential, especially in certain markets," says Kraushaar, whose firm claims representation of 80 stations in about 50 markets.

CBS Radio Reps President Raif D'Amico reports in too, while being careful to point out, "We're not a rep firm." What? "We're a broadcast company with the unique advantage of having our own national sales arm."

Down to 43 stations in 22 markets at press time, CBS Reps lost a number of sold-off Brown Group stations, and made a decision to part company with the remainder of the group, as well as two standalone stations in non-top 50 markets. "We would like to be in all top 50 markets again," D'Amico says.

Though the RAB stays out of ranking rep firm shares, the bureau does keep track of total national radio dollars, which will amount to nearly \$2 billion in 1996. RAB uses merged data from both Miller, Kaplan, Arase & Co. and Hungerford, Aldrin, Nichols & Carter, the two mainstay research firms to which stations report.

For the year to date (through July 1996), national radio dollars amount to some \$1.16 billion according to the RAB numbers, while January-June dollars handled by rep firms amount to "only" \$664.9 million, according to the RER division of Competitive Media Analysis.

The enticing balance represents buys that do not go through the rep firms — the beer distributors, soft drink bottlers and fast food companies and other national advertisers that have traditionally skirted the rep firm channel.

Fries says that, in looking at national radio figures, is it also important to remember that not all national advertising gets reported by stations as national radio dollars. "There is no standard for how stations report national dollars to Miller Kaplan or Hungerford," Fries decries. "Some stations think of their national money as only the buys that

come through the rep firms. On the other hand, what one station might categorize as national, another might say is local or regional."

Total radio dollars — national, regional and local — came to \$11.47 billion in 1995, according to the RAB.

"When it all shakes down, the share between Katz and Interep is going to be what it was before deregulation," Interep's Guild predicts.

But that's if everything remains orderly. A non-partisan industry watcher reminds us that nobody dares speculate about the pending sale of Infinity to Westinghouse announced in June. Westinghouse, of course, also owns Group W and acquired the CBS networks in 1995. Group W and Infinity stations have heretofore remained with Interep. Stay tuned. Anything could happen.

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D'Amico