

CLEAR CHANNEL PERFECTS THE ART OF SOUNDING LOCAL

By Anna Wilde Mathews, February 25, 2002

"If anyone said we were in the radio business, it wouldn't be someone from our company.... We're not in the business of providing news and information. We're not in the business of providing well-researched music. We're simply in the business of selling our customers products."

—Clear Channel founder and CEO Lowry Mays, *Fortune*, March 3, 2003

On Feb. 15, disc jockey "Cabana Boy Geoff" Alan offered up a special treat for listeners of KISS FM in Boise, Idaho: an interview with pop duo Evan and Jaron Lowenstein. "In the studio with Evan and Jaron," Mr. Alan began. "How're you guys doing?"

The artists reported that they had just come from skiing at nearby Sun Valley, then praised the local scene. "Boise's always a nice place to stop by on the way out," Evan Lowenstein said, adding that the city "is actually far more beautiful than I expected it to be. It's actually really nice, so happy to be here." Mr. Alan chimed in: "Yeah, we've got some good people here." Later, he asked Boise fans to e-mail or call the station with questions for the performers.

But even the most ardent fan never got through to the brothers that day. The singers had actually done the interview in San Diego a few weeks earlier. Mr. Alan himself has never been to Boise, though he offers a flurry of local touches on the show he hosts each weekday from 10 a.m. to 3 p.m. on the city's leading pop station.

This may be the future of radio. The Boise station's owner, industry giant Clear Channel Communications Inc., is using technology and its enormous reach to transform one of the most local forms of media into a national business. In fact, Boise's KISS 103.3 — its actual call letters are KSAS-FM — is one of 47 Clear Channel stations using the "KISS" name around the country. It's part of an effort to create a national KISS brand in which stations share not just logos and promotional bits but also draw from the same pool of on-air talent. Via a practice called "voice-tracking," Clear Channel pipes popular out-of-town personalities from bigger markets to smaller ones, customizing their programs to make it sound as if the DJs are actually local residents.

"We can produce higher-quality programming at a lower cost in markets where we could never afford the talent," says Randy Michaels, the chief executive of the company's radio unit.



"That's a huge benefit to the audience."

It's also a huge benefit to Clear Channel, which can boast of a national reach and economies of scale to advertisers and shareholders. The voice-tracking system allows a smaller station in Boise to typically pay around \$4,000 to \$6,000 a year for a weekday on-air personality, while a local DJ in a market of Boise's size would have to be paid salary and benefits that might run five times as much. That's why Clear Channel is developing multiple

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identities for a battalion of DJs like the 29-year-old Mr. Alan, who is based at KHTS-FM in San Diego, but also does "local" shows in Boise, Medford, Ore., and Santa Barbara, Calif. Mr. Alan does research to offer up news items and other details unique to each city.

The new sound of radio is tied to big changes in the industry brought on by a 1996 law that got rid of the nationwide ownership cap of 40 stations. The law also allowed companies to own as many as eight stations in the largest markets, double the previous limit. The shift sent broadcasters into a frenzy of deal-making, as stations rapidly changed hands. A fragmented business once made up mainly of mom-and-pop operators evolved



A trade advertisement for Clear Channel, which owns more than 1,200 radio stations across the country, including 47 KISS-FM stations. Clear Channel also owns the nation's leading concert-promotion company and a major outdoor-advertising operation.

quickly into one dominated by large publicly traded companies that controlled stations around the country.

No one took advantage of the new law more aggressively, or successfully, than Clear Channel. The company started out with one FM station in San Antonio. A relatively little-known firm before 1996, it rapidly grew into by far the biggest player on the airwaves. Today, it operates more than 1,200 U.S. stations, compared with 186 stations owned by its biggest publicly traded rival, Viacom Inc. Clear Channel has combined its radio clout with a growing array of other media assets, including the nation's leading concert-promotion company and a major outdoor-advertising operation.

Now Clear Channel is moving to exploit its size by linking up its different businesses and wooing major advertisers with the promise that it can deliver nearly any combination of geography, demographics and radio format. Part of that effort is the move to create national brands such as KISS, which can become familiar touchstones for big national advertisers and, eventually, listeners. While voice-tracking is not a new practice in radio, Clear Channel is pushing the concept on a far grander scale than ever before, extending well beyond the 47 KISS stations to encompass most of its empire.

Mr. Michaels compares his model to McDonald's Corp.'s franchise system. "A McDonald's manager may get his arms around the local community, but there are certain elements of the product that are constant," he says. "You may in some parts of the country get pizza and in some parts of the country get chicken, but the Big Mac is the Big Mac. How we apply those principles to radio we're still figuring out."

Indeed, as Clear Channel has moved to take advantage of its reach, it has run up against tradi-

tional ways of doing things in radio. To create a national brand based on a federal trademark, for instance, it has had to mount legal challenges in several markets, chasing off stations that had been using versions of the KISS name locally. (The U.S. station that actually has the call letters KISS-FM is an album-rock station based in Clear Channel's corporate hometown of San Antonio, owned by rival Cox Radio Inc.) Clear Channel is facing objections from union locals representing on-air talent, which likely stand to lose jobs as the company phases in more virtual programming.

The company also drew an investigation by the Florida Attorney General's office into whether it was portraying national call-in contests to listeners as local. Clear Channel admitted no wrongdoing, but in 2000 it paid the state an \$80,000 contribution to the Consumer Frauds Trust Fund and agreed not to "make any representation or omission that would cause a reasonable person to believe" that contests involving numerous stations around the country were actually limited to local listeners.

Mr. Michaels argues that much of the static his company hears, particularly from competitors, is simply a battle against progress. He compares it with another point in radio's history: when the industry began phasing out live orchestras and in-studio sound-effects experts in favor of recorded music. "The guy making buggy whips and installing horse shoes should have gotten into making tires," he says. Change, he says, is "inevitable. All we can do is exploit it."

Nothing better illustrates Clear Channel's efforts to do that than its drive to develop the KISS brand. It's derived from Clear Channel pop powerhouse KIIS-FM in Los Angeles. The wider rollout was begun by Mr. Michaels' Jacor Communications Inc. before Clear Channel bought it in 1999. It kicked off by introducing the KISS format in Cincinnati, among other cities. Each had its own frequency and call letters, usually something as close as possible to KISS.

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At the same time, radio technology was changing rapidly. In the mid-1990s, stations began buying software and hardware that allowed them to run their on-air programming with computers that contained entire catalogs of digital songs. Using such systems, DJs could also digitally record voice bits and drop them into a preformulated schedule of songs and commercials. Stations had long been able to prerecord some materials, using tape setups. But now a disc jockey could put together a perfect five-hour shift in less than an hour, using a computerized system that lets the DJ hear just the end of one song and the beginning of the next.

Clear Channel and its predecessor companies began installing the technology in all its stations in the late 1990s, and linking them together into a giant high-speed digital network to move digital recordings around seamlessly. Gradually, the company started piping major-market DJs into smaller cities. It even did the same with some news stations, which used local reporters feeding information to announcers in different cities, who would then send back their newscasts digitally to be put on the air.

An early indication of the impact came in Dayton, Ohio, in 1999. Dozens of teenagers showed up at a Clear Channel pop station early one morning looking for the Backstreet Boys, after hearing an interview with the band that morning. The teenagers were politely told that the band wasn't available and given promotional items. The interview was actually done earlier in Los Angeles.

"That's when we knew this could be huge," says Sean Compton, Clear Channel vice president and national program coordinator.

Boise's 103.3 was one of the early KISS converts. KARO, as it was called, had been playing classic rock. But it was competing in a crowded niche and ratings were lagging. So, in early March 2000, Clear Channel decided to switch it to a pop format and use the KISS brand.

It took only about two weeks to create an entirely new station. The logo came from a KISS station in Las Vegas, with a Boise artist simply replacing the Las Vegas station's frequency with the local one. Clear Channel pop stations in other cities digitally imported their own song catalogues to Boise's hard drive. A programmer in Dallas helped prepare the first song list.

Before the format change, the station was using one voice-tracked show from Salt Lake City on weekdays, as well as some national programming. After the station went KISS on March 13,

2000, it began importing all of its DJs. Weekday mornings came from Los Angeles, middays from Cincinnati, afternoons from San Diego and evenings from Tampa, Fla. Two of the old rock station's DJs were laid off. Later, one out-of-town KISS DJ moved to Boise to do a live afternoon show. As costs went down, ratings went up.

"You can deliver a better product than a live station," says Hoss Grigg, who was an on-air personality under the old format before becoming the program director for Boise's KISS. "If they get it,



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Indeed, Mr. Grigg, who comes from the area and has worked in Boise radio on and off for a decade, quickly learned how to operate a virtual station. The station hired a Boise State University student, who it dubbed "Smooch," sending him to local KISS events because the real DJs weren't available. To handle phone calls that came in for the out-of-towners, the station first tried to maintain separate voice-mail boxes for each. But Mr. Grigg eventually gave up and just set the studio line to ring busy unless he or another station employee was actually in the studio.

Mr. Grigg also devised ways to keep his air talent up to date on events in Boise. He created a guide with helpful pronunciation tips ("BOY-see ... no Z") and descriptions of "Boise Hot Spots," like the Fort Boise skateboard park featuring a "sweet bowl." Major thoroughfares, local sports teams and the names of area high schools were also included. Mr. Grigg created a special Web site,

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which he updated constantly, to inform his outlying DJs about coming concerts and station promotions.

But even as he works to keep the station sounding local, Mr. Grigg draws much of his station's identity from around Clear Channel. Many of the contests he runs are national. The remixes of big songs to promote KISS come from Chicago, as does the voice used on most promotional messages.

The music selections for Boise's KISS are made in San Diego by brand manager Diana Laird, who also programs other stations as well, including ones in San Diego and Santa Barbara. Mr. Grigg advises her on what's popular with call-in listeners, but Ms. Laird says she always takes such requests with "a grain of salt, considering maybe 1%" of listeners call in. She instead relies on instinct, national tastes and research in markets with demographics similar to Boise. She says the Santa Barbara station gets far more hip hop and dance music than the mainstream pop that is heard in Boise. But KISS listeners in Boise and Medford hear identical playlists, because their demographics are similar, Ms. Laird says.

It was Ms. Laird who helped connect "Cabana Boy Geoff" to Boise. Mr. Alan, who works long hours as promotions coordinator at



KHTS in San Diego as well as being an on-air personality, wanted to raise his profile and earn the extra money that voice-tracking a few stations can provide. To squeeze it all in, he typically arrives at Clear Channel's meticulously landscaped San Diego office before 7 a.m., not long after his 2 a.m. sign-off from a live air shift. A recent day began even earlier with a cellphone call from Mr. Grigg, who told him of a Boise-area Olympic hopeful and recapped a station-sponsored party the night before at a Boise restaurant.

Sipping a large cup of coffee, Mr. Alan tried to convince himself it was 10 a.m., the time his show would air. With Mr. Grigg's briefing in mind, he told the Boise audience that last night's event was "a wild and crazy party," though of course he hadn't attended. "I personally saw a number of you hook up with people you had never hooked up with before." Then came the Evan and Jaron interview.

Mr. Alan wrapped up his five-hour shift in just an hour, but he returned later that afternoon to do a Boise show for the next Monday, when he would be out of the office for the President's Day holiday. This one was harder, since it took place three days in advance. Mr. Alan also had to make a convincing on-air handoff to a live person — Smooch, the station's street promoter, who would be doing a live appearance during Mr. Alan's show.

Again, a phone call helped. Smooch, whose real name is Troy DeVries, reported that he would likely be hanging out at a nightclub called The Big Easy sometime that weekend. So Mr. Alan, who has never met Mr. DeVries in person, riffed a bit: "On Saturday night, me and Smooch, we were hanging out at The Big Easy," he said, launching into a bit that made fun of Mr. DeVries's dancing. "Just thinking about it, I'm cracking up." (As it turned out, Mr. DeVries went to the nightclub on Friday instead).

Mr. Alan also used phone calls he had recorded during his live show in San Diego, editing out local references to make them usable in Boise. He typically greets Boise listeners by using names taken from e-mails he gets from Boise, or sometimes from San Diego callers. Then, he puts them in a situation using a real local place drawn from his research. Sometimes he does a bit less, though. After greeting "Dawn," who "is stuck at work today," he admitted off the air that she was "somebody I just made up right now."

Mr. Alan says his voice-tracked shows sound just as good as his live ones, and listeners "don't get cheated out." Still, he admits that he was con-

cerned when his fiancée told him that if she had a crush on a DJ and found out that he wasn't really in her city, "she'd be so disappointed, she'd be heartbroken and stuff."

Indeed, several Boise KISS listeners said they couldn't tell that many of the station's on-air personalities weren't in town. "If you can't tell, it's not that big a deal," says Jennifer Hardy, 24, who has gone to KISS events with her five-year-old son. "They are involved with the public." But Hope Brophy, a manager at a local hair salon, said that, even though she couldn't tell the difference, the idea "irritates me... I think if you don't live here, you don't understand it."

Mr. Michaels, the Clear Channel radio chief, says he's not aware of the details of Mr. Alan's situation, but that it sounds like "this would be an example of a personality being a little too creative."

Mr. Michaels says that he himself usually can't tell when a show is voice-tracked from another city and when it's live. "I don't think it's at all wrong or deceptive to put together terrific programs that reflect local communities and sometimes use talent who may physically be somewhere else," he says. He compares the radio shows to films, which wouldn't be "nearly as much fun if the camera kept turning around to show you it was just a set. I don't know that the radio experience would be as good if we said every five minutes, 'By the way, I'm not really here and I taped this 20 minutes ago.' But that's all part of the magic of creating entertainment."