KANSAS ASSOCIATION OF BROADCASTERS

# TRANSMITTER

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

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## Chairman's Message:

*Brad Moses*
*KWCH - TV, Wichita*
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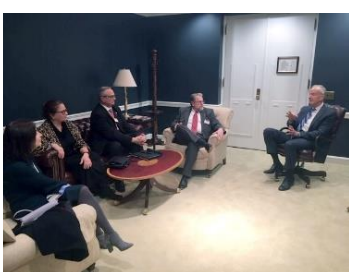
**Hello all. February is in the books and political season is coming up fast. According to Politico's 2020 Political Spending Projections, political ad spending has grown an average of 27% per year since 2012. The report also shows that candidate spending has grown at a far greater rate over the past two election cycles than third party issue spending. Broadcasters across the country are preparing their Public File processes and I want to remind everyone the KAB has great resources to help answer questions you may have about keeping your Public File in order. Don't hesitate to reach out… we're here to help.**



**The KAB also had a strong showing in Washington DC this month as myself along with Kent Cornish, Barbara White, Sara Smith, John Leonard, John Hoffman, Tracey Brogden-Miller and Larry Riggins attended the NAB's State Leadership conference. We met with members of Congress and Senate and their staffs to discuss several important issues including the performance royalty, a tax deferral bill for diversity ownership, relaxing ownership regulations and other topics important to broadcasters.**

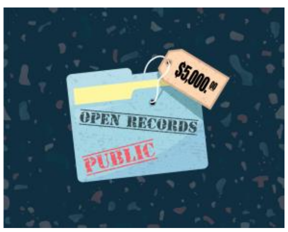
**It was a successful trip in many ways. One in particular was the recognition for Kent Cornish during the conference. As you all know, Kent is retiring soon and all of us at the KAB are very proud to have worked with him for the past (12) years. NAB president Gordon Smith presented Kent with a special award for his service – including his past Presidency of the National Association of State Broadcast Executives Alliance. This recognition from the NAB is well deserved! Congratulations Kent! I captured Kent's award on my iPhone… here is a link if you'd like to watch. https://vimeo.com/394200440**

## KAB President Position Opening

**As previously announced, Kent Cornish will be retiring later this spring and the Board of Directors has posted the opening and job description for President/Executive Director of the KAB on the website http://kab.net/**

**Chairman Brad Moses is heading up the search committee and is accepting cover letters/resumes at brad.moses@kwch.com over the next two weeks.**

## AG Rules Frontenac Violated Open Records Law




**Kansas Attorney General Derek Schmidt has notified the City of Frontenac that it violated the Kansas Open Records Act (KORA) when it requested a $3,500 fee in order to furnish copies of public records to a reporter. In October 2019, KOAM TV filed a KORA complaint with the attorney general's office alleging, in part, that the city's $3,500 fee request to furnish public records he requested on September 18 was unreasonable. Upon investigation, the attorney general's office determined that Frontenac's fee request was unreasonable and thus violated the KORA because it failed to explain or justify its $3,500 fee request, including why it was seeking $225.00 per hour for any time spent by its outside legal counsel.**

**"While the city may recover its actual costs in responding to a KORA request, those costs must still be reasonable," the attorney general's office wrote in a finding of violation. "An hourly rate of $225.00 per hour for attorney time is per se unreasonable.**

## GMR Receives Legal Setback

**Earlier this month, a federal court in California dealt new performing rights organization (PRO) Global Music Rights (GMR) a significant defeat in the antitrust lawsuit brought by the Radio Music License Committee (RMLC). The court ruled that on the facts RMLC described in its Complaint, GMR is a *per se* illegal enterprise, and violates the U.S. antitrust laws in numerous other respects. The order represents a wholesale rejection of the defenses GMR has asserted in the litigation, and paves the way for RMLC to win a final victory by demonstrating only what the world knows to be true: that GMR orchestrated an exodus by artists from other PROs specifically in order to raise the price of pre-existing music licenses.**

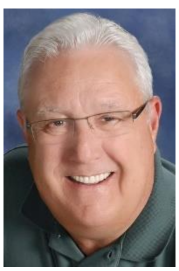
**RMLC's Executive Director Bill Velez said in statement: "We were pleased but not surprised by the court's important ruling. GMR is *worse* than the other PROs. Its only purpose is to charge more for what could previously be bought for less. The court rightly recognized that there is no excuse for that conduct under the antitrust laws."**

## FCC Seeks Budget Increase

**(courtesy Inside Radio) How much will it take to run the Federal Communications Commission in the coming fiscal year? The best estimate of agency budget writers is $343.07 million. That's a 1.2% increase from the $339 million that Congress appropriated the FCC in the current fiscal year that runs through Sept. 30. The increase would cover higher costs tied to a 1% across-the-board pay increase for staff as well as investments in new technology and infrastructure. Unlike most federal agencies, the FCC offsets much of what it spends with the collection of fees on services it regulates. That includes the annual fees charged to radio and television stations. The agency has not yet specified what 2021 fees on radio would be, but the budget blueprint proposes a small increase in fees collected through industries that fall under the Media Bureau.**

**The FCC will collect billions of dollars more if the Trump administration gets its way. It is once again asking Congress to give the Commission authority to charge a spectrum license fee. Those fees would be in addition to annual regulatory fees and would be phased-in over time. The FCC estimates if they begin in 2021, the spectrum license fees would bring in $4 billion through 2030. The White House tried a similar move** a year ago**, even though it's a proposal floated nearly every year despite never gaining traction. The NAB has been critical of charging local radio and TV stations spectrum licensing fees in the past. Along with other well-connected Washington allies like the telecom industry, NAB has so far been able to convince Congress to reject such an idea.**

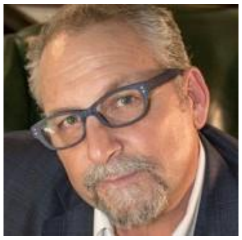
## Grunwald to Receive Stauffer Award



**Eagle Radio Hutchinson's Glen Grunwald was selected as the 2020 recipient of the Oscar Stauffer Sportscaster award by the KSHSAA. He is the play by voice of Hutchinson High School for KWBW. A committee of former Kansas sportscasters makes the selection from the entries. He will receive the award during the State High School Basketball Tournament in March.**

**Grunwald began calling Barton County Community College sports in 1990, while still working full time in pharmaceutical sales. He eventually moved to Hutchinson where he started doing both Hutch High and Community College sports for Eagle Radio. Glen retired from his sales position 10 years ago and is now sports director. In 2017 Grunwald was honored by the KAB by receiving the Hod Humiston Award for Sports Broadcasting.**

# Teaching ROI to All Local Direct Clients



**(Paul Weyland will be our sales presenter at this year's convention)**
**Sometimes, you come up with a revelation that is so important and so misunderstood you feel like you have a moral obligation to share it with others. Over my decades in media sales, I feel like I have discovered a couple of things that must be shared with others, particularly in this calamitous time in broadcast history.**

**One idea is how to tell a new and different story about what we do for a living. That story is called, "To Sell the Truth," and it's another entire article about how account executives can convince local direct decision makers (and a few agencies), how to improve the creative we run in our ads by telling the client's story in an entirely different way, a way that the client has never heard before.**

**The other idea is how to avoid surprise cancellations and at the same time convince clients to spend three, even four times what they think they should be spending with you, by simply offering up evidence in the client's own language to convince them that your budget idea is better than theirs. This idea, the concept of providing the client with a return on investment formula for their advertising, makes them feel better about spending more money with you, regardless of your geography, your program or format, your ratings (or lack of them), and your prices.**

**This article is the result of a recent podcast I did with Radio Ink Magazine. There were several requests to translate the podcast into article form. Here we go and thank you for your interest.**

**Explaining this simple formula achieves the following goals.**

- **It makes advertising with you look like less of a gamble and more of a good, calculated risk.**
- **It gives you ammunition for justifying higher rates.**
- **It rationalizes a much larger budget for your station.**
- **It's done in a language the client actually understands.**
- **It usually kills the client's objection, "Cancel my advertising. It's not working," by managing the client's possibly unreal expectations about advertising results.**
- **It gives you another great way to get an appointment with a decision maker.**

**What do you need in order to show a client how to calculate ROI? Very simple.**

- **The client's average sale**
- **The client's gross margin of profit (GMP)**
- **Your CUME number (NOT households).**

**Now let's define specifically what these numbers mean. What is "Average Sale?" To calculate average sale, the client simply adds up all the revenue he/she takes in in the course of a normal sales day and then divides that number by the number of people who bought.**

**What is Gross Margin of Profit?" Gross margin of profit is what's left over after the client discounts either the cost of materials or labor. Not both. Whichever is higher. GMP does NOT include cost of utilities, rent, taxes, maintenance, etc. That would be NET profit. Asking a client what their NET profit is would be boorish, like asking a stranger, "How much money do you take home?"**

**Let's look at a real scenario and how discussing ROI worked with a real local direct client.**

**Situation:**

- **Client is an expensive men's clothier.**
- **Client calls in and says he's tried broadcast before but he's skeptical because last time he says "It didn't work."**
- **Client is willing to spend only $1,000 in one week.**
- **Station reaches 100,000 people per week.**
- **Station's average rate is $150.**

**Objective:**

- **To determine how client came up with his budget.**
- **To determine why last campaign "didn't work."**
- **To manage client's expectations about results based on facts, not client's opinion.**
- **To get client to increase budget.**

**Strategy:**

- **Use real numbers to show client that instead of "gambling," using your station is actually a good, calculated risk.**
- **To use a chart to manage the client's expectations about results.**
- **To come up with a reasonable goal for your campaign.**
- **To get the client to spend more money based on reasonable expectations about results.**

**In this case, the client had used the station before. But he was skeptical about his results. So, this time, he's only willing to "gamble" $1,000, too small of a budget for a station that cumes 100,000 persons per week, where an average rate is $150 per commercial. His average sale (pricey) is $800 and his gross margin of profit is what we call "Keystone," or 50 percent. So, in other words, let's say the client goes to the Apparel Mart, the giant semi-annual show in Dallas and finds a very cool designer shirt that he buys in every size for $100 per shirt. He returns to Austin where he marks that shirt up 100% to $200. When he sells it to a delighted customer, to determine his GMP, he simply subtracts what he's got into it ($100) and what's left over is $100, the cost. So, that $100 represents 50%, the amount left over that he can reinvest in his business. Is that clear? If it's not, read it again until you're fully familiar with the simple math and terminology.**

**Client's Budget-$1,000** **Your station's CUME 100,000**
**Client's average sale $800**
**Client's gross margin 50%**

**So, I ask this client this question. "How many new customers spending $800 (Client's average sale) does the client believes it would take to break even on campaign? His answer…not kidding…80 or 90. HUH? Where did that number come from? Answer-fiction. He pulled that number out of his you-know-what. Based on our real numbers the client would only need 2.5 new customers. Wouldn't you agree that 2.5 is a distant star to his number of 80-90? Wow. How often does this happen every day in our real world of media sales? How often do we ignorantly just leave ourselves open to disaster?**

**So, then I offer this argument. What if only 1 percent of our audience responded to a great spot run enough times to reach out to the people most likely to want to buy from client? Remember, the station's CUME audience is 100,000 different people per week. If you are in a small market or you are unrated, come up with a number that you and the client both agree is fair. Count the population in your signal coverage area and say, "Let's just say 20 percent of these folks tune us in once per week. That would be "X" number of people."**

**For a 100,000 CUME, (Teevee people, PLEASE don't use "Households." Why on earth would you voluntarily chop your biggest number in half?).**

**So, here we go with the numbers. We start with just one percent of our CUME number.**

- **1%=1,000. Probably won't happen. Client isn't giving anything away in his commercial.**
- **½ of 1 percent=500 people each spending an average of $800.**
- **¼ of 1 percent =250**
- **1/8 of 1 percent=125**
- **1/16 of 1 percent=63**
- **1/32 of 1%=32**
- **1/64 of 1%=16**
- **1/128 of 1%=8**
- **1/256 of 1%=4**
- **1/512 of 1%=2**

**What was our magic number? 3! That's a long way from 80-90.**
**So, if somewhere between 1/256$^{th}$ of 1 percent and 1/512$^{th}$ of 1 percent of our audience responds and spends an average of $800, the client breaks even. The client is shocked. So, I ask him, "Instead of going after three new customers, why not go after 12?" The client, suspicious, says, "We'll go after nine," tripling his original budget.**

**Fifteen people actually came in (we were the only medium he used that week), responding to a well-crafted commercial run an appropriate number of times so that the people who needed to hear it the most could hear it. The client is ecstatic. BUT…What if we'd run the commercial without having had this discussion first? What would the client have said? "It didn't work." Based on what? The 80-90 fictitious number that the client now admits he pulled out of his You Know What? Exactly.**

**So, what do we learn? Without an ROI calculation you are blind. And you'll get blindsided, with no defensive strategy when a client cancels because it "didn't work." That with ROI we manage the client's expectations about results and we don't get burned so often with surprise cancellations.**

**We also learn that with ROI you can justify a larger budget. We know that with an ROI explanation you make advertising with you look much, much less risky. And, with ROI calculation you separate yourself from all other media reps because you look like you know something the others don't.**

**Why not try it? "Because it's math and I'm no good at that." GROW UP. Once you start using this formula, you'll NEVER go back to the old way again.**

**"Because it's new and I don't like to try new things." Good luck with that. If you need more information on this subject, call me or order my book, "Think like an Adman, Sell like a Madman."**

**Also, on the website, on the front page…a PDF file with 80 product/service categories and their GMPs. Download for free, but while you're there, buy some books.**

**(Paul Weyland is a broadcast sales trainer, author and speaker. You can reach him at paul@paulweyland.com or by phone at (512) 236 1222.**

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