

The Magic Of Cluster Selling



Some Believe Cluster Selling is Like Motor Cross

There is only one Rule
And No One Knows What It Is

Agenda

- Why Consider Cluster Selling
- Setting Up A Structure
- Building A Brand
- Putting Materials Together

Three Elements to Succeed With Cluster Selling

- Structure
- Communications
- Tools

A Look At The World Of Clusters

- New York 12+ Share
 - ▶ Cluster 1 - 19.6 share
 - ▶ Cluster 2 - 18.5 share
 - ▶ Cluster 3 - 11.7 share
- Top 3 clusters command 49.8% of radio listening in the market

A Look At The World Of Clusters

- Detroit 12+ Share
 - ▶ Cluster 1 - 23.5 share
 - ▶ Cluster 2 - 20.3 share
 - ▶ Cluster 3 - 12.0 share
 - ▶ Top 3 clusters command 55.8% of radio listening in the market

A Look At The World Of Clusters

- Orlando 12+ Share
 - ▶ Cluster 1 - 32.5 share
 - ▶ Cluster 2 - 26.0 share
 - ▶ Cluster 3 - 12.8 share
 - ▶ Top 3 clusters command 71.3% of radio listening in the market

A Look At The World Of Clusters

- Richmond 12+ Share
 - ▶ Cluster 1 - 31.9 share
 - ▶ Cluster 2 - 20.5 share
 - ▶ Cluster 3 - 18.6 share
 - ▶ Top 3 clusters command 71.0% of radio listening in the market

A Look At The World Of Clusters

- Ft Walton FL 12+ Share
 - ▶ Cluster 1 - 45.4 share
 - ▶ Cluster 2 - 10.3 share
 - ▶ Top 2 clusters command 55.7% of radio listening in the market

What Does This All Mean?

- Corporate has created this power base and now expects people at the station level to maximize every opportunity.
- In many cases they have given station level people the marching orders without the tools or guidance to achieve these goals.



Structure

Are you set up to take advantage of the new opportunities?

Structure 1 - Full Coordination

Market Manager

Cluster Sales Manager

Sales People

Structure 1 - Full Coordination

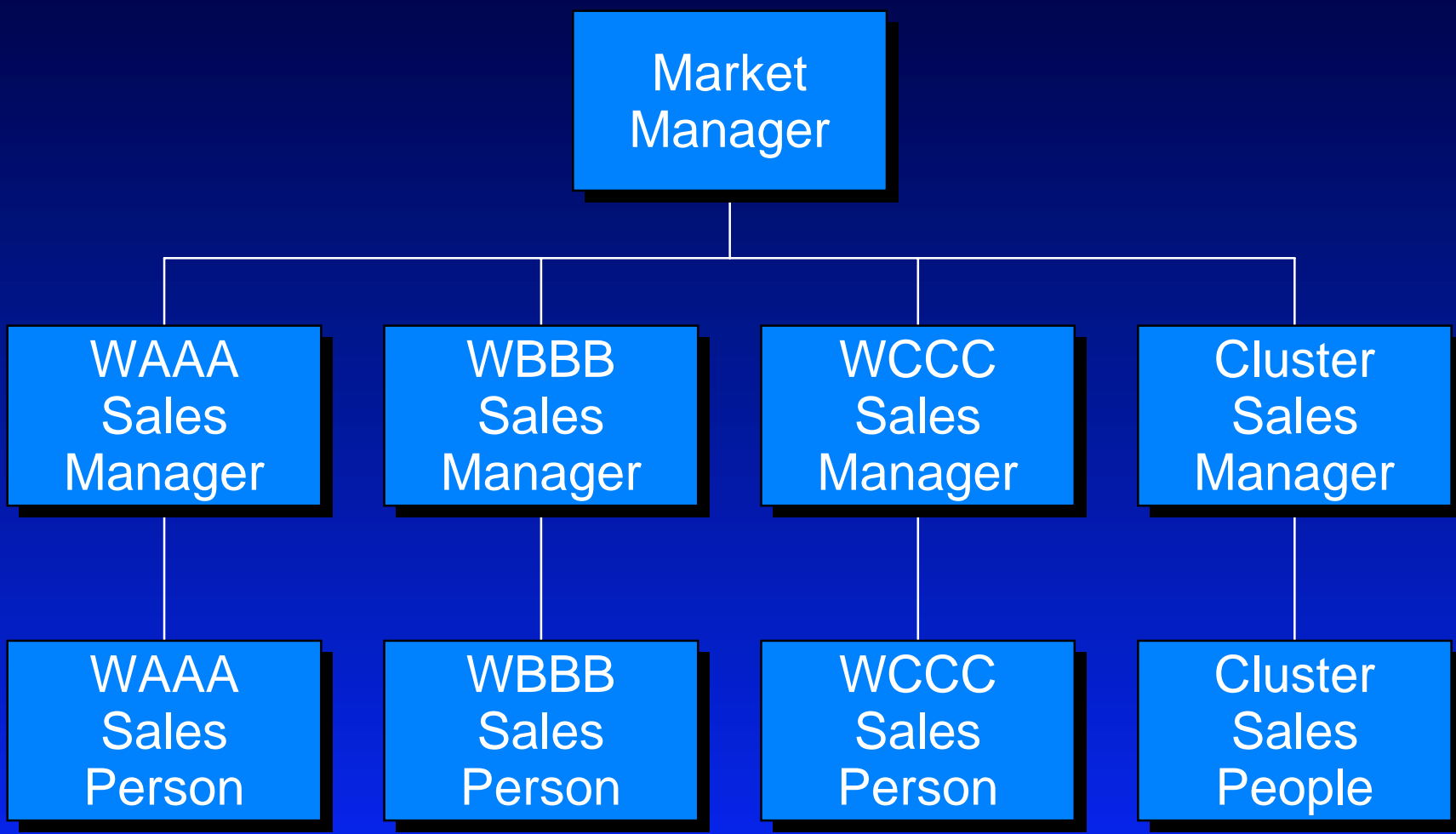
Market Manager

Cluster Sales Manager

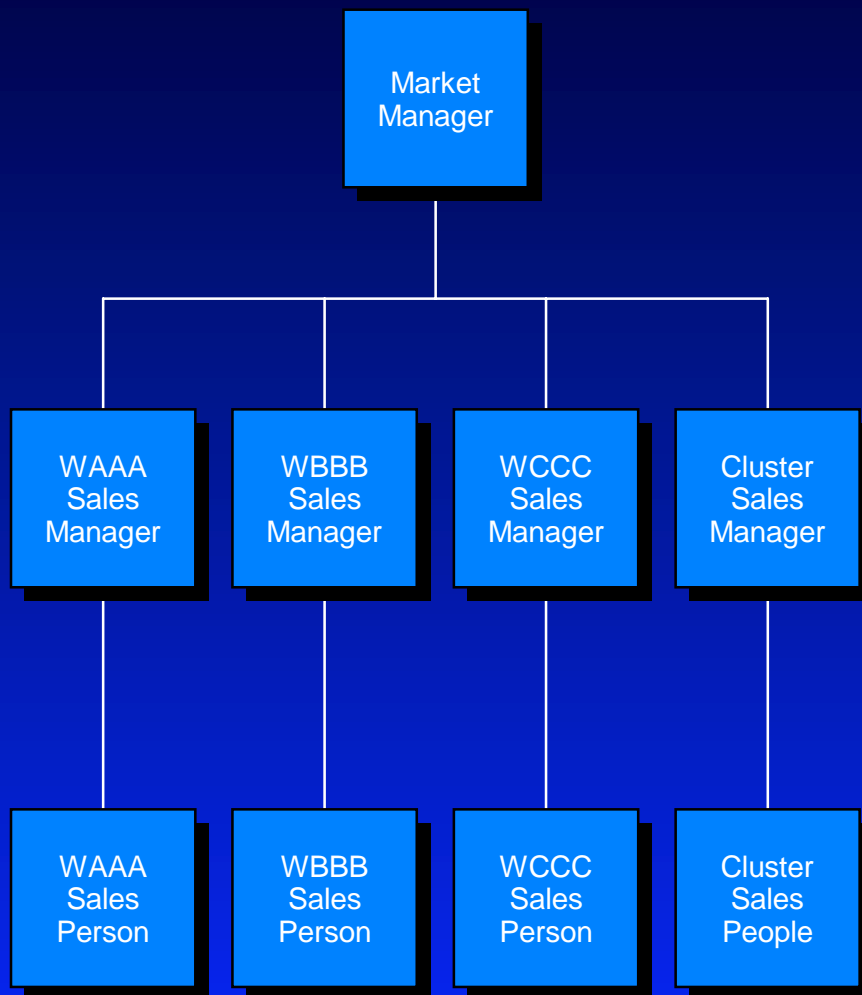
Sales People

- Complete cluster mentality
- Each sales person has a limited client base, but can offer a full menu of cluster

Structure 2 - Separate Division

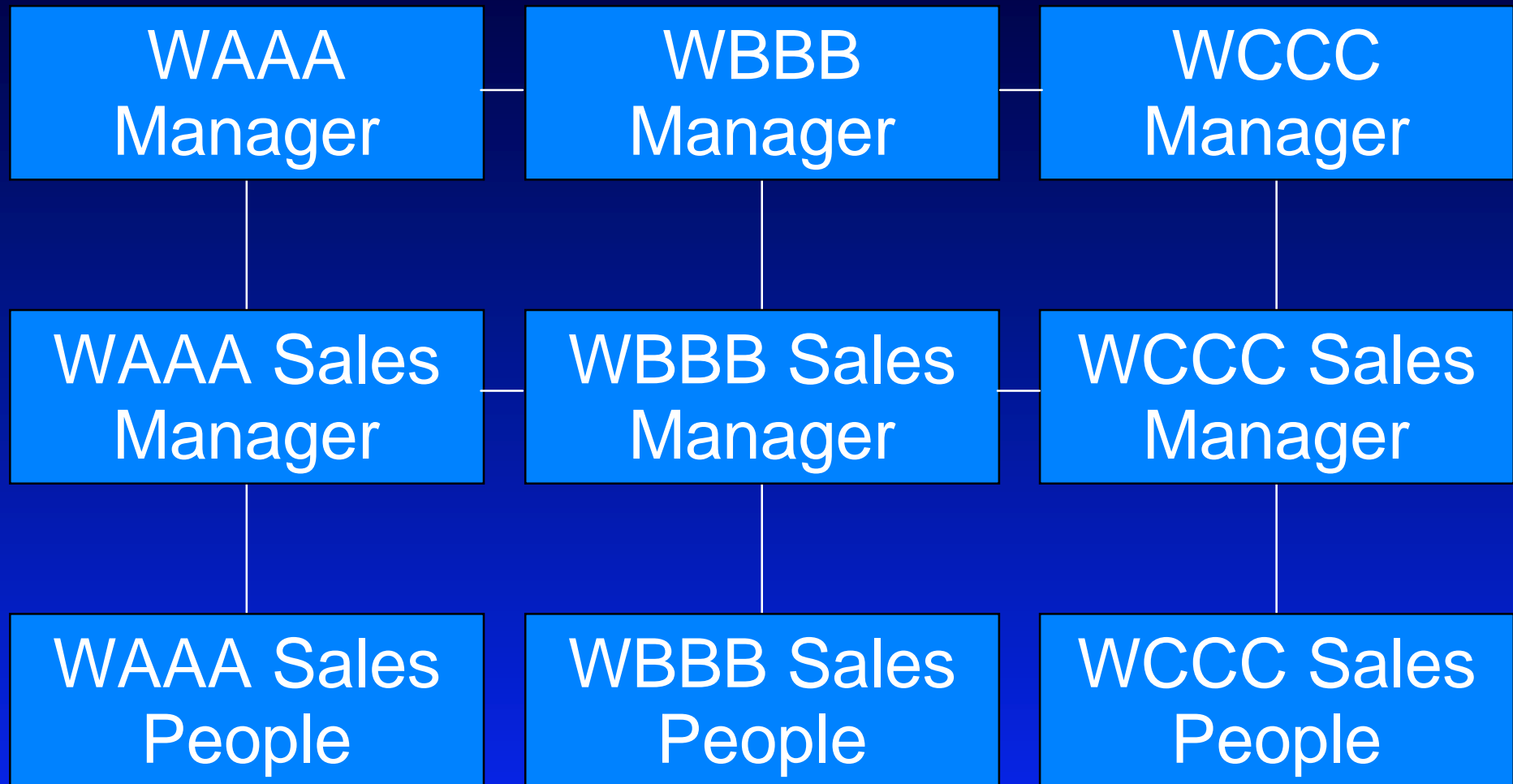


Structure 2 - Separate Division

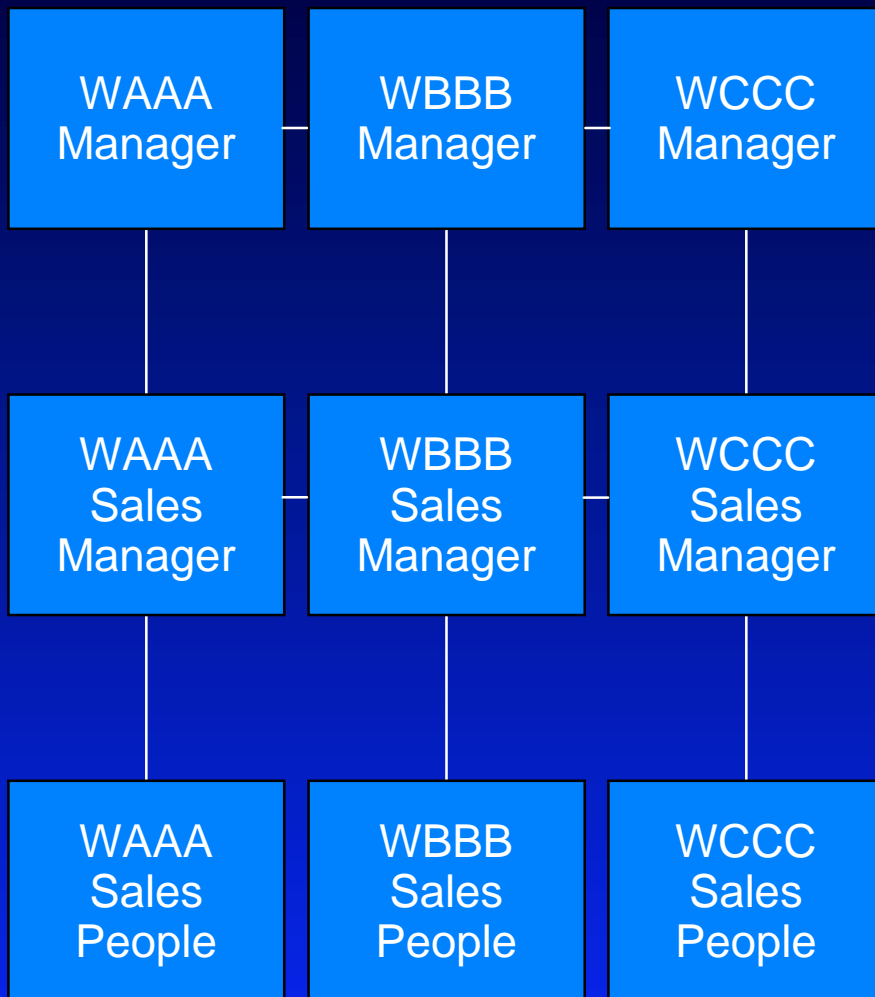


- Hybrid of traditional sales and cluster selling
- Allows sales people to use their special talents

Structure 3 - Modified Traditional



Structure 3 - Modified Traditional



- Relies on proven sales structure
- Allows sales people to sell individual station, but through sales managers, look at cluster opportunities.

Compensation

- Sales people are greedy
 - ▶ They want to be compensated for what they sell.
- Set up a pay structure that looks at:
 - ▶ New to radio
 - ▶ New to cluster
 - ▶ New to station

Compensation

- Depending on your structure
 - ▶ Are they a primary station?
 - ▶ Are they getting alternative stations on the buy?

Compensation

- Most Important
 - ▶ Set up **rules** on who gets compensated for what.
 - ▶ Once the buy comes down, sales people are like jackals looking for their piece of the pie.
- The rules depend on the prospect's position
 - ▶ Works most easily with a non-radio account

Communication

- Internal
- External
 - ▶ Branding
 - ▶ Agency Business
 - National
 - Local
 - ▶ Direct Advertisers
 - ▶ NTR

Internal Communications

- Who is working on what?
- Who has what available?
- Do you know about the other stations?

Internal Communications

- Set up an organized system to disseminate information.
 - ▶ Programming updates
 - ▶ Promotional opportunities
 - ▶ Rate and inventory status
 - ▶ Sales stories
 - Conceptual
 - Quantitative
 - Qualitative

Internal Communications

- Set up an organized system to disseminate information.
- Set aside a portion of your computer network that allows this information to be accessed by all sales people

Internal Communication

k:shared

WAAA

Rate

Inventory

Promotions

Selling Points

Conceptual

Quantitative

Qualitative

WBBB

Rate

Inventory

Promotions

Selling Points

Conceptual

Quantitative

Qualitative

Internal Communication

k:shared

Rate

WAAA

WBBB

WCCC

Inventory

WAAA

WBBB

WCCC

Promotions

WAAA

WBBB

WCCC

Selling Points

WAAA

WBBB

WCCC

Internal Communication

- Most important
 - ▶ The data must be current.
 - ▶ Assign responsibility to every section.

Internal Communication

- No Shared Computer Network
 - ▶ Set up a board at the station with the most important data.

Internal Document

- 30-Second Pitch
 - ▶ Don't overwhelm each sales person with data.
 - ▶ Give them the Cliff Note.
- Cluster Newsletter/e-mail.
 - ▶ Keeps everyone up-to-date.

External Communication

- Become the market resource.
- Use your collective resources to create new tools that will make the advertisers want to use you.

Branding Your Cluster

- Think like a singular entity.
 - ▶ Give yourself a name.
 - ▶ Give yourself a look
 - ▶ Make it consistent
 - ▶ Test it
- Get the word out.
 - ▶ Make sure they know about this new opportunity.
- Become the market resource.
 - ▶ Be the first place people go for answers.

Tools

- Do your salespeople have the tools to convert the elements that your cluster can offer to dollars.
- Become the resource to your advertisers.
- Be able to position both your cluster and the individual elements.

Become the Resource to Your Advertiser

- General "Why Radio" Presentation
- Market Buyers Guide
- Schedule Analysis Program

General Why Radio Presentation

- RAB
- Front of Arbitron
- Set up a regular brainstorming session
- Use outside resources

Front of Arbitron

- In an average week 95.5% of the Orlando population tunes to the radio.
- The average Orlando resident spends 21 hours with the radio.



Buyers Guide

- Give your advertiser an "objective" view of your radio market.

Atlanta

Radio Buyers Guide



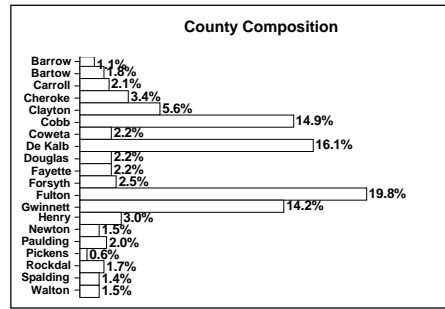
Arbitron

Fall 2001

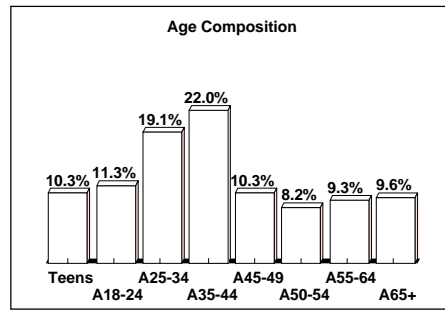
Atlanta Radio Buyers Guide

Market Profile

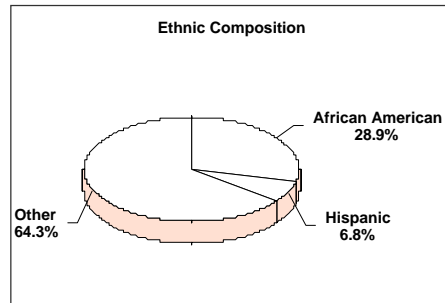
65% of the of the population lives in Cobb, De Kalb, Fulton, and Gwinnett counties.



60% of the population is between the ages of 25 and 54.

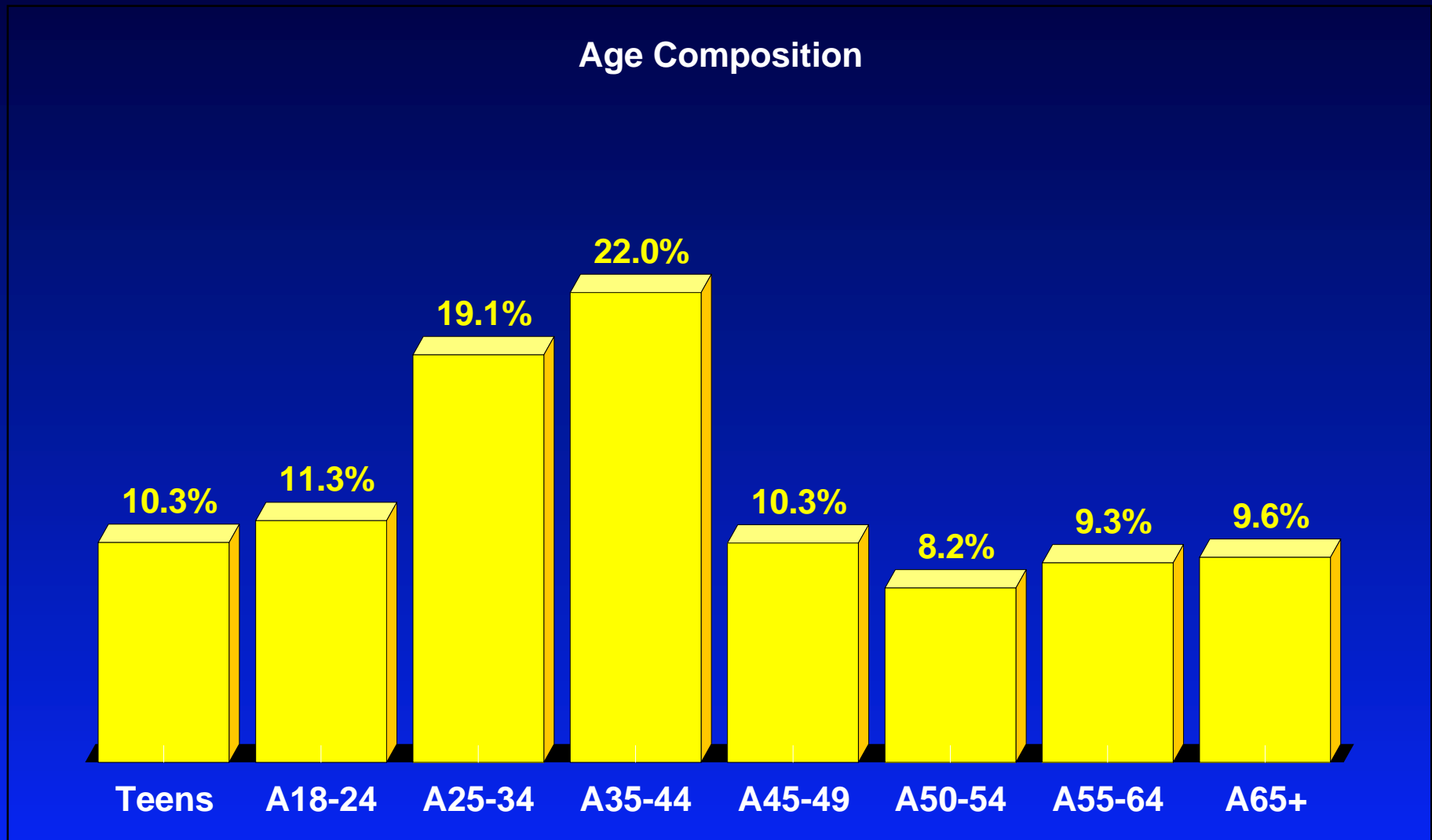


29% of the population is African American.

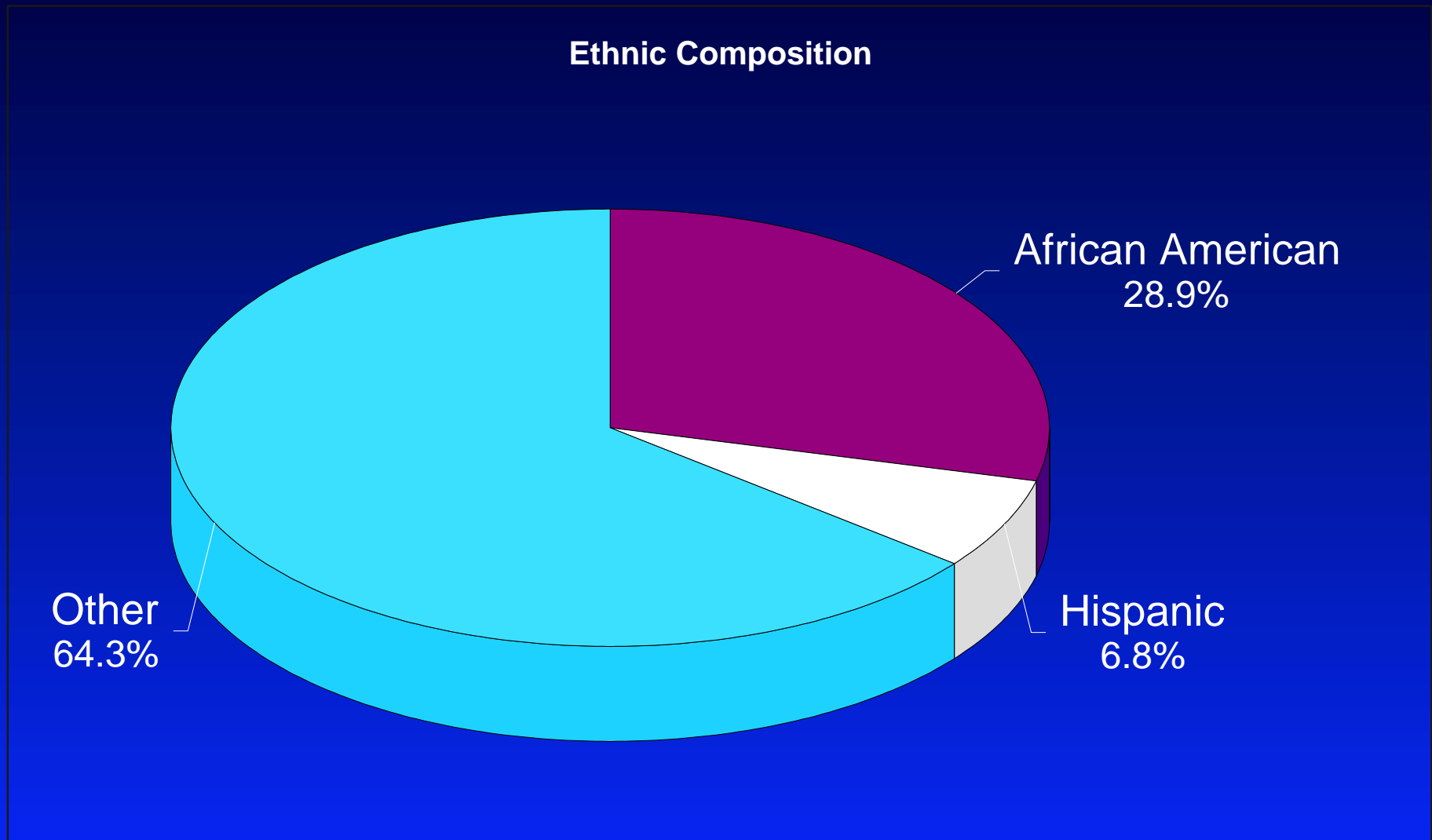


Source: Arbitron 2002

Market Profile



Market Profile



Atlanta

Radio Buyers Guide

Arbitron Overview Fall 2001

General: On a scale of 1 to 10, with 10 being perfect, the Fall 2001 Atlanta book received a 5 for quality. In-tab was the lowest in over a year, and below Arbitron's sample target. Response rates were also at a five-book low. Ethnic and demographic proportionality were good. DeKalb County was undersampled.

Diary In-Tab: Arbitron used 3,678 metro diaries to produce the Fall 2001 Arbitron report. This was the lowest in-tab in over a year and 62 diaries under Arbitron's sample target. The average diary represented 960 persons, the highest PDDV of the past five surveys.

Response Rates: For Fall 2001, only 29.7% of Arbitron's predesignated sample returned a useable diary. This was the first time in recent history that response rates dropped below 30%. Fall's response rate was 7.5% lower than in Summer 2001 and 7.8% lower than in Fall 2000.

County Proportionality: While 20 counties make up the Atlanta metro, four counties (Cobb, De Kalb, Gwinnett, and Fulton) comprise 65% of the total population. DeKalb County was underrepresented in the in-tab, achieving an index of 88. Of the smaller counties, Barrow, Carroll and Paulding had proportionality indices below 90.

Ethnic Proportionality: African-Americans comprise 28.9% of the metro population. 27.5% of all diaries returned were from this group, which yielded a proportionality index of 95. Non-African-American proportionality indexed at 102.

Demographic Proportionality: Only two demo cells were underrepresented in Fall 2001, these were Men 25-34 (89 index) and Women 65+ (83 index). Overrepresented cells included Women 12-17 (122 index), Women 50-54 (115 index) and Women 55-64 (115 index).

Atlanta Radio Buyers Guide

Atlanta Metro Life Groups

Understanding Life Groups can be very helpful to media professionals when placing radio station schedules. In the Atlanta metro, there are seven dominant life groups, each appealing to different segments of the population.

When a listener prefers a particular type of station above all other types, those listeners are classified into a radio station "Life Group." For example, if a 35-year-old woman listens to Adult Contemporary, News/Talk and Urban Contemporary, but prefers Urban, we say she is in the "Urban Life Group." The chart below shows the seven life groups in Atlanta and the stations that comprise each group. By knowing what types of stations customers are likely to prefer, advertisers can make better media choices. To make a spectrum buy, select one or more stations from each Life Group. To make a targeted buy, identify the Life Group that closely matches the profile of your customer. Select one or more stations in the Life Group you have chosen.

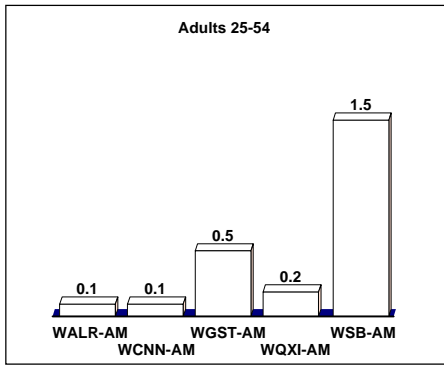
The Eight Atlanta Life Groups

<u>Urban</u>	<u>Rock</u>	<u>Contemporary Hits</u>
WALR-FM	WKLS-FM	WBTS-FM
WAOK-AM	WNNX-FM	WSTR-FM
WVEE-FM		WWWQ-FM
WHTA-FM	<u>Classic/ Oldies</u>	
WEGF-FM	WZGC	<u>Adult Contemporary</u>
	WFOX	WJZZ/WAMJ
<u>News/Talk/Sports</u>	WMXV/WXVV	WPCH-FM
WALR-AM		WSB-FM
WGST-AM	<u>Contemporary Christian</u>	
WSB-AM	WFSH-FM	<u>Country</u>
	WVFJ-FM	WKHX-FM
		WYAY-FM

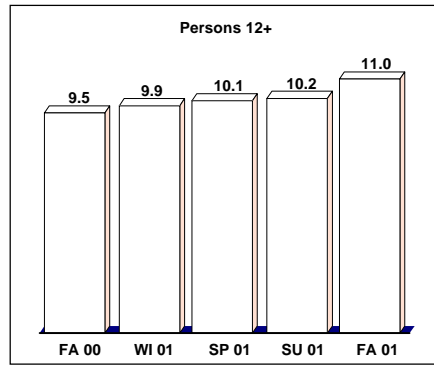
Atlanta Radio Buyers Guide

News/Talk/Sports Life Group

AQH Rating



Share Trend



Duplicated Cume

Adults 18+

	WALR-AM	WCNN-AM	WGST-AM	WQXI-AM	WSB-AM
WALR-AM	100	6	3	6	2
WCNN-AM	26	100	11	38	7
WGST-AM	43	36	100	38	27
WQXI-AM	28	39	12	100	7
WSB-AM	54	64	70	58	100

Qualitative

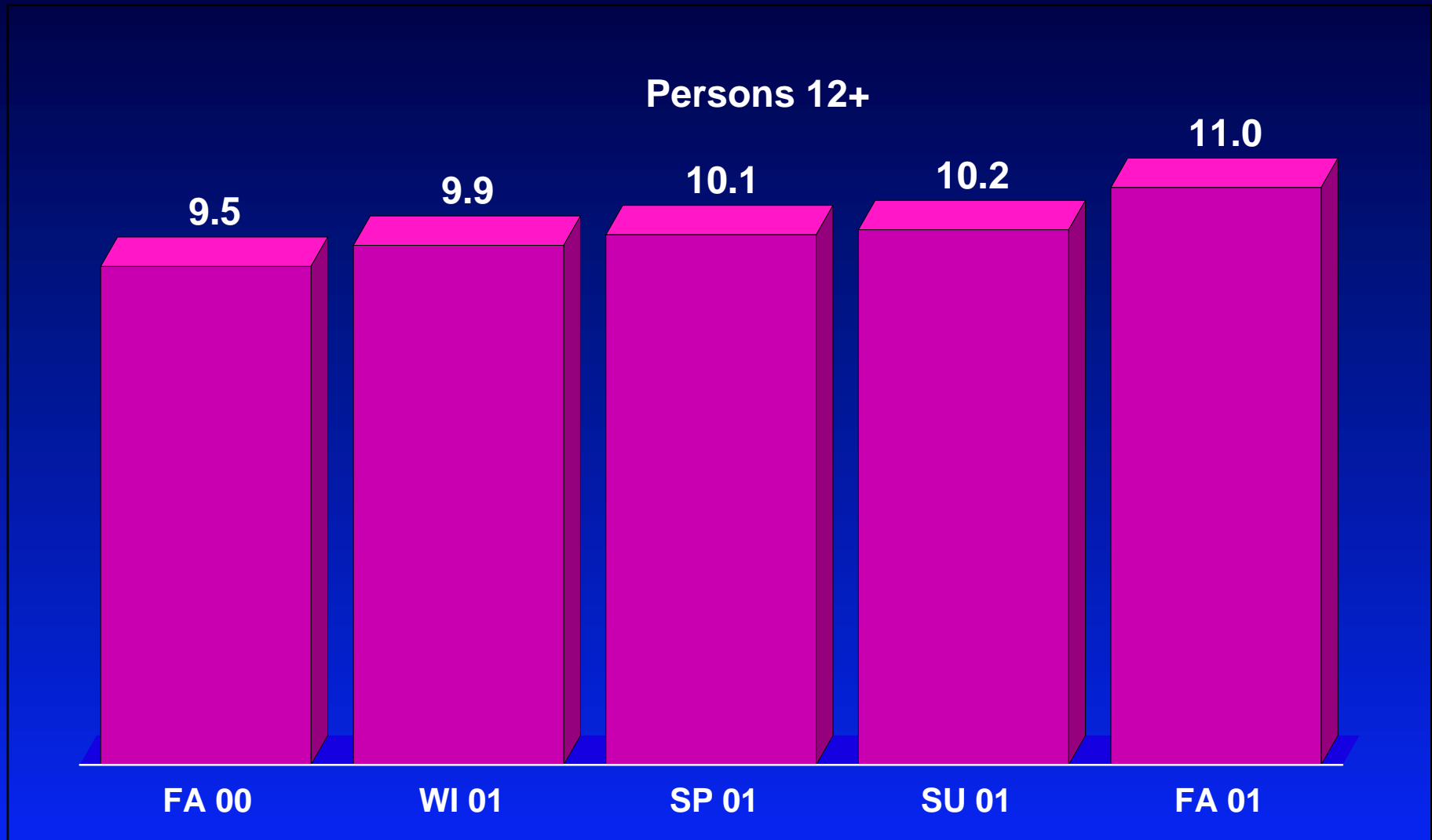
Cume Adults 18+

	HH Income \$75,000+	College Graduates +
WALR-AM	9,900	15,200
WCNN-AM	58,900	74,400
WGST-AM	164,000	185,100
WQXI-AM	48,600	72,200
WSB-AM	419,400	432,800

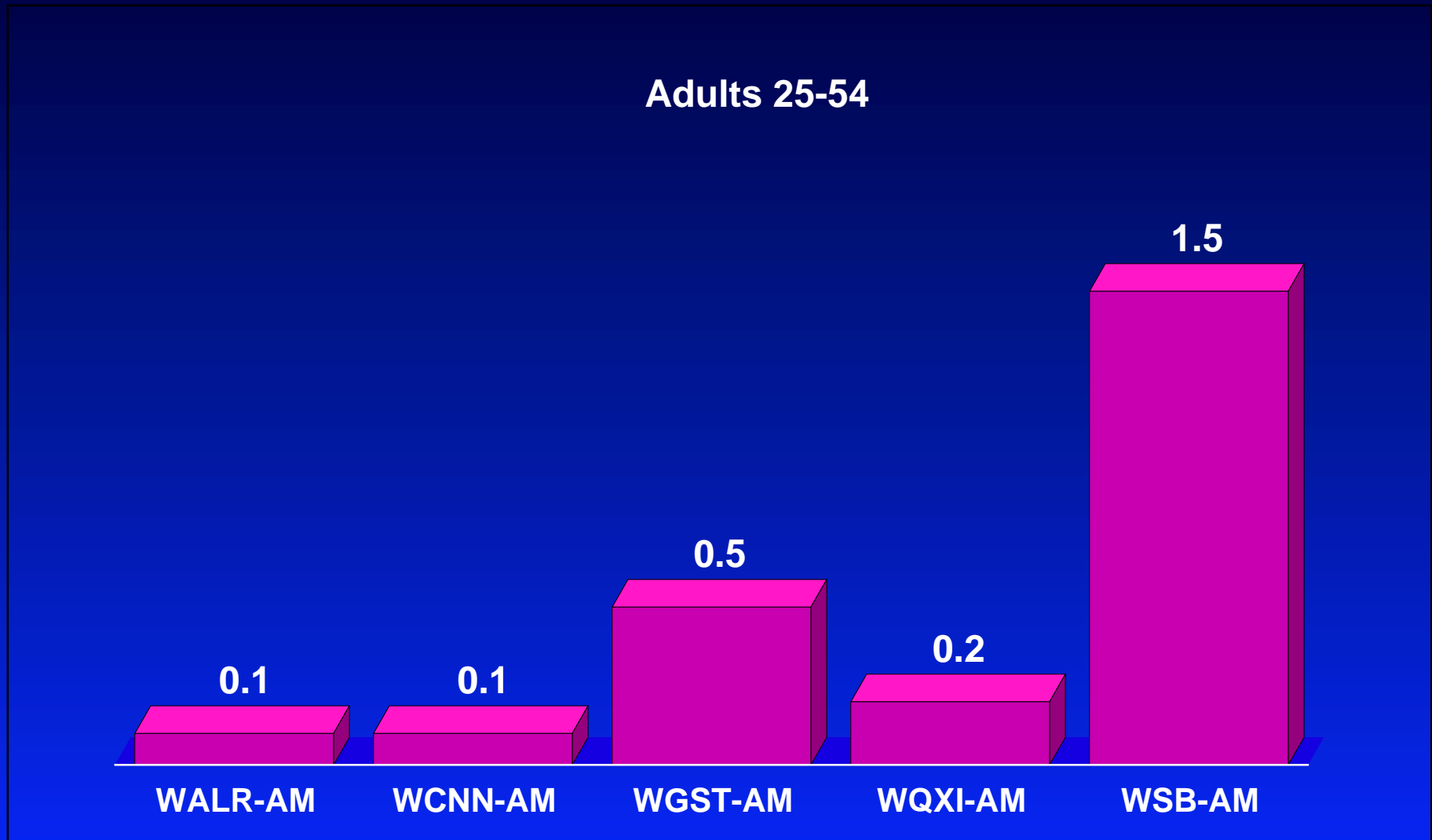
Source: Arbitron, Fall 2001

Monday-Sunday, 6AM-12Mid

Lifegroup Analysis



Lifegroup Analysis



Lifegroup Analysis

	WALR AM	WCNN AM	WGST AM	WQXI AM	WSB AM
WALR-AM	100	6	3	6	2
WCNN-AM	26	100	11	38	7
WGST-AM	43	36	100	38	27
WQXI-AM	28	39	12	100	7
WSB-AM	54	64	70	58	100

Lifegroup Analysis

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Atlanta Radio Buyers Guide

Radio Stations

This list reflects radio stations and their positions during the Fall 2001 survey.

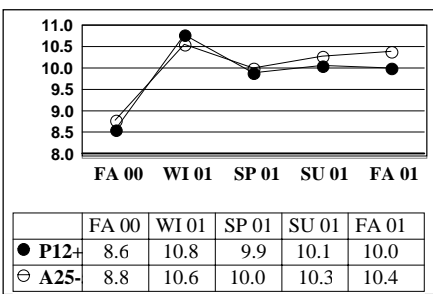
Stations	Format	Dial Position	Power	City of License
WAOK-AM	Gospel	1380	5,000	Atlanta
WVEE-FM	Urban Contemporary	103.3	100,000	Atlanta
WZGC-FM	Classic Rock	92.9	99,000	Atlanta
WALR-FM	Urban AC	104.1	60,000	LaGrange
WBTS-FM	Pop CHR	95.5	100,000	Athens
WEGF-FM	Gospel	97.5	8,500	Fayetteville
WFOX-FM	Oldies	97.1	97,000	Gainesville
WFSH-FM	Contemporary Christian	104.7	100,000	Athens
WGST-AM	News/Talk	640	50,000	Atlanta
WAMG-FM	Smooth Jazz(Simulcast w/WJZZ)	102.5	3,000	Mableton
WJZZ-FM	Smooth Jazz(Simulcast w/WAMJ)	107.5	25,000	Roswell
WKHX-FM	Country	101.5	99,000	Marietta
WKLS-FM	AOR	96.1	100,000	Atlanta
WMXV-FM	Rock AC(Simulcast w/WXVV)	105.7	16,500	Canton
WXVV-FM	Rock AC (Simulcast w/WMXV)	96.7	2,150	Peachtree City
WNNX-FM	New Rock	99.7	100,000	Atlanta
WPCH-FM	Soft AC	94.9	99,000	Atlanta
WSB-AM	News/Talk	750	50,000	Atlanta
WSB-FM	Adult Contemporary	98.5	100,000	Atlanta
WSTR-FM	CHR	94.1	100,000	Smyrna
WVFJ-FM	Contemporary Christian	93.3	100,000	Manchester
WWWQ-FM	Pop CHR	100.5	3,000	College Park
WYAY-FM	Country	106.7	99,000	Gainesville

Note: Market Changes since the Fall 2001 survey:
 WAOK-AM changed formats to Talk
 WAMJ-FM changed formats to Classic Soul

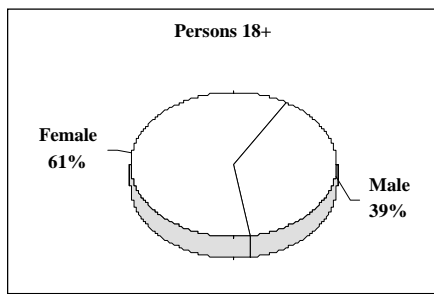
Atlanta Radio Buyers Guide

WVEE-FM

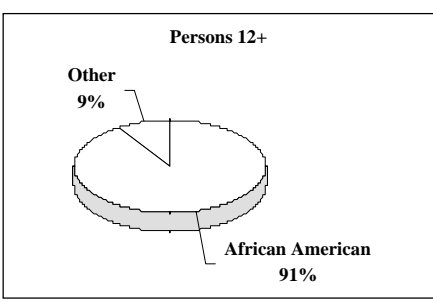
Audience Share Trends



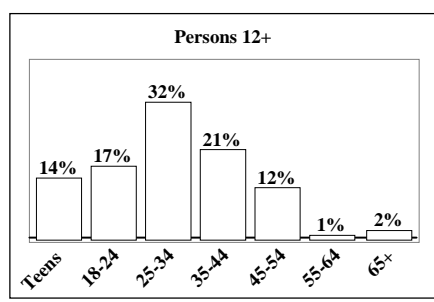
Sex Composition



Ethnic Composition

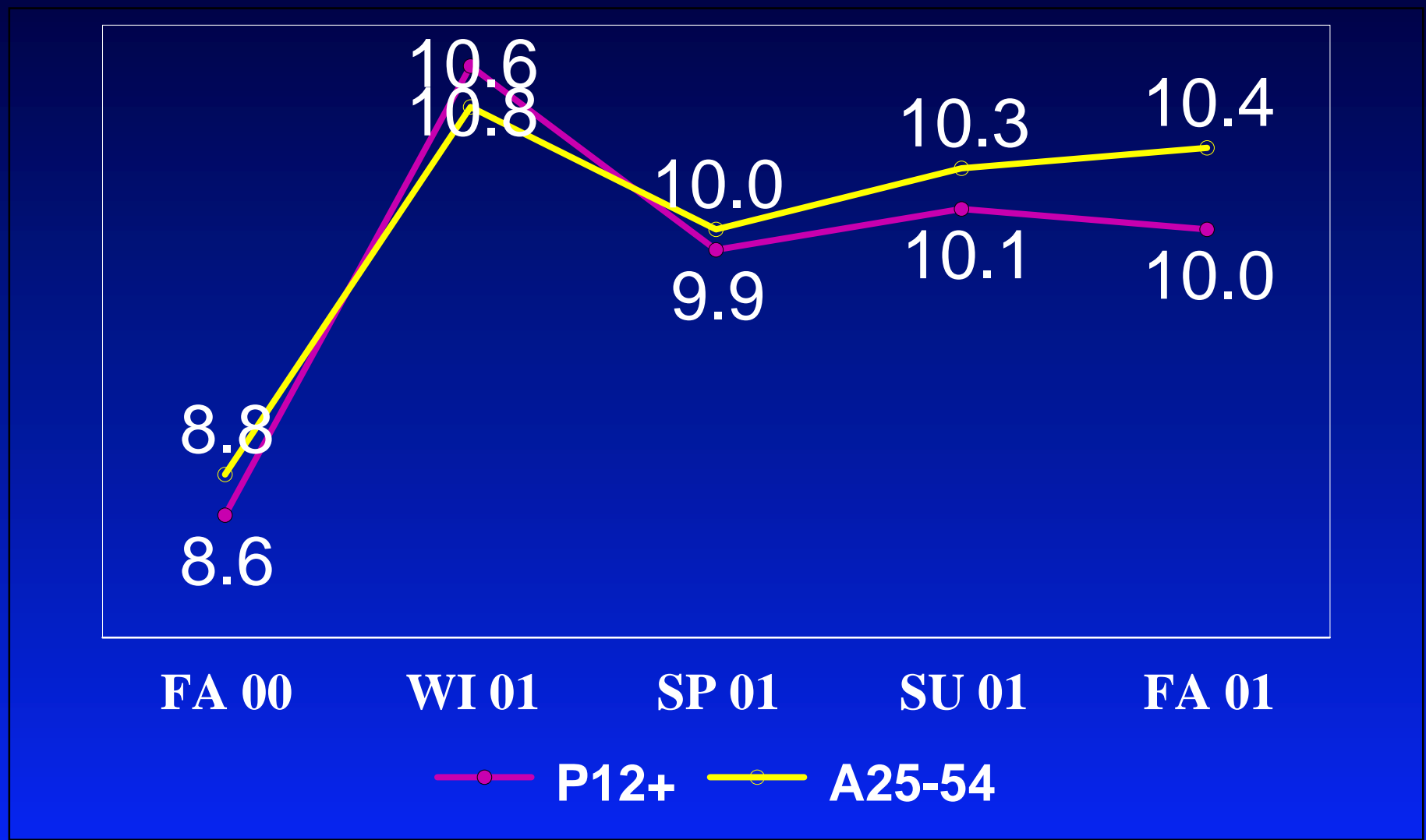


Age Composition

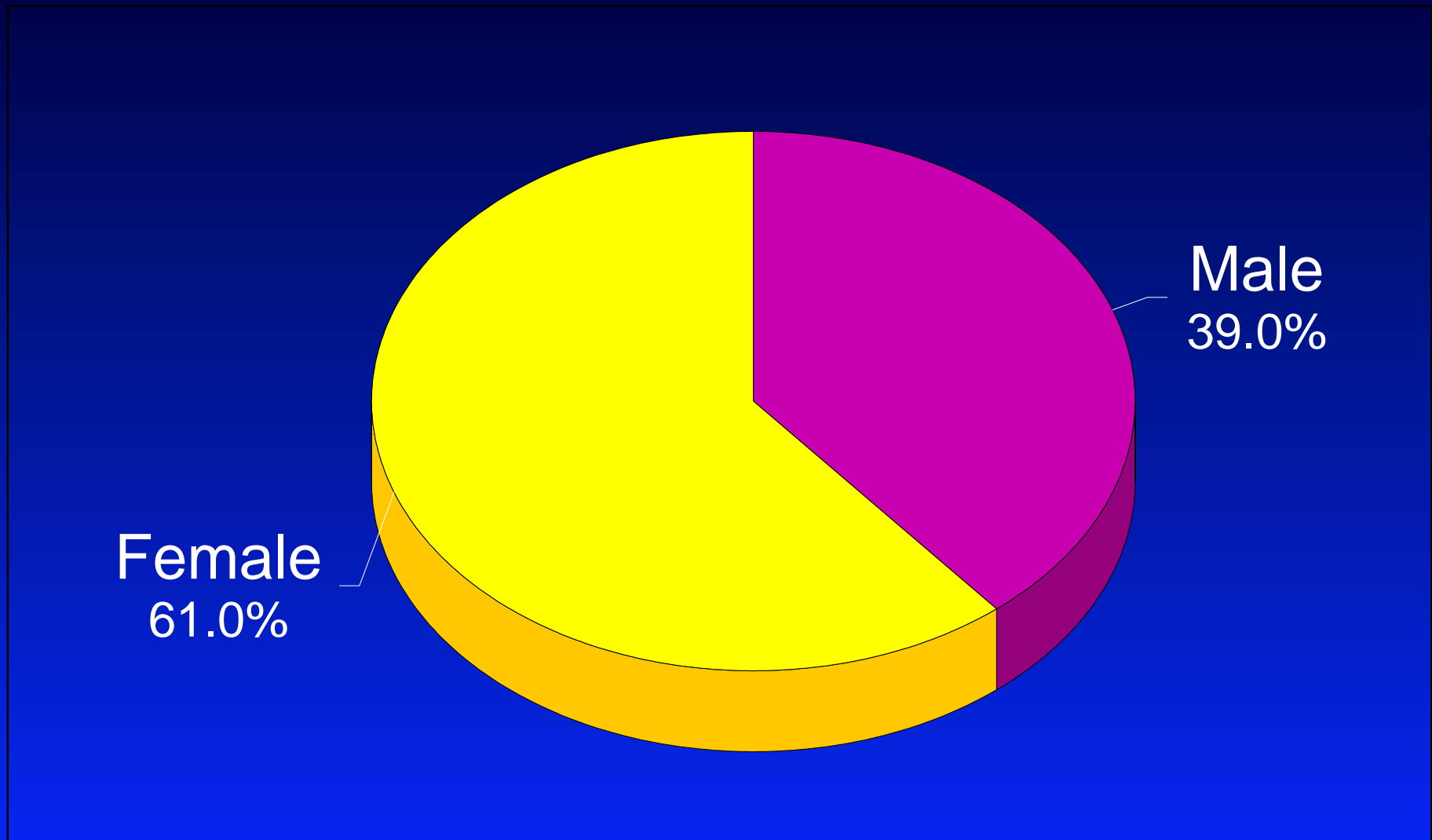


AQH Persons, Monday-Sunday 6AM-12M
Source: Arbitron, Fall 2001

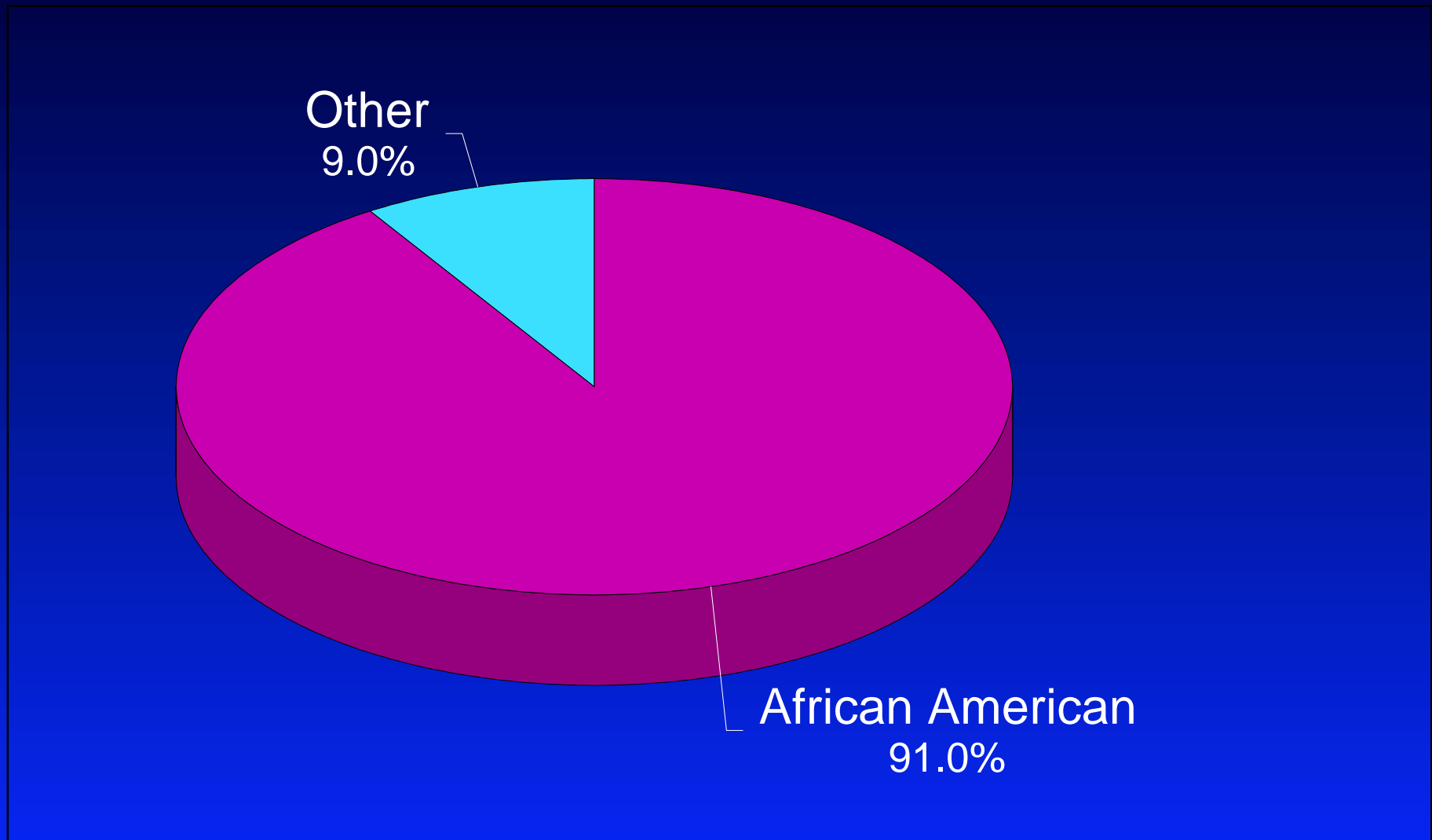
AQH Share Trend

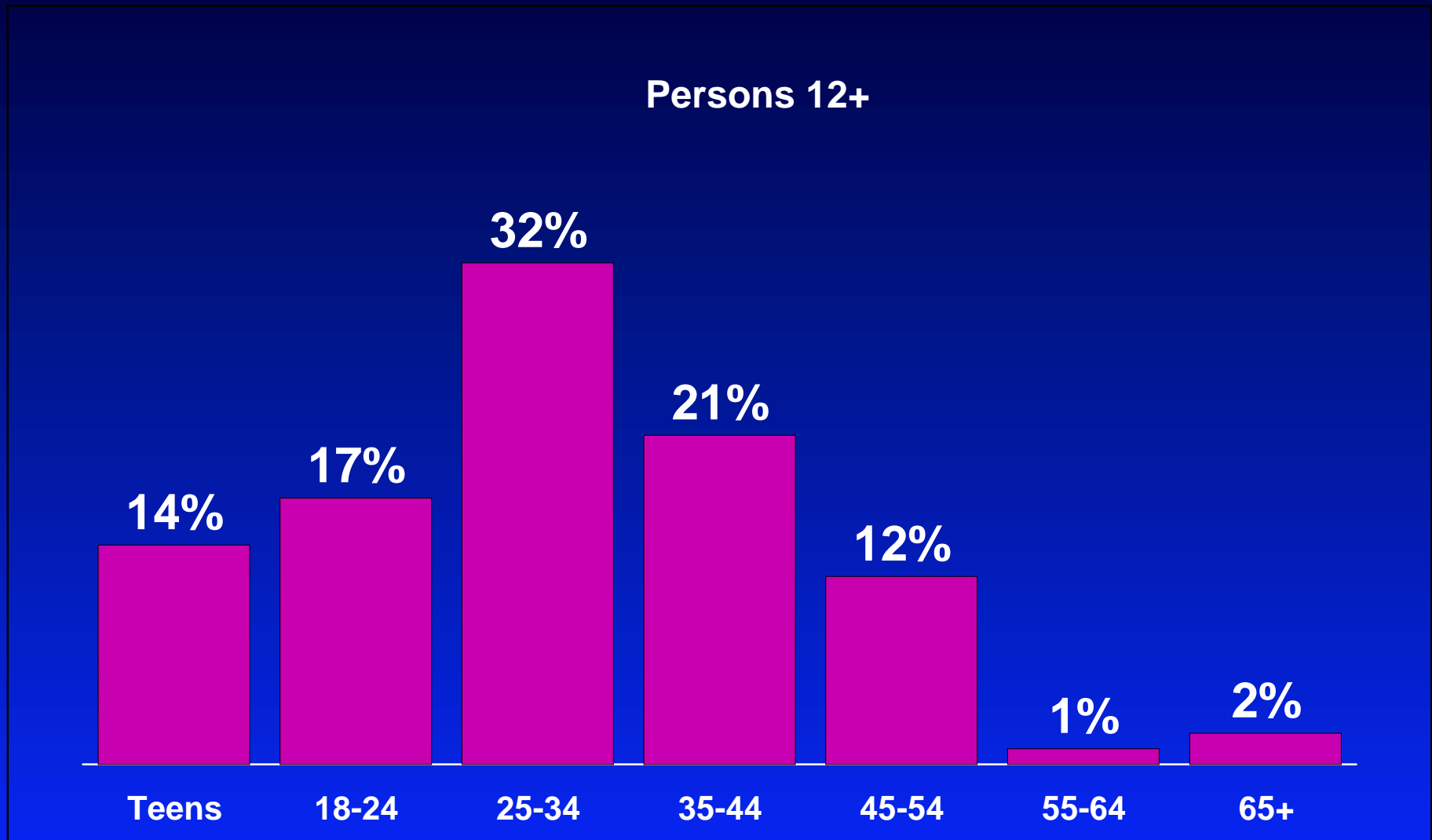


Gender Split



Ethnic Split





Go Beyond The Basics

- Agency/Advertisers Seminars
 - ▶ Different ways to buy radio
 - ▶ Radio Trends
 - ▶ Guest Speakers
- Supply your advertisers with different tools to analyze radio.
 - ▶ Format analysis
 - ▶ Balance buy report

Position For Agency Business

- Make it easy.
- Make it flexible.
- Don't forget to sell the national reps.

Position for Direct Accounts

- Focus on their needs.
- Tailor to their needs.

Position for Nontraditional Revenue

- Position Your Cluster as "Mass Targeted."
- Reaches the Target Audience.
- Don't Forget Promotions.



CLEARCHANNEL Philadelphia

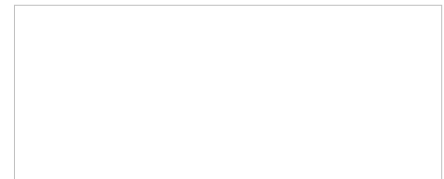
Clear Channel Philadelphia Has It All Covered

AQH Composition
Mon-Sun 6a-12m

	<u>12-17</u>	<u>18-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>	<u>55-64</u>	<u>65+</u>
WIOQ-FM	30%	25%	20%	15%	7%	1%	1%
WUSL-FM	17%	36%	30%	12%	3%	1%	1%
WLCE-FM	3%	12%	31%	34%	15%	4%	1%
WDAS-FM	2%	8%	21%	31%	24%	9%	6%
WJJZ-FM	1%	2%	6%	17%	33%	24%	17%
WDAS-AM	3%	1%	8%	13%	19%	16%	40%

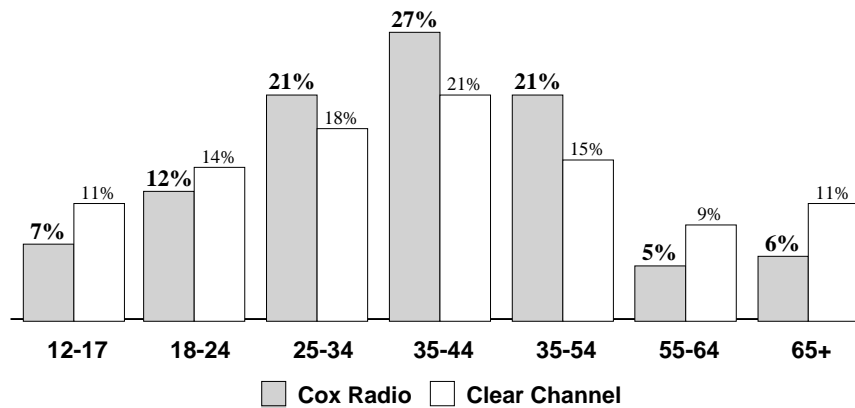
Clear Channel Philadelphia delivers all the demo cells from 12-17 with WIOQ to 65+ with WDAS. Four of the six stations are effective with 25-34 and 45-54. Three are focused on 35-44.

Source: Philadelphia Metro Arbitron Summer 2001



Cox Radio... A Better Choice At Reaching Richmond's Target Demos

AQH Composition
Mon-Sun 6a-12m

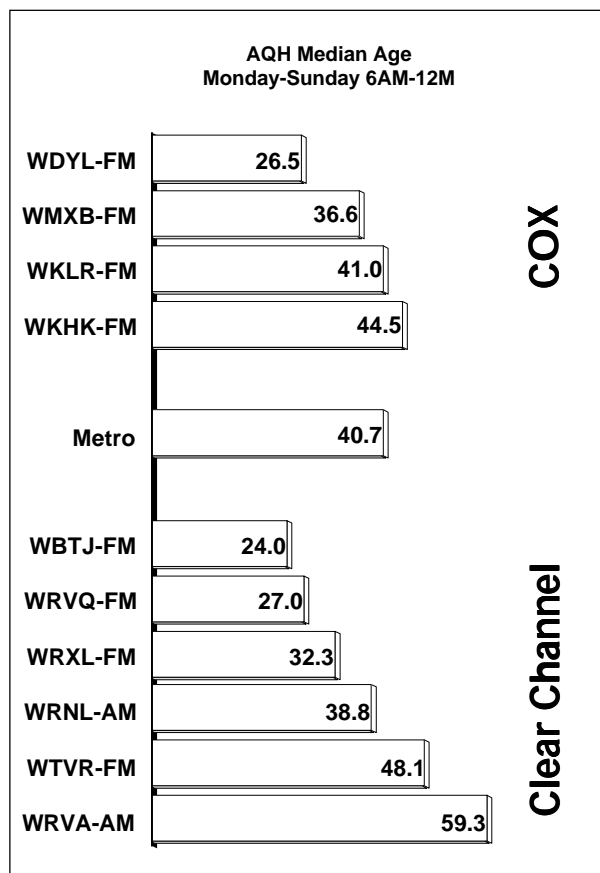


The Cox Radio Cluster is more effective in delivering the three demo cells that comprise Adults 25-54. Conversely, Clear Channel over-delivers with Persons 12-17, Adults 18-24, and Adults 65+.

Summer 2001

Cox Radio - Richmond

Cox Radio Has a Median Age That is Right On Target!



Cox and Clear Channel both have a median age that is very similar...Cox's median age is 38.5 and Clear Channel's is 38.1.

However, if you look closely, you'll notice that Clear Channel's individual stations skew young, and it is WRVA-AM's median age that pulls up their average. In fact, without WRVA-AM, Clear Channel's median age falls to 34.9, which is well below that of the market.

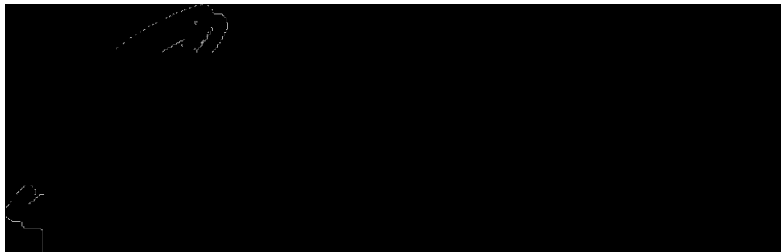
All of COX's stations are within the 25-54 demographic. ONE-THIRD of Clear Channel's properties are outside the 25-54 demo!

Summer 2001

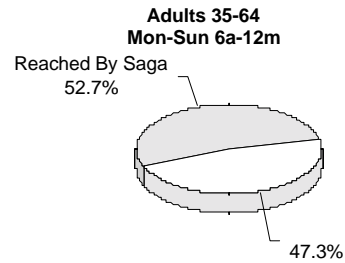
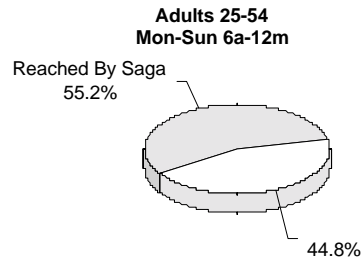
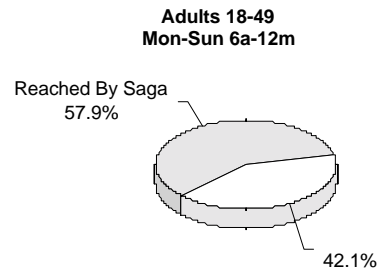
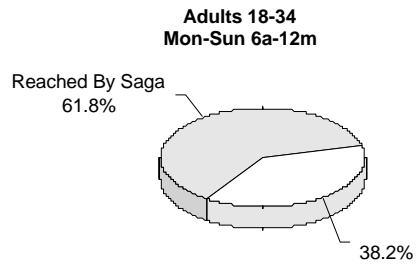
Cox Radio - Richmond

Get Half Of The Detroit Population With Clear Channel

- In An Average Week Clear Channel Reaches:
 - ▶ 50.6% of all Persons 12+
 - ▶ 64.7% of all Adults 18-34
 - ▶ 60.4% of all Adults 18-49
 - ▶ 57.1% of all Adults 25-54
 - ▶ 57.3% of all Adults 35-54



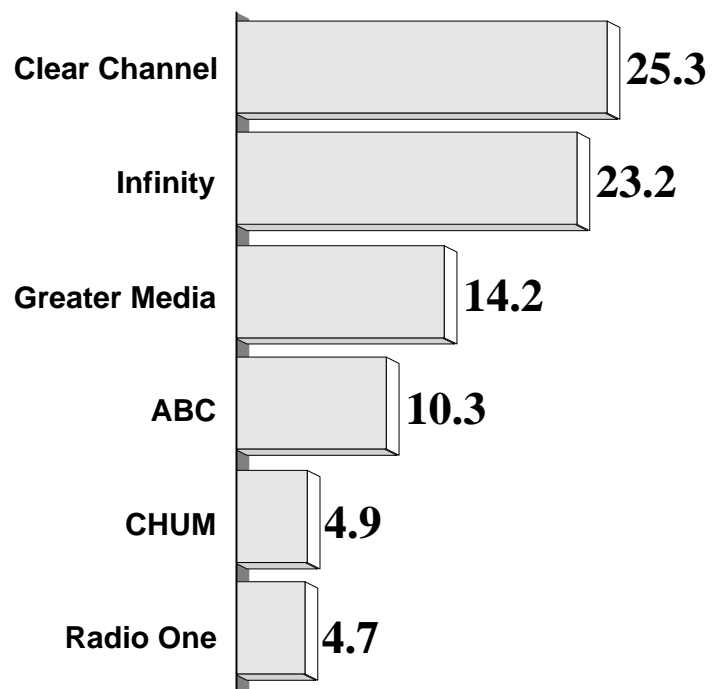
Saga Des Moines Reaches Over Half Of All Consumers



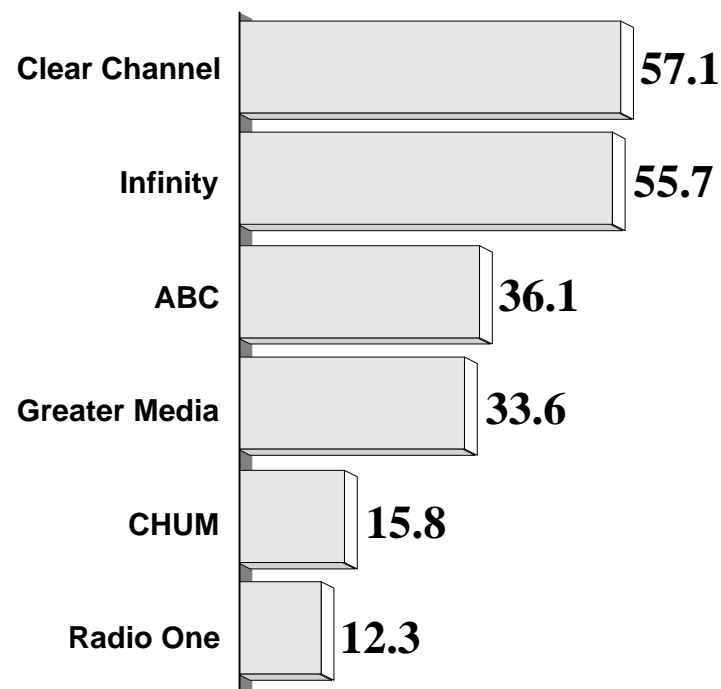
Source: Des Moines Spring 2001

What About Adults 25-54?

**Persons 25-54 AQH Share
 Mon-Sun 6a-12m**



**Persons 25-54 Cume Ratings
 Mon-Sun 6a-12m**





Greater Media, Inc.

Greater Media Delivers Upscale Consumers

Qualitative Profile Of Greater Media Boston Listener Adults 18+ Mon-Sun 6a-12m

	<u>Cume</u>	<u>Reach</u>	<u>Composition</u>	<u>Index</u>
HH Income \$50,000+	971,450	33.9%	66.9%	117
HH Income \$75,000+	678,765	36.8%	46.7%	127
HH Income \$100,000+	385,690	39.7%	26.6%	136
Ind. Income \$50,000+	394,680	37.5%	27.2%	129
Ind.. Income \$75,000+	202,195	42.1%	13.9%	145
Home Value \$250,000+	456,540	38.3%	31.4%	132
Home Value \$350,000+	229,200	40.2%	15.8%	138

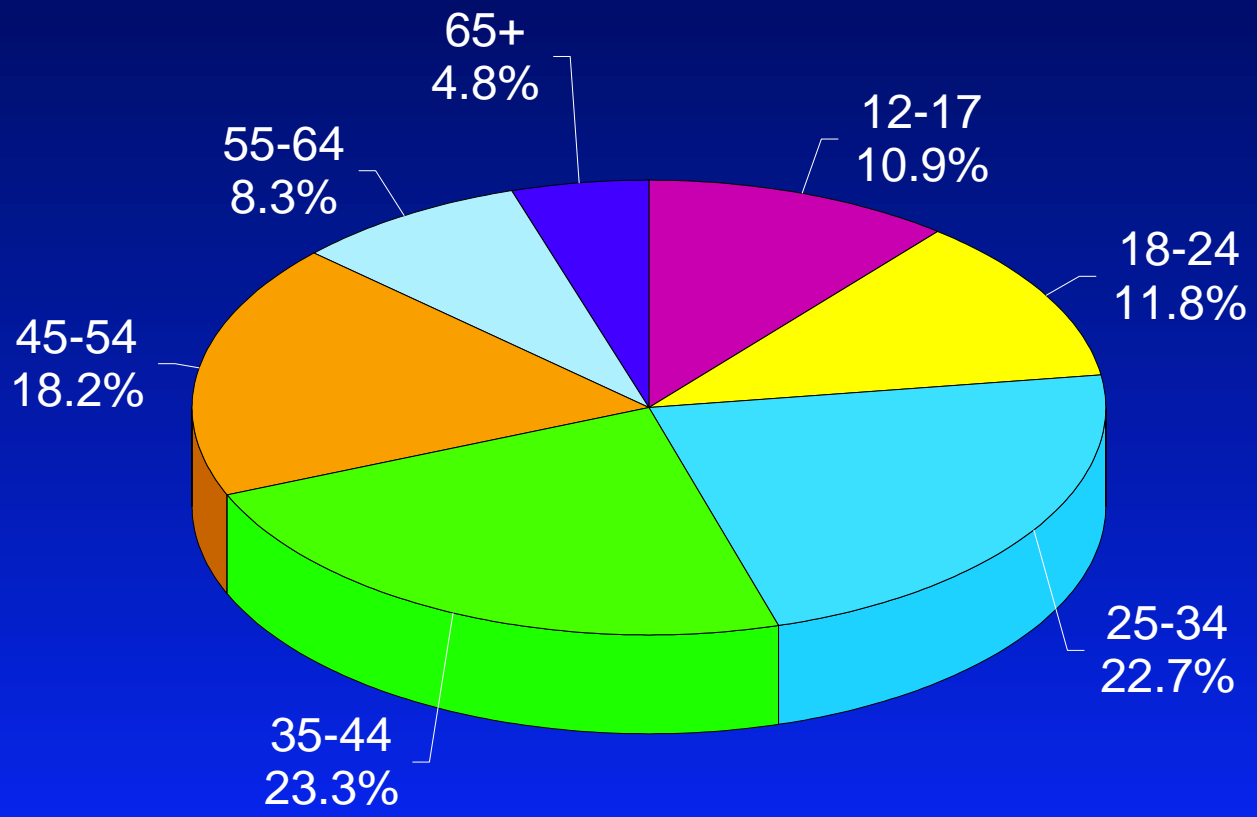
How to Read: Greater Media Boston reaches 971,450 Adults who have household income of \$50,000+. That is 33.9% of all Adults who have household income of \$50,000+. It is 66.9% of Greater Media's Adult audience, which is 17% over the market average.

Build a Formal Cluster Presentation.

That way, all sales people are speaking in the same language.

Clear Channel is Delivering All Demo Cells From 18-54

Clear Channel Mon-Sun 6a-12m
AQH Composition

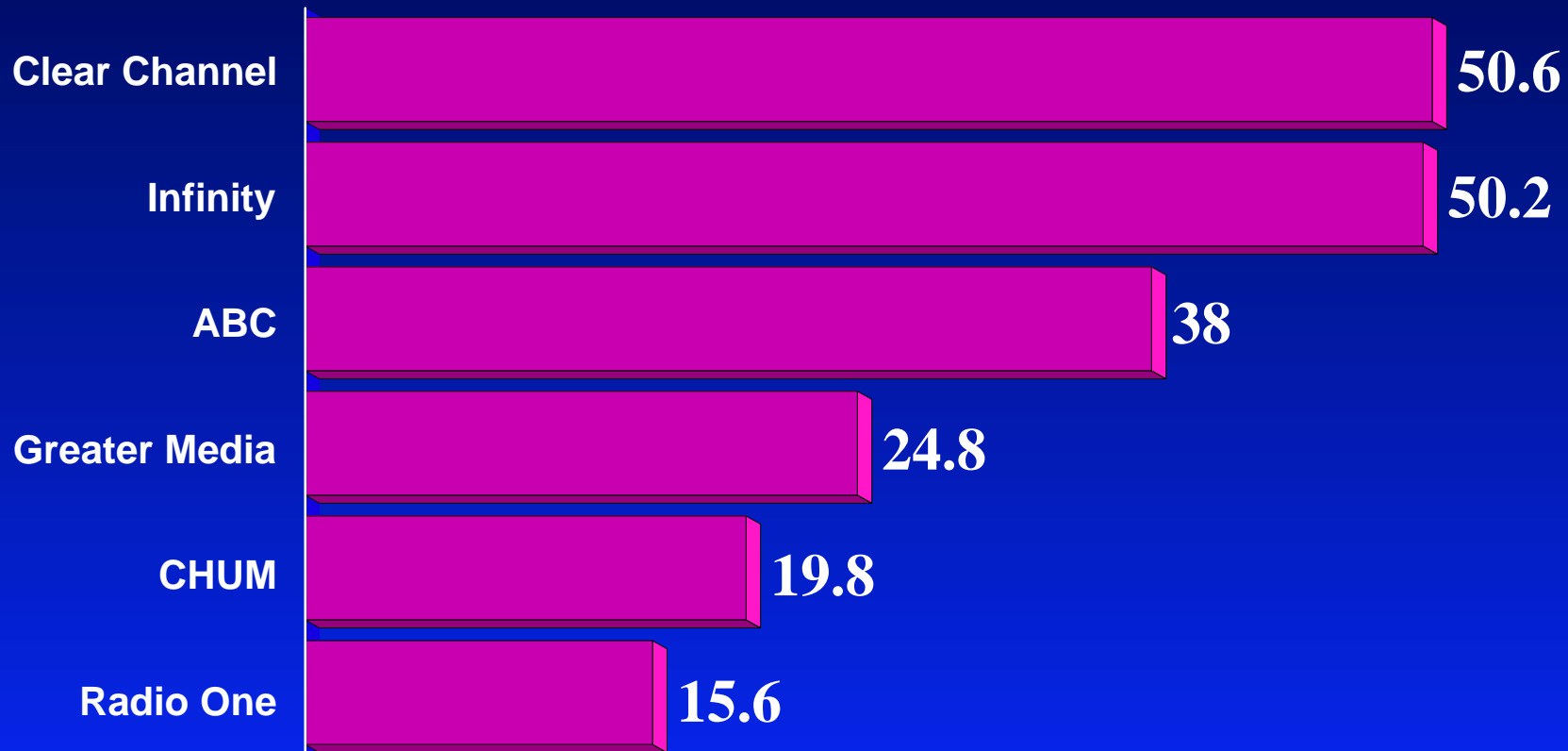


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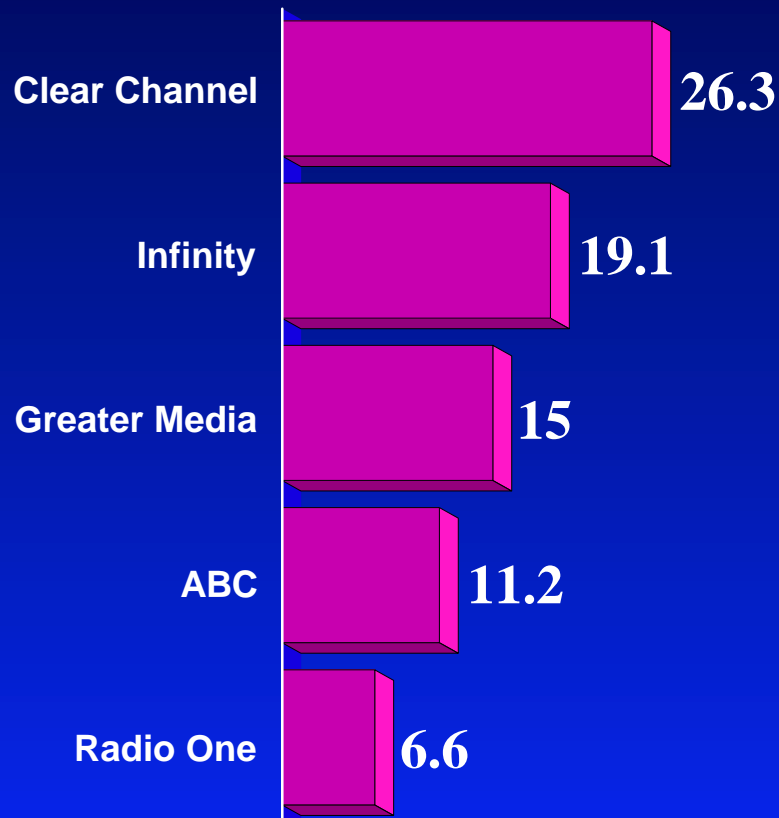
Clear Channel Is The Number One Radio Group In Detroit

Persons 12+ Cume Rating
Mon-Sun 6a-12m

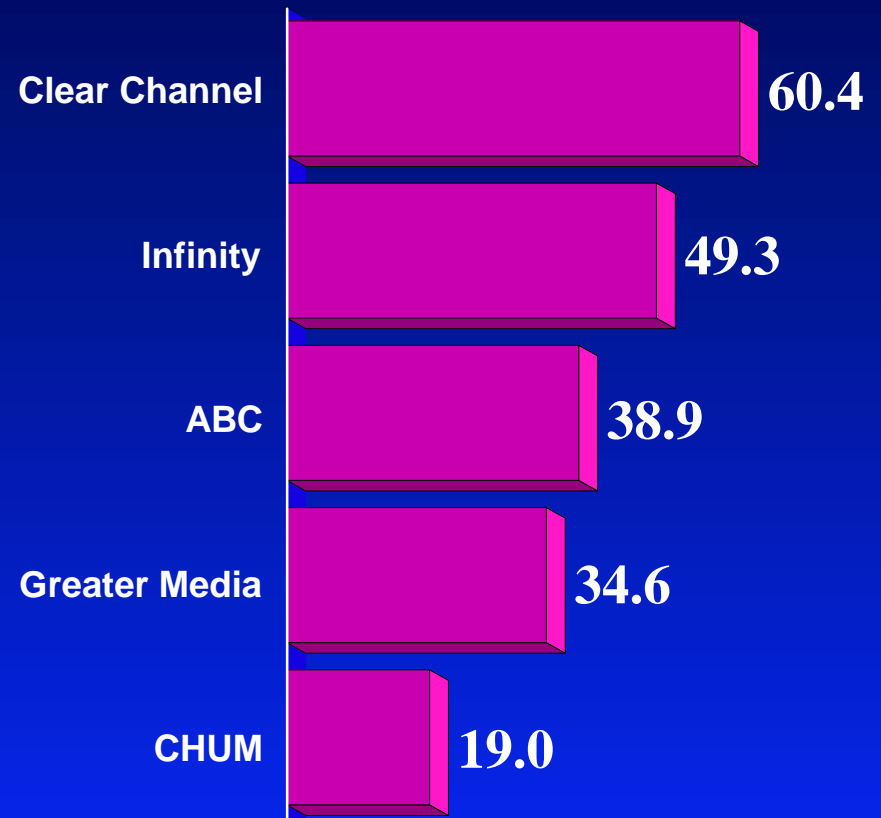


Clear Channel Is The Number One Radio Group In Detroit With Adults 18-49

Persons 18-49 AQH Share
Mon-Sun 6a-12m

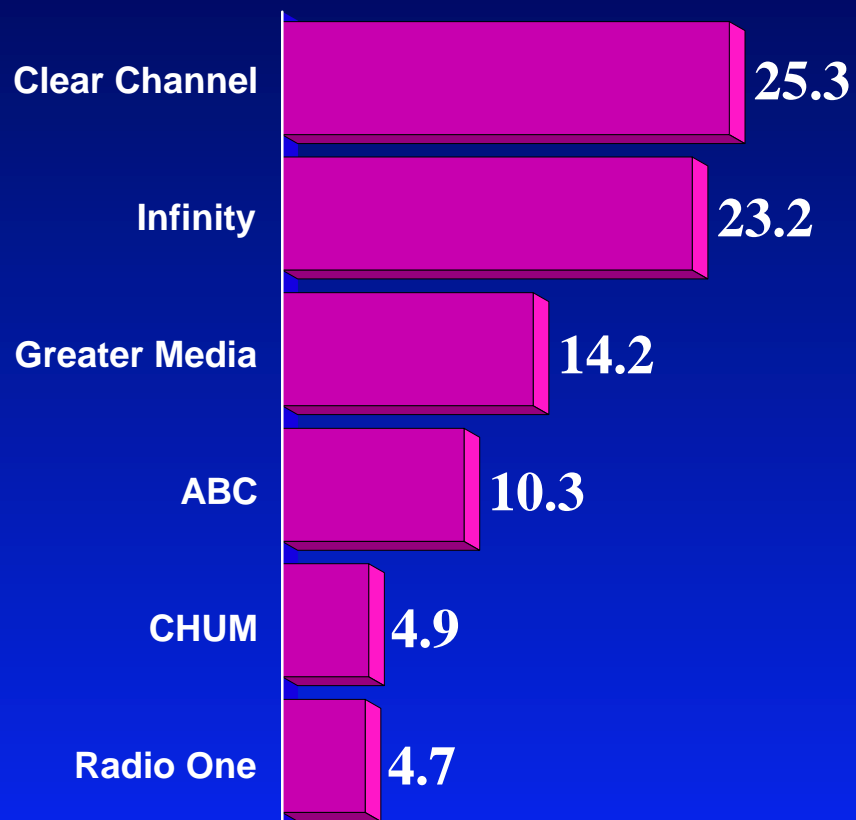


Persons 18-49 Cume Rating
Mon-Sun 6a-12m

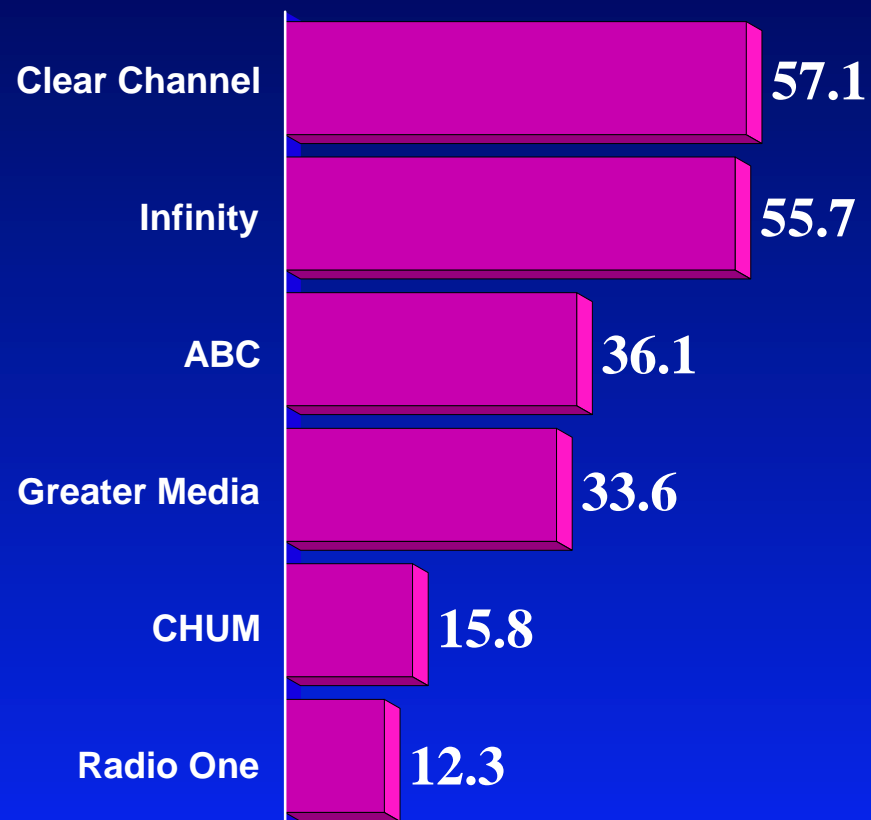


What About Adults 25-54?

**Persons 25-54 AQH Share
 Mon-Sun 6a-12m**

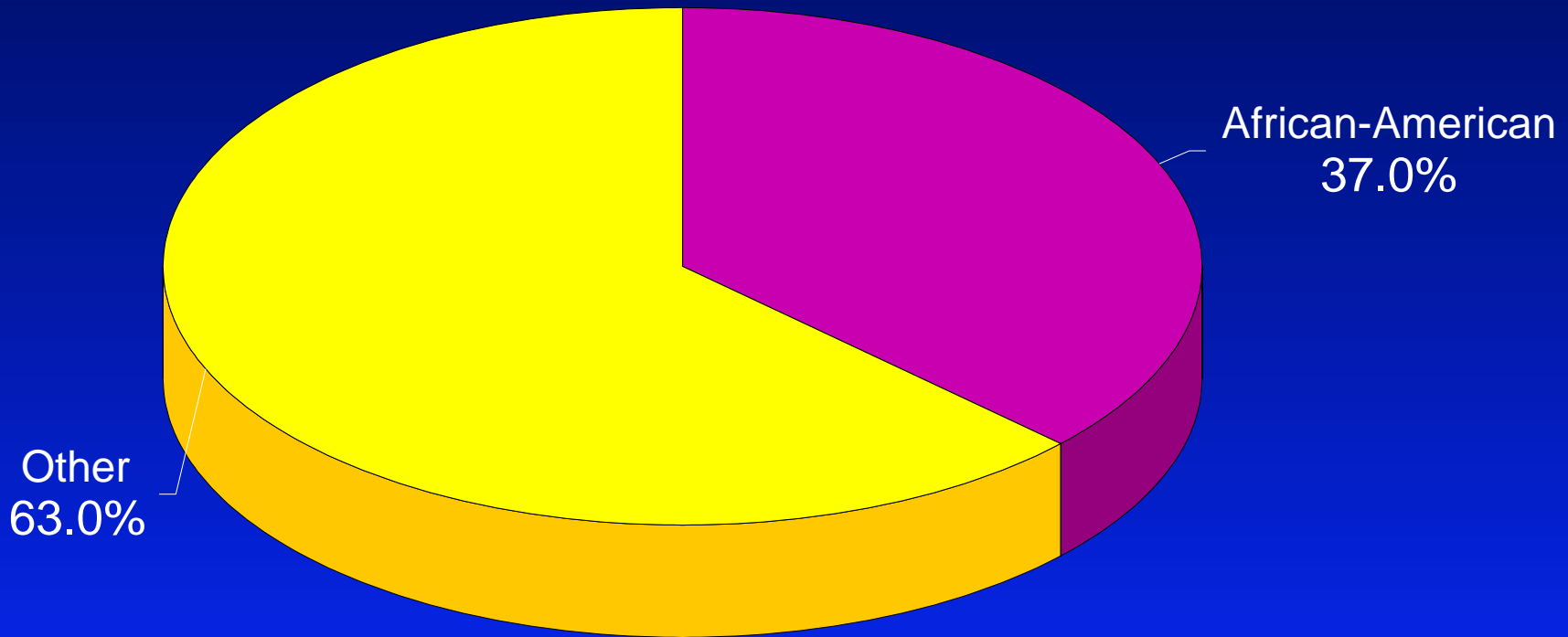


**Persons 25-54 Cume Ratings
 Mon-Sun 6a-12m**



Delivering Both African-Americans and the Balance Of The Market

Clear Channel Mon-Sun 6a-12m
Ethnic Composition



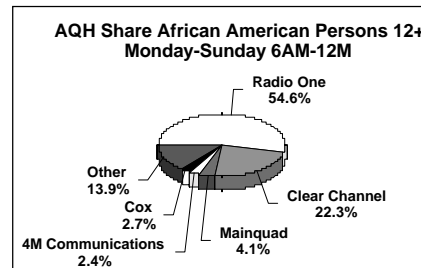
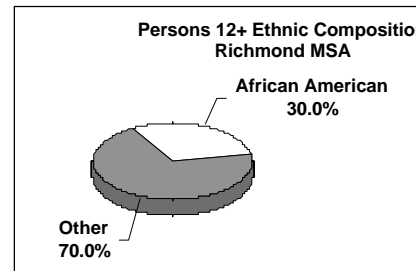


Focus on Your Strength
You do not need to be all
things to all advertisers

Radio One Controls the African American Market in Richmond!

Richmond is the 18th largest African American MSA in the country, with a 12+ population of 254,400.

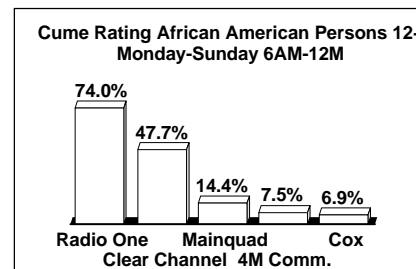
Nearly one out of every three Persons 12+ in the Richmond MSA are African American.



Other includes public radio, as well as other commercial stations.

Well over half of all radio listening by African American Persons 12+ in Richmond is done to Radio One's properties!

In fact, nearly three out of every four African Americans in the market listen to at least one Radio One property each week!



Richmond, VA

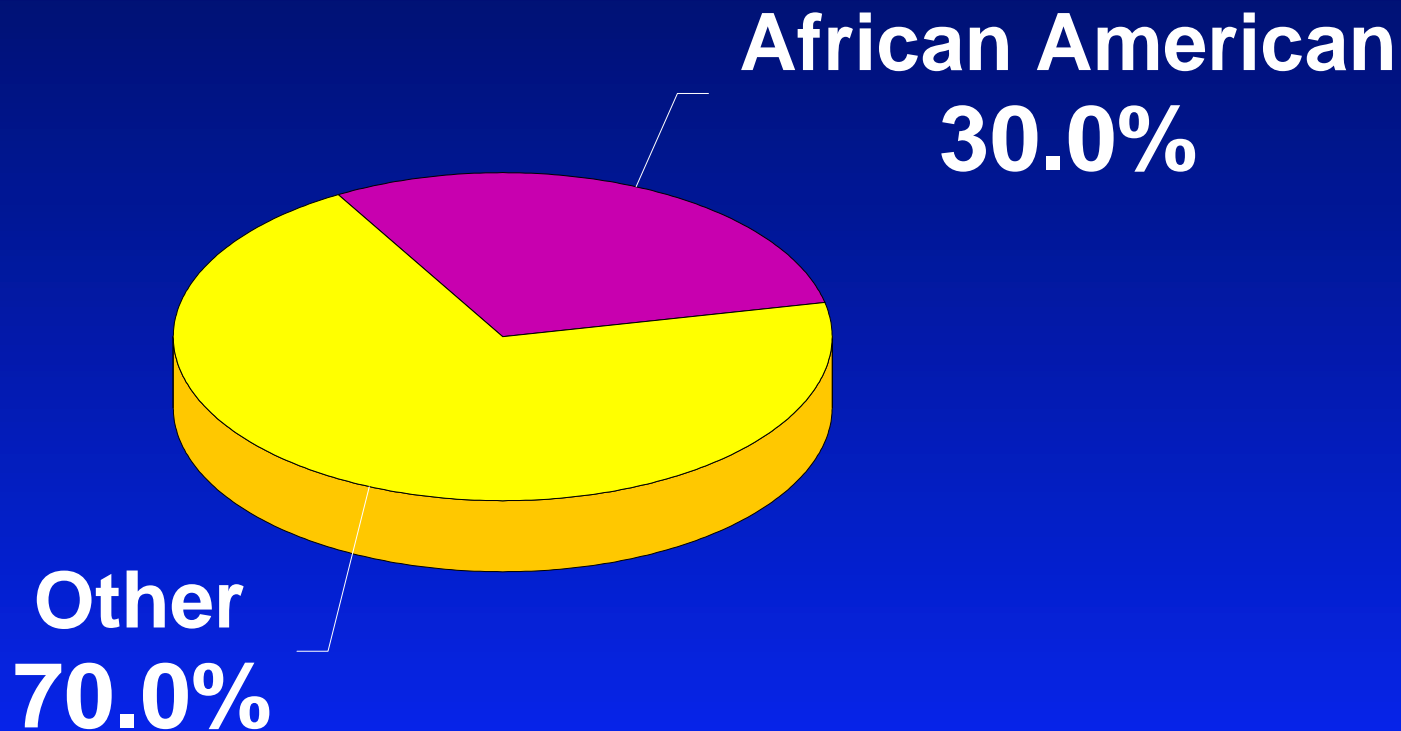
Fall 2001

Source: Arbitron, Fall 2001

(c) 2002 Research Director Inc.

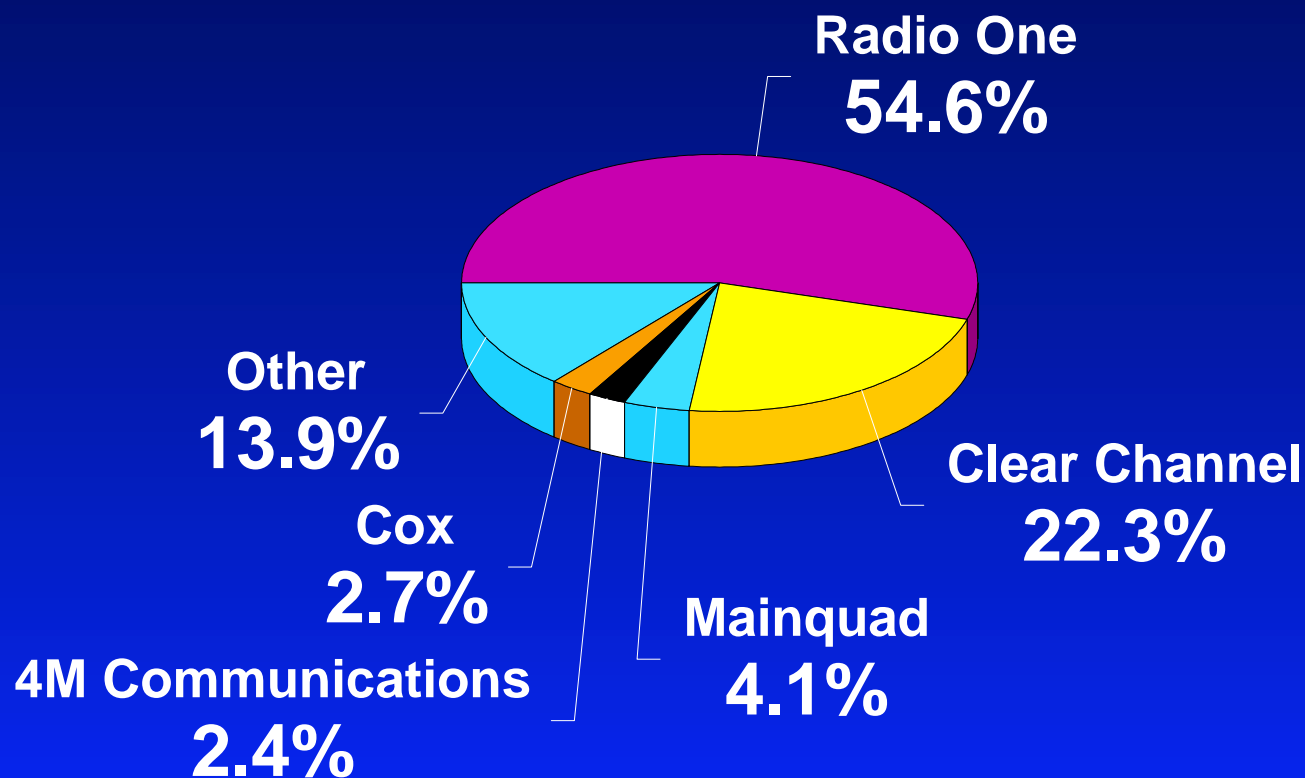
African American Is Important in Richmond

Persons 12+ Ethnic Composition Richmond MSA



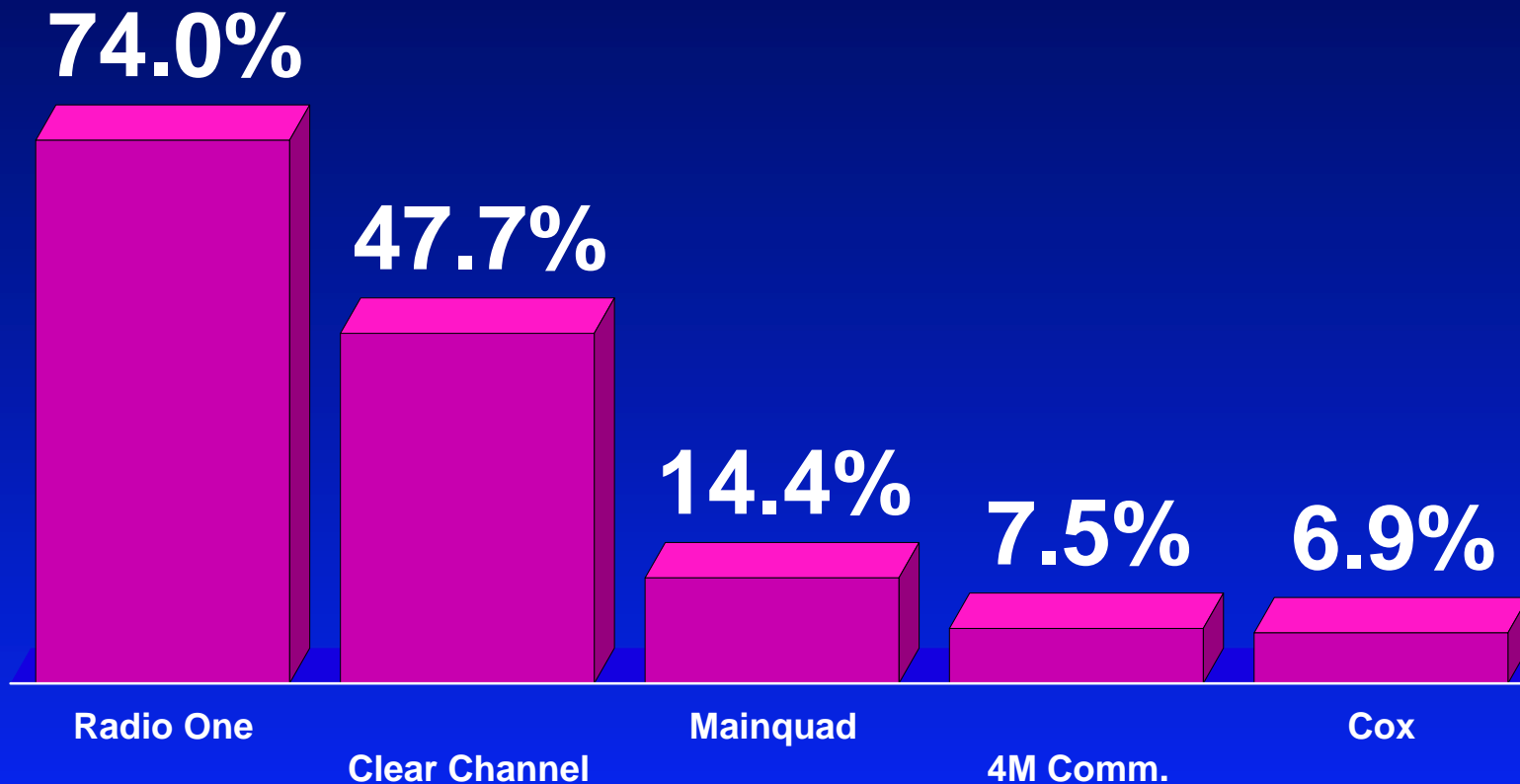
Radio One Has a 54 Share Of That Group

**AQH Share African American Persons 12+
Monday-Sunday 6AM-12M**



Nearly Three-quarters Of All African-American's Tune to a Radio One Property

Cume Rating African American Persons 12+
Monday-Sunday 6AM-12M

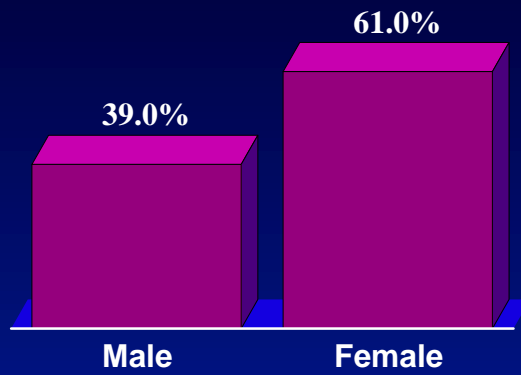




What About Client Specific Accounts

Profile Of Duane Reade Consumer

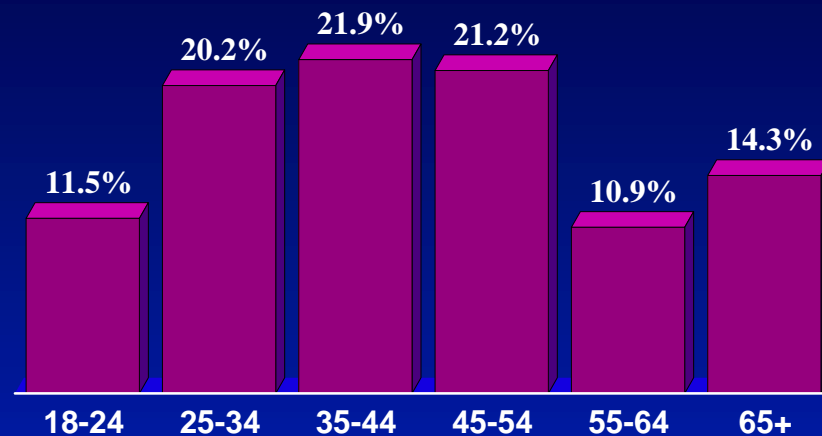
Gender Composition



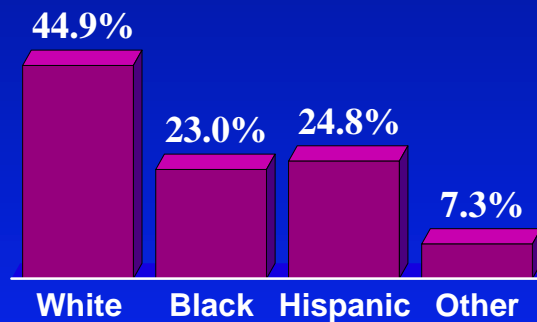
Over 60% of the Duane Reed shoppers are female.

Nearly two-thirds of Duane Reade consumers are between 25-54. This concentration is evenly distributed between the three demo cells.

Age Profile

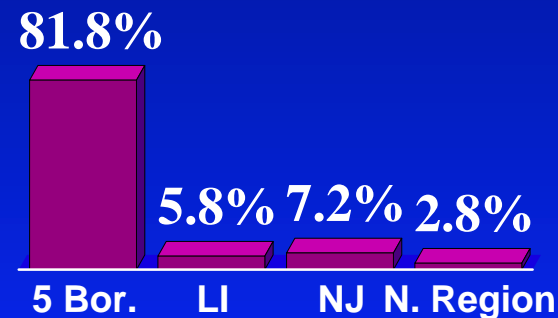


Ethnic Composition



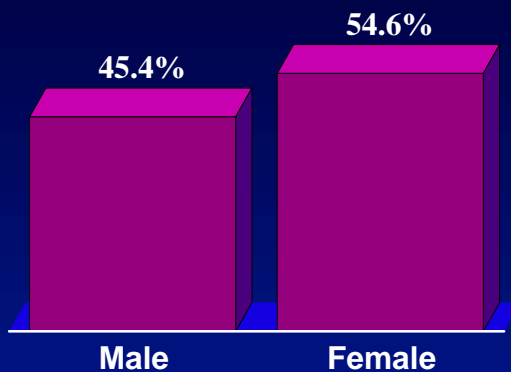
Duane Reade shoppers are ethnically diverse.

Geographic Region



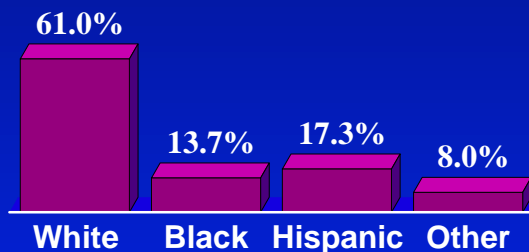
Profile Of The Clear Channel Radio Listener

Gender Composition



Over 1/2 of the Clear Channel Cluster's listeners are female.

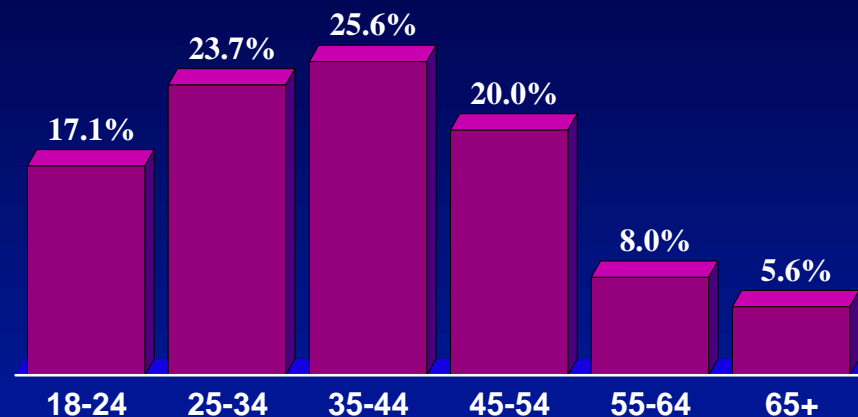
Ethnic Composition



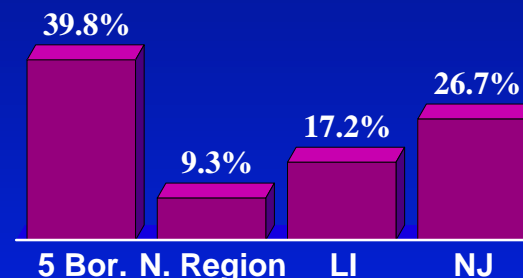
Like Duane Reade, Clear Channel delivers all ethnic portions in the market.

Clear Channel is focused on 25-54 as, 69% of its audience are 25-54.

Age Profile



Geographic Region



Clear Channel has balance delivery throughout the entire metro.

What Stations Reach and Deliver Women 25-54?

Women 25-54
AQH Mon-Sun 6a-12m

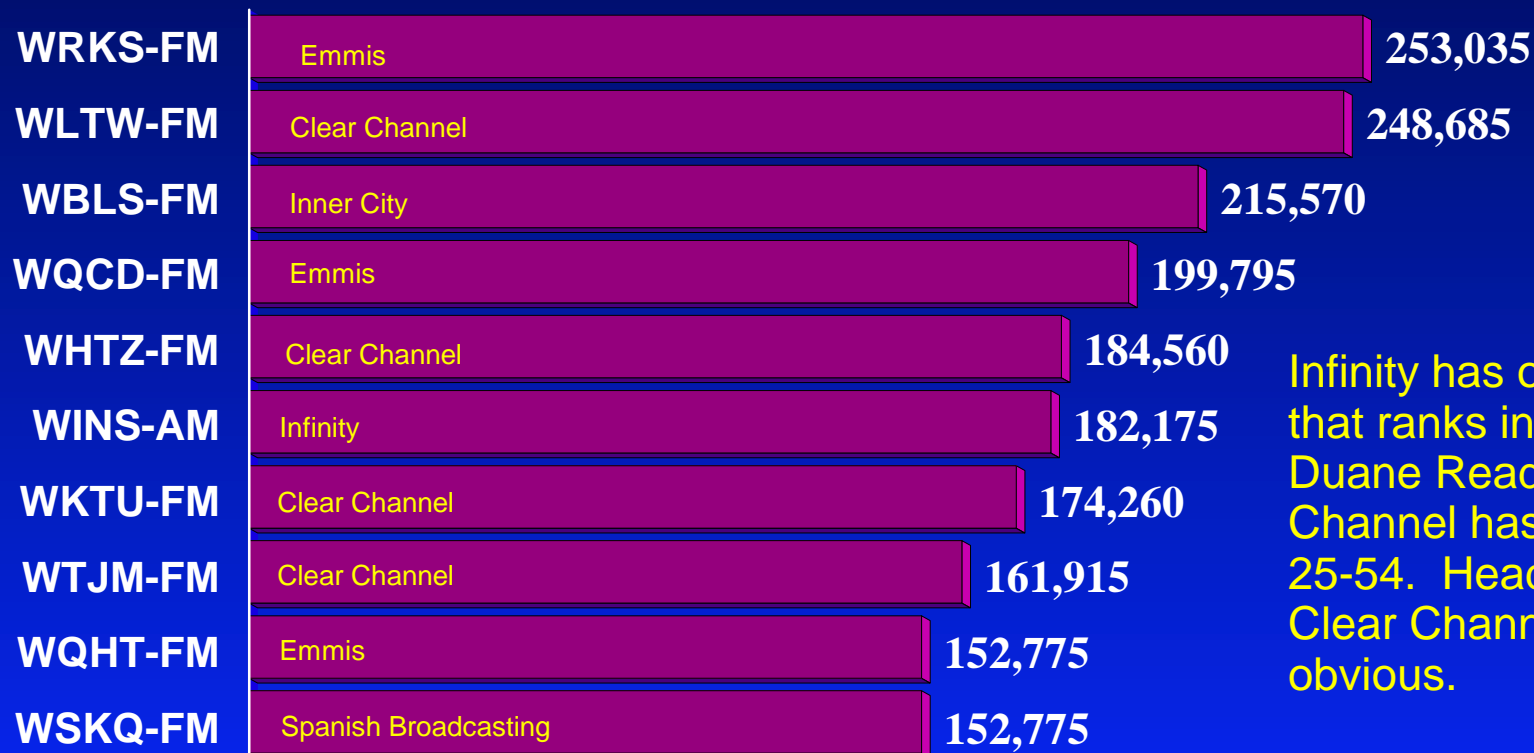


Women 25-54
Cume Mon-Sun 6a-12m



Which Group Reaches Duane Reade Consumers?

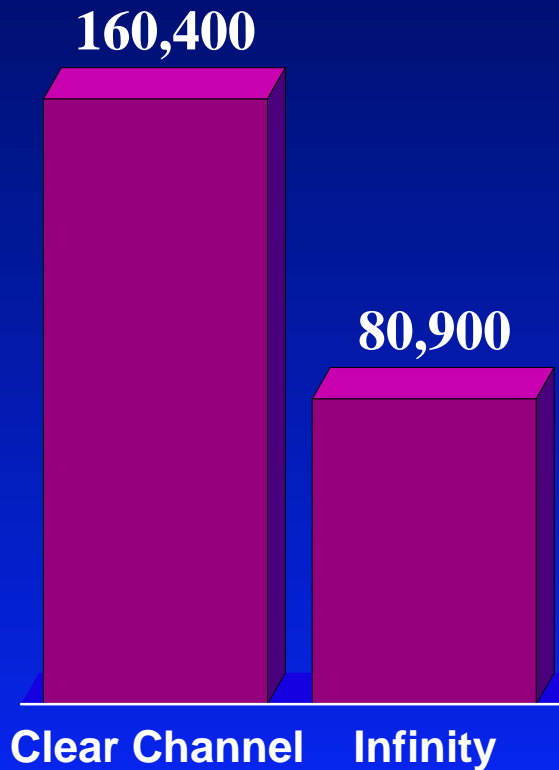
Women 25-54
Shopped at Duane Reade (past month)
Cume Mon-Sun 6a-12m



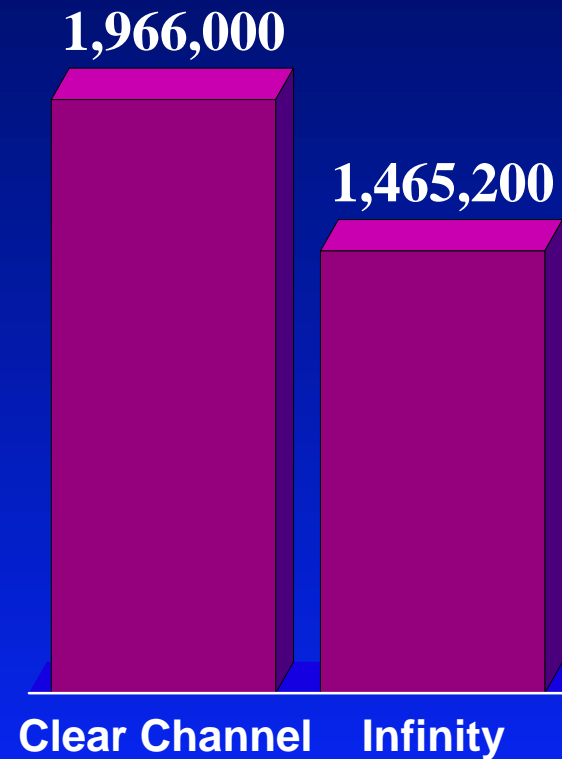
Infinity has only one station that ranks in the top nine for Duane Read Shoppers. Clear Channel has four with Women 25-54. Head-to-head, the Clear Channel advantage is obvious.

Which Cluster is Best Targeted To Reach Women 25-54?

Women 25-54 AQH
Mon-Sun 6a-12m



Women 25-54 Cume
Mon-Sun 6a-12m



Remember

- While corporate may want results today, this evolution may take more time than expected.
- Buyers/advertisers will resist.
- This is when selling begins.

Remember

- No matter how big or powerful your cluster is:
 - ▶ People do not want to feel like they are forced to buy your cluster.
 - ▶ People want to work with people they like.
- If they like you, they will find reasons to buy you
- If they don't like you, they will find reasons not to buy you.

Need More Information

- See us on the convention floor
 - ▶ Booth 102
- Contact us:
 - ▶ 410-974-8101
 - ▶ csislen@researchdirectorinc.com
- Visit our web site
 - ▶ researchdirectorinc.com