

In Dallas, Commercial Radio Without Commercials

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Facing increasing competition from satellite radio and iPods, Clear Channel Communications is trying something radically different at a commercial radio station in Texas: getting rid of the commercials.

As of today, KZPS in Dallas — on the dial at 92.5 FM or online at lonestar925.com — will no longer run traditional 30- or 60-second advertisements. Instead, advertisers sponsor an hour of programming, during which a D.J. will promote its product conversationally in what the company calls integration.

For example, the D.J. will identify Southwest Airlines, one of the station's first advertisers, as the sponsor at the beginning of the program. In a prototype provided by the station, the D.J. later discusses the South by Southwest music festival, a popular annual event held in Austin, and concludes, "You know, the best way to get down to Austin for South by Southwest is Southwest Airlines. They have tons of flights. It's the way I travel."

The product-themed chitchat will account for about two minutes peppered throughout the hour, in contrast to the 12 minutes to 16 minutes of commercials that most stations broadcast each hour.

Advertisers will own not just the hour but also their categories. The station has four initial sponsors — Southwest Airlines, AT&T, Coors Brewing and Guitar Center — and will not sell advertising space to other airlines, phone companies, breweries or musical instrument stores.

Clear Channel's move is not unprecedented. In 2005, three stations on Long Island owned by the Morey Organization experimented with a similar model but eventually returned to conventional commercials.

"At a time like this, it's easier to postulate sponsorships and product placement than actually walk away from your spot-advertising revenue," said Sean Ross, a radio analyst with Edison Media Research.

While commercial radio stations once had automobile drivers' ears all to themselves, competition today is intense. The satellite companies Sirius and XM offer scores of noncommercial stations, and new cars are increasingly factory-equipped to play iPods.

"People are not as willing to listen to the commercials, and soon we'll have the Internet streaming directly into cars," said Robert Unmacht, a Nashville-based radio consultant.

He called the Dallas station's sponsorship approach "an interesting experiment and I applaud them for it. The key is to give it enough time to develop it, which is hard in a world that's judged in 13-week periods."

J. D. Freeman, market manager for the Dallas station, said that Clear Channel intended to give the experiment some time to show a profit.

"Corporate has insulated us from having to get everything done in the next 90 days," Mr. Freeman said. "It's going to take a while to get the revenue model revved up, but we believe we'll be successful in Dallas."

Success would be most welcome for the station, which according to Arbitron slipped to 17th place in the fall of 2006, the most recent ratings period, from 7th in the fall of 2000, when Clear Channel acquired it.

Shareholders of Clear Channel, which owns about 1,150 radio stations are to vote on a \$19.4 billion takeover bid from Thomas H. Lee Partners and Bain Capital Partners on May 8.

The Dallas station is also overhauling its format, switching from classic rock to a Texas-inflected rock-country hybrid. An average hour will include the likes of Lynyrd Skynyrd, Bob Dylan, Johnny Cash and Drive-By Truckers. That, too, is raising eyebrows.

"In a major market, for a classic rock station to change formats is really an anomaly," said Fred Jacobs, a radio industry consultant from Detroit who helped popularize the classic rock format in the mid-1980s. "You could make a nice, long, healthy list of top five stations that are classic rock," and several would be No. 1 or No. 2 in their markets, he said.

But Mr. Freeman, the Dallas station manager, says he has had his fill of classic-rock bands like Led Zeppelin. "A friend of mine said, 'They've been climbing that stairway to heaven for 30 years, you'd think they'd be there by now,' " he said.

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