

Google, Clear Channel Reach Radio Deal

Partnership Will Aid Internet Firm's Efforts To Broker Ads Offline

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Google Inc. plans to begin selling advertising on more than 675 radio stations owned by Clear Channel Communications Inc., in a move designed to add scale to the Internet giant's offline ad-brokering efforts and boost Clear Channel's revenue.

The arrangement, which the companies said they expect to announce today, is the latest in a string of media ad-sales partnerships Google has unveiled as it pushes beyond selling ads online to doing so for newspapers, radio and television. For a radio industry that has struggled for the past few years to nudge broadcast revenue much above the \$20 billion mark, such tie-ups hold the possibility of jump-starting growth.

Under the multiyear deal, Google, of Mountain View, Calif., will sell less than 5% of Clear Channel's advertising inventory across its various stations nationwide, the companies said. That represents potentially some tens of thousands of 30-second spots per week. The two companies didn't disclose financial terms, apart from saying that Clear Channel, the nation's largest radio broadcaster in terms of revenue and number of stations, will get the majority of the ad revenue. Google

Growth, at Low Volume

	Radio revenue from broadcast advertising	Non-spot revenue ^o
2006	\$20.14 billion	\$1.52 billion
2005	20.07	1.38
2004	20.01	1.26
2003	19.60	n/a [†]
2002	19.40	n/a

^oNonbroadcast categories, including Internet radio advertising. [†]Started tracking data in 2003.

Source: Radio Advertising Bureau

gle also traditionally offers such ad-distribution partners guaranteed minimum revenue payments.

The two companies said that making it easy for Google's hundreds of thousands of existing online advertisers to buy Clear Channel radio spots through Google's Web-based ad-sales system should result in greater demand for the spots, boosting Clear Channel's revenue. "What we're really focused on is adding additional advertisers," said John Hogan, chief executive of Clear Channel Radio.

One challenge will be managing any overlap with Clear Channel's more than 5,200 radio-ad salespeople. If existing radio advertisers sense they can get a better deal by going through Google, that could wreak havoc with Clear Channel's sales efforts and rate cards. The companies said that wouldn't be

an issue, but didn't identify specific steps to encourage advertisers to stick with Clear Channel's sales force. (See related article on page C3.)

Some prior efforts to sell radio ads online have suffered from the small number of spots available and their low value—typically, "remnant" spots that otherwise might have gone unsold. Google last year bought dMarc Broadcasting Inc., which sold radio ads online, as the basis for its radio-advertising efforts, and subsequently signed up partners such as XM Satellite Radio Holdings Inc. But Google still was limited to brokering ads for around 900 radio stations, a fraction of the more than 11,000 noneducational stations in the U.S. and less than rival online radio-ad sales companies such as privately held Bid4Spots Inc.

Under the deal being announced, Clear Channel by the end of the second quarter plans to start making available some ad time on almost every radio station—including top properties such as KFI, a news and talk station in Los Angeles, and Z100, a hits radio station in New York—and times of day with the most listeners such as "morning drive."

Advertisers will be able to specify the markets and types of radio stations where they want their ad to be played, but won't be able to specify which Clear Channel radio stations will play it. Advertisers can either bid against each other in an auction for the time or pay a premium rate to secure the slot in advance. Google declined to say how many advertisers are currently buying radio ads

through its system, which is still in a test phase.

Bringing on Clear Channel could provide momentum for Google to sign deals with other radio companies and attract advertisers to buy through the system. Google has held talks with CBS Corp.'s radio division about brokering ads for it, according to people familiar with the matter. Google advertising sales Vice President Tim Armstrong said Clear Channel was Google's most important audio advertising partnership to date. "We're hoping it's a step function change," he said, meaning it will boost Google's radio-ad sales effort to the next level.

The Internet company Friday announced an agreement to buy online advertising-services company DoubleClick Inc. for \$3.1 billion, as part of its efforts to push deeper into graphical and video advertising online. Earlier this month, Google announced it was expanding its nascent TV ad-sales efforts with an agreement to broker ads for satellite-TV provider EchoStar Communications Corp.

Clear Channel is making available to Google only 30-second spots, as part of its effort dubbed "Less Is More," to cut back the number of 60-second ads that are common in radio advertising. Mr. Hogan believes 60-second spots are long and encourage listeners to change the station. He also has worked hard to try to increase the quality of radio advertising, beefing up a creative-services group that helps Clear Channel advertisers make snappier spots. The same support will be available to advertisers that use the Google service, Mr. Hogan said.