

Davis: Satellite radio needs more than Howard Stern to succeed

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of satellite radio technology.

People have proved that they're willing to pay for media programming without commercials. The subscription-only television channel HBO is seen in one-third of American homes. Viewers are willing to purchase costly cable packages to watch channels such as HBO. How-

ever, most already have the hardware — a TV and cable box — to tune in.

With satellite radio, subscribers must purchase special hardware. XM offers radios that cost anywhere from \$49.99 to \$299.95 with a \$12.95 monthly subscription, and Sirius offers radios from \$29.99 to \$269.99 with the same monthly charge.

Both XM and Sirius lack local programming, with the exception of weather and traffic stations for large metropolitan areas. But a big part of connecting to listeners is getting local. Most listeners want local information and take comfort in the fact they could run into the local DJ at the mall.

If satellite radio stations want to

convince AM/FM listeners to make the switch, there has to be more bang if the buck is so high. Again, satellite and cable television companies have taken this to heart by offering original programming and movies.

Sirius, too, is taking note.

"King of All Media" Howard Stern decided to switch over to Sirius

satellite radio after being fined by the Federal Communications Commission, which keeps watch over the public airwaves. Clear Channel, the largest owner of radio stations in America, has also refused to play some of Stern's shows.

Stern, who signed a 5-year contract worth \$500 million, is likely to take his act further because he'll be able to say whatever he wants.

"I'm not saying the whole show's gonna be one big X-rated show. But I am gonna be using the F-word. You know, sparingly. And I'm gonna be using the C-word, for women's privates," he told listeners on the air.

Stern says he hates Clear Channel. "I just want to bury Clear Channel," Stern said on the air. "I want to make every one of their radio stations worth 3 cents. You sons of bitches, I will bury you." (Clear Channel owns shares of XM.)

Former Van Halen frontman David Lee Roth, who will take over Stern's East Coast market in January, told Stern, "You've done an extraordinary job, and I hope I can honor it."

With admiration like this, Stern's 12 million listeners just might follow come January.

To hype the switch, Sirius recently launched an off-shoot program called "Howard 100 News" that reports all news related Stern, such as who isn't airing Stern and which TV shows he'll be featured on.

But making the switch requires listeners to pay for something they're used to getting for free.

Being a student on a budget, satellite radio has yet to persuade me.

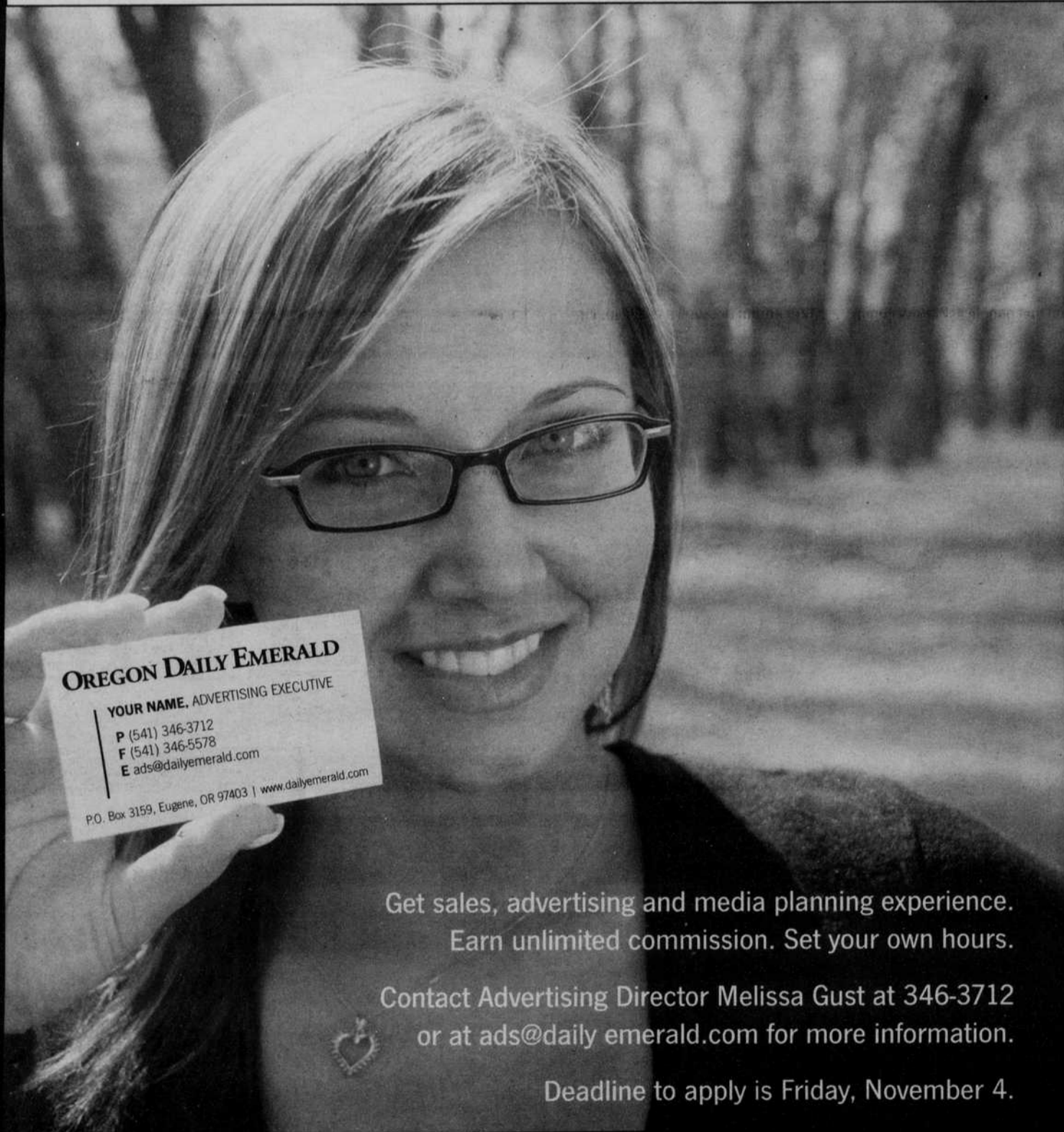
Still, subscription rates and stocks are going up for both companies, but thanks to startup costs, neither has seen a profit.

Satellite radio has the potential to become an alternative to AM/FM radio, but lacking more features, lower hardware costs and local programming, it will go on the shelf right next to the eight-track player.

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