



Struggling Clear Channel And Rush Limbaugh's \$400 Million Payday

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There was something very telling, and even morose, about the **commercial break** Rush Limbaugh took deep into his third hour of broadcasting on Tuesday's show. Still at the center of an advertising **firestorm** that rages around his program as corporate America turns its back on the AM talker in the wake of his ugly, invasive, three-day smear campaign against Sandra Fluke, Limbaugh **boasted** he had thwarted the left-wing attack and they were the ones "shell shocked" at the turn of events.

But the truth was that for days on his flagship station, WABC in New York, Limbaugh's show had been stripped of key advertisers. Instead, the once robust revenue-generating program had turned into a feel-good forum where during commercial breaks WABC ran **nonpaid** public service announcements on behalf of the United Negro College Fund and New York Office of Emergency Management. That's because WABC didn't feel comfortable putting lots of advertisers on Limbaugh's show, which up and down Madison Avenue had become poisonous in this wake of his misogynistic Fluke debacle.

So towards the end of his show on Tuesday, the **nine-figure** salary talk show host went to commercial break and a paid advertiser did pop up. And it was a new advertiser, a sponsor who apparently had signed on amidst the controversy. The sponsor's name? The Holy Name Cemetery in New Jersey, which was advertising a "pre-planning open house weekend."

How fitting.

Whether Limbaugh's show is in the midst of the death throes, only time will tell. But one thing is clear, the radio industry has never seen anything like the sponsorship controversy surrounding Limbaugh's once-untouchable program. And it's certainly never seen anything like the wholesale decision by his syndicator, Premier Radio Networks, to suspend barter ads for two weeks in an apparent effort to ride out the controversy. That was soon followed **by news** that advertisers are requesting Limbaugh's affiliated stations provide "Rush-free programming grids" so sponsors can verify that their brands aren't appearing on his show.

"It's unprecedented," Holland Cooke, a **talk radio consultant**, tells *Media Matters*. He says Premiere's startling advertising move "suggests things are worse than we know."

The question is: How long will stations be able to sustain the ad losses on Limbaugh's show, and how does the host justify his \$400 million pay in the face of the advertiser revolt?

The boycott comes at a bad time for Premier's **parent company**, Clear Channel. A conservative-friendly media **behemoth** with a soft spot for right-wing radio, Clear Channel **continues to struggle** not only with a depleted radio audience as more and more consumers migrate away from the AM/FM dial, but it's also sagging under the weight of massive debt.

From a *Forbes* **report**, earlier this year:

Clear Channel's consolidated businesses are struggling amid a sea of losses and a \$19.9 billion debt load, meanwhile its largest revenue source, radio broadcasting, is a loss leader. Overall, the combined company is set to lose over \$200 million in 2011 after notching \$4 billion-plus annual losses during the recession.

And now comes the Limbaugh debacle. Like Fox News when it was hit with a sweeping advertising boycott of Glenn Beck's show (a boycott that eventually drove him off TV), Clear Channel executives are downplaying the impact of the current controversy. A company source **told** the *New York Times* that the advertising action had only cost the company \$1 million per week in lost revenue, stressing the pain to the company's bottom line has been minimal. The source also suggested the company is simply taking advertisers who want off Limbaugh's show and finding spots for them on other Clear Channel programs.

But the boycott is only in its third week and shows no signs of abating. Worse, Clear Channel pays Limbaugh an astounding **\$38 million annually**, or approximately \$750,000 each week. So right now, Clear Channel's paying Limbaugh \$750,000 weekly for a show that's shedding \$1 million from its bottom line every seven days.

With regards to shifting disgruntled advertisers onto other programs, here's the reality: there are a finite number of commercials spots in radio. If you take commercials off Limbaugh's program and shift them to another Clear

Channel offering, you're simply bumping commercials that were already in place on the other program. Limbaugh's show sorely lacks national advertisers and moving sponsors onto other shows doesn't change that, nor does it make up for the lost Clear Channel revenue.

Another problem Limbaugh and Clear Channel face is the looming threat that some major talk news stations could drop Limbaugh in favor of Mike Huckabee's **new national talk show**, which begins to air in April and will compete against Limbaugh during the noon-to-three time slot. Huckabee's show is being syndicated by Cumulus Media Networks, whose parent company **owns** some of Limbaugh's most **high-profile** affiliates, such as WABC in New York, WLS in Chicago, and WMAL in Washington, D.C.

"With the flip of the switch they could take Rush off" major markets, says Cooke, a move he says would do permanent damage to Limbaugh's radio prestige.

Just consider the predicament Cumulus' WABC now faces, filling the dozens and dozens of ad spots each day with unpaid public service announcements. Since the controversy broke, WABC has aired hundreds of them during Limbaugh's show. And yes, Limbaugh's ratings on WABC were **already down** 37 percent from 2010. (In the New York metro area of **approximately** 20 million people, just 72,000 people tune into Limbaugh's show each day, according to *Crains New York*.)

"Talk radio is a business," stresses industry veteran and talk radio **consultant** Valerie Geller. "And when the money stops flowing, every station looks at every show."

Network/Outlet	Clear Channel
Person	Rush Limbaugh

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