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## Stern's deal may be sign satellite radio has arrived

By Diane Torioian Keaggy  
Of the Post-Dispatch  
Sunday, Oct. 10 2004

Shock jock Howard Stern fancies himself the "king of all media," emphasis on the word "all." Already a star on the FM dial, best-seller list, silver screen and television, Stern announced Wednesday he's taking his act to satellite radio in 2006. The move will free Stern to crack dirty jokes and utter obscenities without fear of reprisal from his nemesis, the Federal Communications Commission.

But more important, observers say, Stern's defection from terrestrial radio may push satellite radio from obscurity to the mainstream.

"After two years of being 'the other,' satellite radio is developing its own content," said Sean Ross of Edison Media Research, which conducts surveys for a number of media outlets. "This certainly could drive traffic to satellite radio."

Two competing companies - Sirius Satellite Radio based in New York and XM Satellite Radio based in Washington - each program more than 100 stations of music, talk and sports, much of it commercial free. XM is the dominant of the two companies, claiming about 2.5 million subscribers. Sirius has 600,000. Both offer coast-to-coast coverage, so a trucker can start his day in Montana and travel to the Midwest without switching stations or losing the signal.

But this technology comes at a cost. XM charges listeners a \$10-a-month subscription fee; Sirius costs \$13 a month. Most electronic stores can equip a car with a satellite receiver and antenna for \$150; a Sirius-ready boom box costs about \$100. Neither company has developed a small, Walkman-like receiver.

In terms of content, each company boasts its own unique programs. XM features NASCAR broadcasts, MTV radio and seven country stations. Sirius hosts NFL football, World Radio Network and 15 rock stations. Both air the Weather Channel, BBC World Service, C-SPAN Radio, CNN and Bloomberg Radio.

Until Wednesday, XM had the upper hand in the high-profile-host category. Last week, it debuted "The Bob Edwards Show" starring the revered, former National Public Radio personality. XM also signed Opie and Anthony, the one-time syndicated shock jocks who got booted off the air after they encouraged a couple to have sex in St. Patrick's Cathedral.

Though Edwards and Opie and Anthony certainly enjoy loyal followings, their popularity pales compared to Stern's. Aired in 46 markets, Stern's show dominates morning ratings among young men. In St. Louis, one out of five men ages 18 to 34 tuned into morning radio listen to Stern. John Beck, the Emmis Communications exec who brought Stern to St. Louis six years ago, says the show has boosted revenue and ratings on local affiliate KPNT (105.7 FM). He recognizes that fans love Stern. But do they adore him enough to pay for him?

"He has 126,000 listeners here. How many people are obsessed enough to put in the equipment and spend like \$150 a year to hear him on their 20-minute commute to work?" asked Beck. "We in the media often have a false sense of our importance. We think, 'What will these people do if we leave?' Well, they move on."

Sirius Satellite Radio hopes that 1 million of Stern's national following of 12

million fans need their daily fix of Stern's celebrity interviews, political jabs and off-color satire. That's how many new subscribers the company needs to cover the cost of its five-year, \$500 million deal with Stern.

Jenny Miller of the Consumer Electronics Association, a leading trade organization, forecasts Sirius should meet that goal. Even before Stern's announcement, the association's 2004 market-potential study estimated Sirius and XM would attract 5.3 million new subscribers in the next year. Miller said Stern's move would boost consumer awareness not only among his fans but among average folks who still may be a little cloudy about the medium.

"I think this will get people curious," said Miller. "With any new technology, content is what drives adoption. After all, why would you buy something if it doesn't offer you something new. This shows satellite has something new to offer."

*Diane Toroian Keaggy covers arts and popular culture for the Post-Dispatch.*

**Reporter Diane Toroian Keaggy**  
**E-mail: [dkeaggy@post-dispatch.com](mailto:dkeaggy@post-dispatch.com)**  
**Phone: 314-340-8343**

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