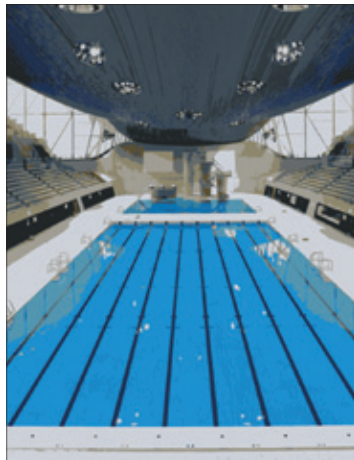




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Aquatic center for Bethlehem?

A pair of businessmen are pooling their talents for an Olympic-worthy aquatic training center.

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Local firm on a roll

OraSure of Bethlehem expects millions in stock sales after FDA approves its HIV kit.

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Governor visits

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Dr. Mark Erickson comes "home" to serve as top man at Northampton CC.

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BE OUR GUEST

Outsiders flock to the Lehigh Valley for its many entertaining and educational tourist attractions. Turn to our colorful two-page spread to see what's attracting all those people – and all of their dollars.

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PHOTO/MATT SMITH

MusikFest hoping to rebound from a 2011 washout

By KATHERINE SCHNEIDER
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Despite recent reports that ArtsQuest is behind the eight ball in terms of funding due to 2011's near washout, organizers are hopeful 2012 will prove a better success.

"We have an internal superstition that we have better weather on even numbered years," said Curt Mosel, ArtsQuest vice president of marketing and public relations.

Admittedly, 2011 was a dark spot in the festival's 20-plus year history. The organization's loss totaled \$750,000 over previous years due to wet weather on six days out of the festival's 10-day run, said ArtsQuest spokesman Mark Demko.

Indeed, 2011 marked the first time in a decade that festival attendance did not top one million visitors, dropping all the way to 860,000 people. In 2008 and 2009, for example, attendance grew to over one million.

The loss in profits left the City of Bethlehem holding the bag in some respects. Demko said that ArtsQuest is still in the process of paying the city \$285,000 it owes for services provided during the 2011 festival.

In an effort to cut costs, the organization will be outsourcing some of the services it previously turned to the city to provide.

To that end, it has been reported ArtsQuest will pay the city of Bethlehem about \$50,000 less for services rendered during Musikfest as the city plans to cut back on police, fire and emergency medical protection that will be provided at festival venues.

MusikFacts

Revenue: \$7 million

Annual attendance: Over 1 million

Vendors: 120 including 66 food vendors, 43 craftspeople and artisans, and 11 retail merchants.

Artists: 318

Performances: 500

Stages: 15 venues... 14 totally free

Largest crowd: The Dixie Chicks drew 10,000 on Sunday, Aug. 9, 1998, for a free concert at the Americaplatz venue at Payrow Plaza.

New this year: The Musikfest App, which gives musical performance schedules by date and venue, artist biographies, festival updates in real time, a comprehensive, interactive festival map, and contests, promotions and discounts.



PHOTO/TED COLEGROVE

For Valley communities, the sound of music is the sound of money

By KATHERINE SCHNEIDER
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Music may be good for the soul, but in the Lehigh Valley, it's also good for the collective bottom line.

There is money – big money – to be had from all facets of the Lehigh Valley's music industry.

In Nazareth, C.F. Martin & Co. is pumping out millions of dollars worth of guitars and strings, and visitors to Bethlehem's SteelStacks and Musikfest are definitely laying down some extra cash.

In Easton, the State Theatre stages nice pay-outs for the city. Meanwhile, local restaurants eat up the extra business when events are held at the theater.

Allentown hosts many top-notch musical performances at The Great Allentown Fair, while the regional radio stations that cater to

myriad musical tastes keep a small army of area residents employed.

The contribution of the arts is irrefutable, said Shelley Brown, president and CEO of the State Theatre in Easton.

For instance, on a show night restaurants are "jammed... you can't get a reservation on a show night. The arts definitely do benefit downtowns," she said.

The State holds anywhere from 80 to 100 shows per year, which works out to a contribution of about \$2.5 million annually – and that's just the money that goes to nearby eateries.

Patrons, of which there can be as many as 1,549 for a single show, aren't the only ones contributing on show nights, either.

"In addition to our own crew, you've got 50 additional stagehands, say 80 people in the

cast and musicians," Brown added. "People eat here, stay in hotels, and go shopping.

"We employ caterers, florists, masseuses... you name it... limos, drivers, buses, vans. The amount (of money) that goes into the local economy is huge."

She's not just whistling a tune.

The numbers show the State Theatre contributes \$7.4 million to the local economy per year, including the more than \$2.5 million per year in local expenditures on products and services.

According to Denise Smith, vice president in development with the State Theatre, \$150,000 per year is also contributed to the City of Easton's general operating fund through the Admissions Tax. There is also a payment of

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LOCAL RADIO DIALS IN ON SUCCESS

By KATHERINE SCHNEIDER
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Another major source of income via the music industry comes from the local radio stations. Acquired by Clear Channel in 1992, the area's local radio stations including B104, WZZO, WAEB-AM, and Fox Sports 1460 employ 47 Lehigh Valley residents.

The survival of these stations, which range in programming from top 40 to rock, talk and sports radio, has relied heavily on the company's revamping of traditional advertising practices.

Even though traditional radio stations continue to be a viable channel for music distribution

nationwide, there were times when things looked a little shaky for the industry, said Dan Lankford, vice president and regional market manager for Clear Channel Media and Entertainment, which has locations in Allentown, Reading, Harrisburg, Lancaster and Williamsport.

"Unfortunately we were not exempt from the recession. Since we are dependent on local and regional businesses for advertising, our dollars were impacted as a result of downturns in other industries," said Lankford.

According to Lankford, the company developed many initiatives to guide them through the recession of 2008-2009. Clear Channel

worked with local markets to develop better research and advertising materials aimed at the largest advertising categories, said Lankford.

The company also increased sharing with other markets in the areas of best practices for advertising and proven sales campaigns that have provided desired results for advertisers.

"A down economy is a great time to grow

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MONEY

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more than \$40,000 to the city in parking fees. And then there are ancillary entertainment-related expenditures.

In terms of annual festival-type entertainment events held during the summer months, The Great Allentown Fair and ArtsQuest's Musikfest are among the biggest held in the region; the events attract more than a million visitors annually between them.

For Musikfest alone, ArtsQuest employs 50 full-time employees and 125 part-time employees.

The SteelStacks performance venue last year contributed \$39 million to local economies. Some of the money was spent by ArtsQuest, the venue's owners, but a significant amount came from visitors to the venue as well, said ArtsQuest officials.

During SteelStacks construction, the campus

contributed even more, said ArtsQuest spokesman Mark Demko. He estimates the financial impact at more than \$70 million.

"Nearly 200 full-time equivalent construction jobs and more than 80 permanent jobs were created as a result of the development of the campus," said Demko.

The Great Allentown Fair, which this year runs from Aug. 28-Sept. 3, is another large boost to the local economy, said Bonnie Brosious, a 30-year marketing director and talent buyer with The Great Allentown Fair.

While she did not have specific numbers, Brosious said "the sheer volume of local workers being compensated, the income for local vendors and purveyors providing goods and services, the taxes and license fees paid plus the tourist dollars generated command a respectable nod for the fair as an economic boost to the community."

Annually, the organization spends \$2 million on its six Grandstand performances, which



PHOTO/COURTESY C. RICHARD CHARTRAND

this year will include big name acts The J. Geils Band and Blake Shelton.

"This includes costs of the talent, staffing not only of shows but box office from the time show tickets go on sale, security, clean-up and other direct expenses. The sale of tickets and percentages on food, drink and merchandise have met this expense certain years and have fallen short of it others," said Brosious.

Indeed, the Grandstand venue alone can house anywhere from 10,500 to 14,500 people for a concert. In terms of employment, the Lehigh County Agricultural Society directly employs 347 people during the operation of The Allentown Fair.

"Adding to that the employees of over 300 indoor and outdoor independent concessionaires, all of the employees of Powers Great American Midways above the number of the independents, the contracted stage crews, security, etc. constitute approximately 3,000 people working for pay on the grounds during the Fair's run," said Brosious.

Another large contributor to the region's economy, C. F. Martin & Co. in Nazareth employs 540 in its Nazareth location and has been a staple of the Lehigh Valley's music scene for 173 years.

The company, which also has a plant in

Navojoa Sonora, Mexico, continues to thrive.

"Our business has grown, thank goodness, fairly significantly over the last couple of years," said Martin chief financial officer Nathan Eckhart. Over the past 12 to 18 months, the Nazareth staff has swelled by 100 to meet the increasing demands for the company's vaunted guitars.

Sales volume last year was \$100 million, Eckhart said.

"It was a record year and a major goal for us," he told Lehigh Valley Business. An estimated \$16 million of that figure came from string sales and a smaller portion was attributed to resale market, branded gear, accessories, gear and novelties.

Martin met another goal recently, too. Last year the company hit the 1.5 million mark in terms of guitars produced. "To put that in perspective, we hit a million in 2004," Eckhart said.

Let's sing the praises of the region's radio stations. Between them, B104, WZZO, WAEB-AM, and Fox Sports 1460 employ about 50 sports- and music-loving Valley residents, said Dan Lankford, Clear Channel's vice president and regional market manager for Clear Channel Media and Entertainment, which serves the Harrisburg, Allentown, Reading, Lancaster and Williamsport areas.

PAID CONTENT

ASK THE EXPERT



FINANCIAL PLANNING EXPERT

Q: I have a traditional 401(k) plan for my company. Should I offer a Roth feature? Which is better for me?

A: With a traditional 401(k), you are avoiding taxes now and saving pre-tax, but both savings and earnings will be taxed when withdrawn in retirement. With a Roth, your income is taxed now and you are saving after tax dollars. Savings and earnings withdrawn in retirement

are income tax free. To use a farming analogy, "Do you want to pay taxes on your seeds now (Roth) or your harvest later (traditional)?" The key question is, "Do you believe that your tax rate will be higher or lower in retirement than it is now?" If higher, go Roth; if lower, traditional. If you're not sure, split it and do some of both!

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Securities and Advisory services offered through Commonwealth Financial Network*, Member FINRA/SIPC, a Registered Investment Adviser.



TECHNOLOGY EXPERT

Q: Someone has offered to build me a PC or Server. Should I buy it?

A: NO! PCs and servers are a commodity nowadays. In general, unless you have a special need, buy a PC from a mainstream manufacturer that has a good service history. If the "special make" PC/Server has after-market, gray components in it, then, if anything ever happens,

servicing the PC/Server becomes really problematic and you can bet the original builder is nowhere to be found! Stick with mainstream manufacturers, but buy smartly. Look for sales and outlet deals to help control expenses.

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"The smart way of keeping track!"

This general information is not intended to provide individual advice. Schedule an appointment with a professional to discuss your particular situation and needs. Questions sent to these professionals may be answered in future issues.

RADIO

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market share, and we used the recession as an opportunity to improve our products and get a better understanding of how advertising works," Lankford said.

At present, the largest source of revenue for radio stations comes from advertising. Clear Channel has a number of avenues through which local businesses can use to market their goods and services. In addition to local radio brands, the company has also branched into numerous digital advertising products such as banner ads on its websites, advert-games, video ads, e-commerce opportunities and streaming ads that reach the fast growing number of people who access radio stations via the "iheartradio" app.

"Right now a majority of our revenue continues to come from radio advertising, but our digital products are the fastest growing segments of our business," he said.

Lankford said he sees a bright future for the company's radio stations in the Lehigh Valley. "I believe radio in the Valley will remain strong. The Lehigh Valley has become more of

a bedroom community for people who work in both the Philadelphia and New York metropolitan areas, this means commute times will remain long and radio continues to be America's companion, whether it be in the car during a commute to work, while on the job, or at home in the backyard," he explained.

This confidence remains strong even when the popularity of traditional radio has been challenged by Internet radio stations such as Pandora, where listeners are in control of their station's programming and can tailor the tunes by their own musical likes and dislikes.

"Research has shown listener fatigue (with Pandora-like stations) as people spend more time with these types of services," said Lankford.

Unlike these playlists, he said, "local radio provides local news, sports and traffic and other information. The music on local radio stations is curated, so only the very best songs matching the taste of that station's listeners are played, and local air personalities with ties to the community entertain and inform, these are all things that playlists like Pandora do not offer."

"Most people remain quite satisfied with their local radio stations, and thus don't see the need to pay for subscription services like satellite radio," Lankford added.