

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of: )  
)  
Request by State Broadcasters )  
Associations for Declaratory Ruling )  
Concerning Application of the ) MB Docket No. 07-137  
Commission’s Political Programming )  
Regulations to Three Internet “Airtime )  
Sales Programs” )

**SUPPLEMENTAL COMMENTS OF BID4SPOTS, INC.**

Bid4Spots, Inc. (“Bid4Spots”) hereby provides supplemental comments to update the record regarding the company’s recently launched post-auction “SpotFill” feature, which allows advertisers to supplement the results of the Bid4Spots reverse auctions in which they participate by purchasing unsold advertising spots from broadcasters in their target markets whose bids were not low enough to win in the auction. For the reasons set forth herein and in its prior comments, Bid4Spots respectfully submits that the Commission should confirm that broadcast advertising spots sold via Internet auction websites like Bid4Spots should not be included in calculating the Lowest Unit Charge (“LUC”) obligations of individual stations that utilize such auction services.

As Bid4Spots demonstrated in its prior comments, Commission precedent and policy advise that Internet-based airtime sales services like Bid4Spots should be viewed in the same way as networks and other multi-outlet sales arrangements, and therefore excluded from the LUC calculations of individual participating stations. These online auction services allow advertisers to buy at substantially discounted rates that would not be available through direct

single-station sales. Further, advertisers who participate in these auctions target individual markets to achieve a specified spending goal and/or audience reach, but do not have the option to target specific stations. Thus, each auction effectively assembles a distinct multi-station group or “network” of stations that fits each advertiser’s criteria.

In December 2007, Bid4Spots launched its new SpotFill feature to enhance the company’s online reverse auctions for “remnant” radio broadcast advertising time.<sup>1</sup> Each Thursday, during the 15-minute window immediately following the official close of Bid4Spots’ auctions, advertisers can use SpotFill to supplement their auction results by picking up remaining unsold spots from broadcasters in their target markets whose bids were not low enough to win in the auction. By enabling advertisers to purchase unused inventory post-auction, SpotFill affords advertisers, including political candidates, the opportunity to supplement auction results that fell short of their desired audience reach.<sup>2</sup> For stations with leftover inventory after the auction closes, SpotFill provides yet another opportunity to sell last-minute advertising time, as part of a multi-station transaction at the rates the stations had committed to during the auction.

Importantly, advertisers using SpotFill do not know the identities of winning stations or the stations with which additional spots are being placed until *after* the SpotFill process concludes.

The recent addition of SpotFill makes it even more clear that the station groups participating in each of Bid4Spots’ weekly auctions should be viewed as multi-station sales groups or advertiser-defined non-wired networks for LUC purposes. Simply stated, Bid4Spots

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<sup>1</sup> A step-by-step review of the SpotFill process is attached hereto at Appendix A. *See also* Comments of Bid4Spots, Inc., MB Docket No. 07-137, Appendix A (filed August 6, 2007) (providing a step-by-step review of Bid4Spots’ reverse auction process).

<sup>2</sup> For example, assume an advertiser planning a national purchase has a goal of 100 ratings points per market. After the auction concludes, if the advertiser ends up with less than 100 points in each market, the advertiser can use SpotFill to buy up to, or even exceed, its 100-point goal.

aggregates participating stations' leftover inventory at the close of each auction and, on an aggregated basis, offers advertisers the opportunity to fill remaining gaps in their schedules. After each auction, advertisers can use SpotFill to refine their auction results in order to fulfill their pre-established goals, shopping for additional airtime by budget or by ratings point. Advertisers cannot, however, make use of Bid4Spots to contract directly with individual stations. Indeed, as noted above, advertisers do not know the identity of the stations from which they purchased spots until after the end of the reverse auction and SpotFill processes.

### **CONCLUSION**

Bid4Spot's new SpotFill feature serves as an additional example of how online airtime auction services fit well within the principles established by the FCC in its decisions concerning non-wired networks and similar multi-outlet advertising sales vehicles, and are thus beyond the intended scope of the LUC provisions. Accordingly, the Commission should issue the requested declaratory ruling that sales through Bid4Spots and analogous services need not be included in the LUC calculations of individual participating broadcast stations.

Respectfully submitted,

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**Appendix A**  
**THE BID4SPOTS POST-AUCTION SPOTFILL PROCESS**

**Overview:**

- Bid4Spots' reverse auctions for radio broadcast advertising time occur every Thursday from 8 am to 12 pm Pacific time.<sup>1</sup> The SpotFill program runs during the 15-minute window immediately following the official close of the auction, allowing the advertiser to fill any remaining gaps in its schedule. During this post-auction window, the advertiser can purchase unsold spots from broadcasters in its target markets whose bids were not low enough to win in the auction. For example, assume the advertiser set up a multi-city buy and had a goal of 100 ratings points per market. After the auction, if the advertiser ends up with less than 100 points in that market, the advertiser can use SpotFill to buy up to, or even exceed, its 100-point goal, from a pool of unsold time priced at levels established in the auction process.

**SpotFill Process:**

- After the auction closes, the advertiser views its auction results, including market, daypart, Arbitron ratings points, and number of spots, by logging onto the Bid4Spots website. At this point, the advertiser does not know which stations had winning bids. Rather, stations are identified simply as "Station 1," "Station 2," and so on.
- During the 15-minute window immediately following the official close of the auction, the advertiser can use SpotFill to shop for additional airtime by ratings point or by budget. In other words, the advertiser can supplement its buys with advertising spots from those stations with bids that were low, but not low enough to win in the auction. Again, the advertiser does not know the identities of stations when placing spots through SpotFill.
- After the SpotFill window closes, Bid4Spots' computer system consolidates the advertiser's additional airtime picks made using SpotFill with the advertiser's overall auction results.
- At 1 pm Pacific time, the advertiser receives a report via email showing the combined results of the auction and any purchases made using SpotFill. This report reveals the identities of all winning stations. However, advertising rates of individual stations always remain confidential.

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<sup>1</sup> See Comments of Bid4Spots, Inc., MB Docket No. 07-137, Appendix A (filed August 6, 2007) (providing a step-by-step review of the Bid4Spots auction process).