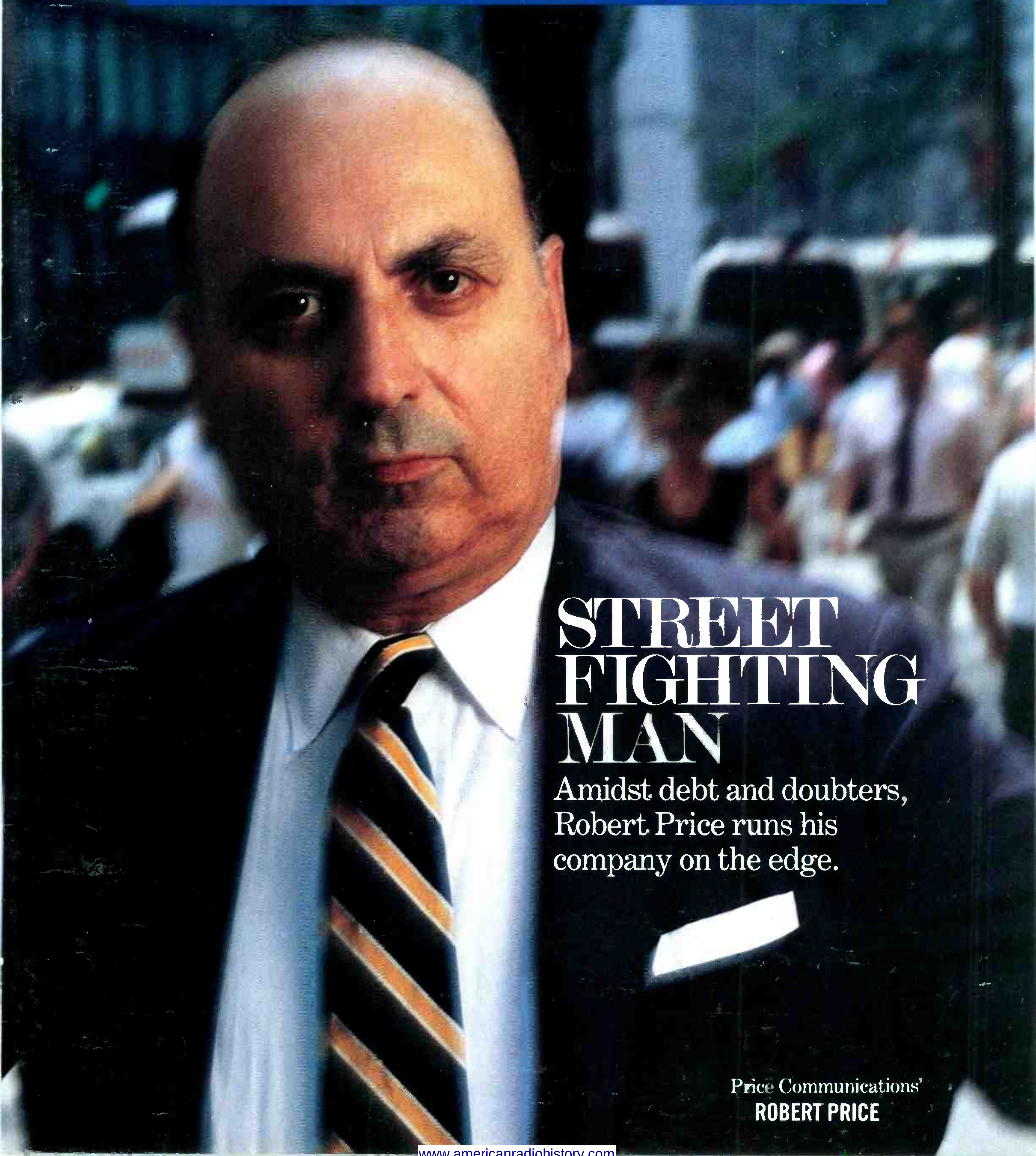
IN FOCUS: Rethinking TV's sales pitch

A Tumultuous Fall Season

CHANNELS

OCTOBER THE BUSINESS OF COMMUNICATIONS 1988



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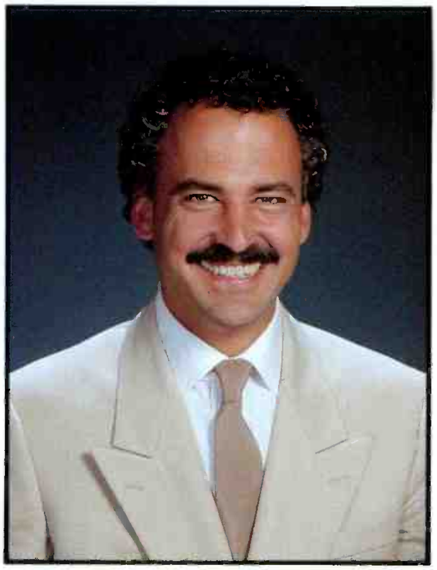

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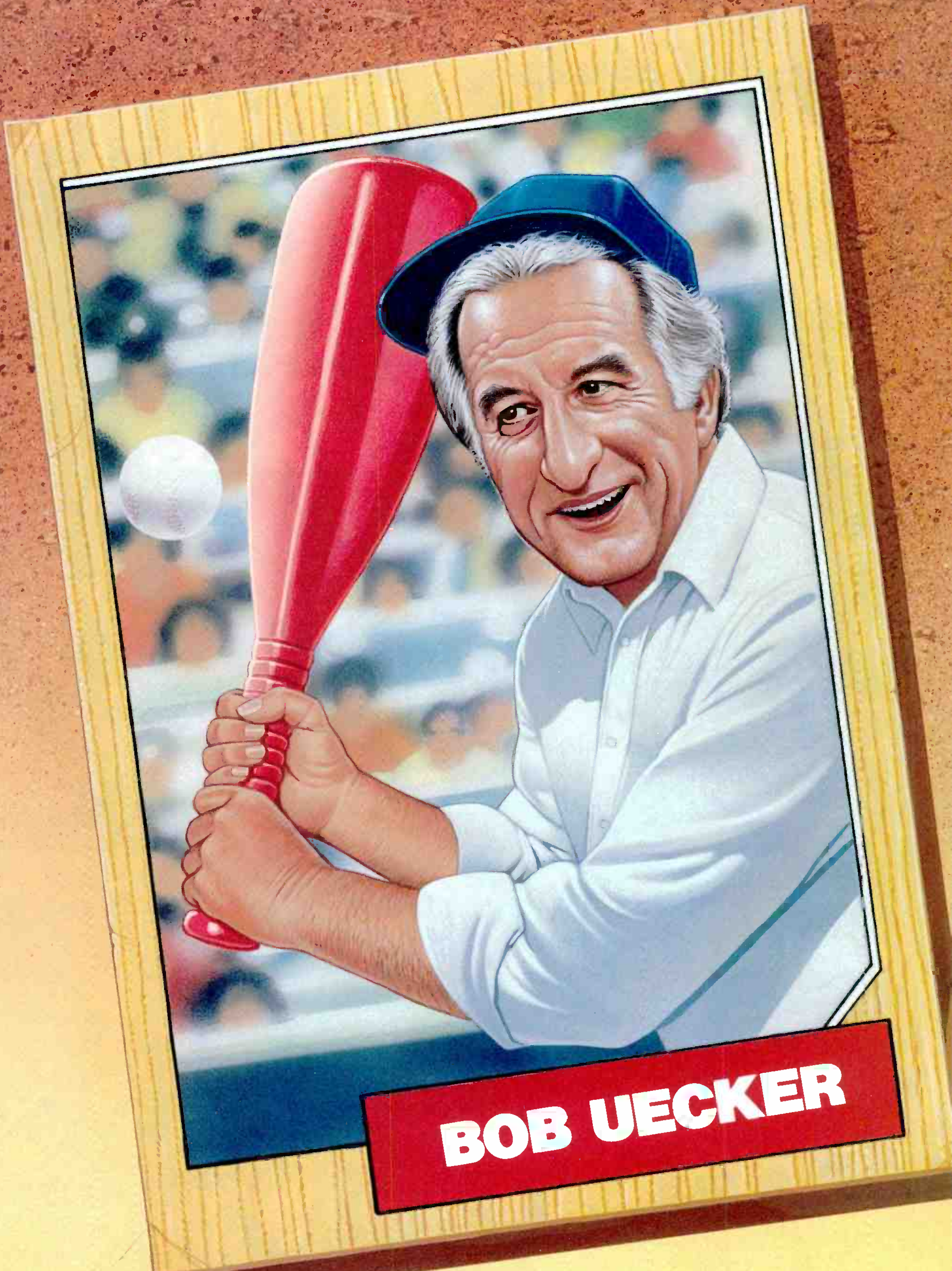
Is this ABC's great white hope? 49

Cover photograph: Mark Seliger

Mr. Baseball Bats 1000 In



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HEAD OF THE CLASS	.960
HOGAN FAMILY	.960
NIGHT COURT	.939
AMEN	.935
ALF	.929
GOLDEN GIRLS	.919
FACTS OF LIFE	.885
PERFECT STRANGERS	.880
CHEERS	.865
WHO'S THE BOSS?	.818
NEWHART	.800
BILL COSBY	.795
GROWING PAINS	.788
DESIGNING WOMEN	.783
KATE & ALLIE	.773
FAMILY TIES	.692

* Source: NTI First-run Season 9/14/87-4/17/88 NTI Repeat Season 4/24/88-8/14/88
% retention repeat season-to-date vs. first-run season. Subject to limitations of the methodologies employed.

Mr. Belvedere

20th Century Fox Television

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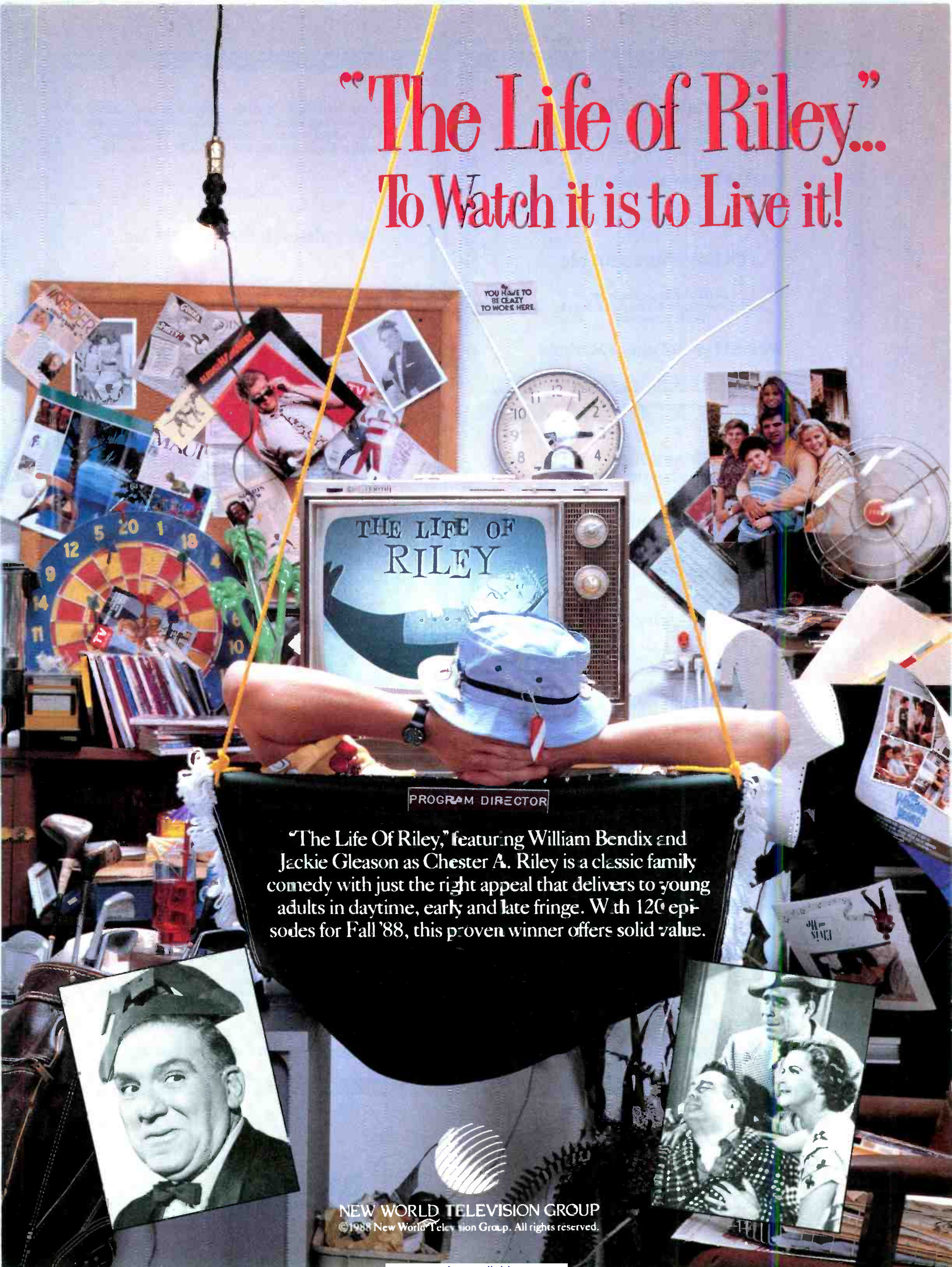
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REPORTS

Behind *War and Remembrance*: A Miniseries In Its Own Right

Axing it would have made Stoddard an 'unhappy camper.'

When ABC airs the first chunk of its new 30-to-32-hour miniseries *War and Remembrance* next month, it'll be one of the bigger gambles network television has witnessed of late. "I've seen nothing like it on television before," said ABC Entertainment president Brandon Stoddard when he announced the November scheduling of the first 18 hours of his mammoth pet project. "And sadly," he continued, "the economics of our changing business will probably prevent anything like it again."

The network could have prevented this one from happening, for that matter, had Stoddard, long a champion of the long-form drama, not reportedly dug in his heels. The cost to produce the sequel to Herman Wouk's *Winds of War* miniseries had risen enormously from the time Stoddard announced it in May 1984, to Capital Cities' takeover of the network the following year. By then, still in preproduction, it was estimated to be a $104 million endeavor.

But the cost of not doing it may have been far greater for Cap Cities/ABC. Stoddard, who was then president of ABC motion pictures, was threatening to quit, Hollywood rumor had it, rather than accept a promotion to entertainment president if the network scuttled the project. Brandon Tartikoff, Stoddard's counterpart at NBC, speculates, "They hadn't pulled the trigger, and they could have gotten out of it, but if they had, they might have had an unhappy camper in Brandon Stoddard."

When ABC telecast the 18-hour *Winds of War* in 1983, the prospects for doing a sequel seemed remote. Producer-director Dan Curtis and star Robert Mitchum flatly refused to re-up, and, more importantly, author Wouk, fearing *War and Remembrance* could not be done justice on TV, was declining to sell. But when *Winds'* ratings averaged a 38.6 over eight nights, the key principals decided to take another look.

Stoddard, thus, got his way *and* his promotion, and filming on the sequel began in January 1986. By the time it finished—on budget—in September 1987, the miniseries genre—especially the longest of the long-form dramas—had all but been pronounced dead by industry analysts. Yet prospects for *W&R* are less bleak. Most TV critics who previewed the drama's first six hours last August found it vastly superior to the original. Moreover, the writers' strike, one of the key factors in ABC's decision to split *W&R* into two giant chunks and run the first 18 hours in the November sweeps (against largely strike-weakened competition), ended just in time to help ABC. "I think *War and Remembrance* may not only help ABC," Stoddard says, "but may help all three networks, in the sense that miniseries of that stature in general, hopefully, tend to bring people back to network television, almost more so than anything else in terms of programming."

Winds **sequel: Stoddard had the net fenced in.**

ABC will take full advantage of the promotional windows in *W&R*, as will advertisers, at least those allowed to buy time. Wouk's unusual contract grants him veto power over certain ad categories (fast food, bathroom products, etc.), and not all ad buyers are eager to have their clients' ads juxtaposed with scenes from Auschwitz.

Still, says Joel M. Segal, executive v.p. of national broadcast sales for McCann-Erickson: "Not every section has the concentration camp; we'll try and avoid that if we can." He maintains that the strike-weakened competition, Wouk's veto power, the fact that no 15-second ads will be accepted and the superior production values of *W&R* have combined to lend the production "a tonier quality" well worth the average $250,000 cost for a 30-second spot.

The bottom line, however, is murky at this point. *W&R* producer Barbara Steele predicts it will "probably recoup costs on the U.S. involvement and make money on foreign sales." ABC's Jim Gordon, who wrote an in-house book about the production of *Winds*, disagrees: "It's going to lose a lot of money," he predicts, but says that ABC has "gone into it clear-eyed as a loss," just as networks are willing to lose money on the Olympics to gain a promotional base. Bruce Gordon of Paramount, which produced *Winds* but is only handling international distribution for *W&R*, says he will wait until *W&R* has aired in the U.S. to do the overseas selling, but that the real answer on profits hinges on how much ABC, through Circle Films, is charging itself for the miniseries.

Let's say, hypothetically, that *War and Remembrance* costs $4 million per hour," Gordon says. "If ABC said, 'We're going to charge ourselves $3.5 million an hour,' and they get $500,000 per hour for international, they've recouped their investment."

Meanwhile, attention now shifts to the second half of *W&R*. Dan Curtis, *W&R*'s director and executive producer, has had to focus almost exclusively on post-production of the first 18 hours to have them ready for November, and he says flatly that the conclusion of Wouk's saga will "not be ready for February." The earliest, he guessed, would be April—"but you never know." Steele, who says it is theoretically possible as well as advantageous to have the finale ready for February ("It's a dark show, and I don't think you want to show this in the spring"), admits that the idea of completing post-production for the February sweeps is "a mind-blistering thought."

DAVID BIANCULLI

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WMAZ-TV • WETG-TV
KTPX-TV • KPEJ-TV
KRCR-TV • WOAY-TV
WVVA-TV • KBMY-TV
KHBS-TV • KAAL
KLBK-TV • KJTV
KAMC-TV • WIBW-TV
KTKA-TV • KOBI-TV
WTSG-TV • WALB-TV
KNLJ-TV • KOMU-TV
KLTV • KLMG-TV
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Networks to Censors: Take A Walk

Audience erosion from cable, home video, pay TV a factor.

NBC airs more than 2,000 hours of programs per year, not counting news or reruns, and those shows in turn generate about a quarter of a million viewer letters annually on what the network calls "regulatory" matters—questions of taste, propriety and fairness that might, in a more aggressive era in Washington, have led to hearings on a license challenge. For that reason, NBC and its rivals traditionally have employed dozens of people to oversee "program standards and practices."

Starting this season, however, NBC will have just four "editors," two on each coast, to review all the scripts and finished product for those 2,000-plus hours. In short, the era of self-censorship at the networks is all but dead. Judgments about what is fit and ready for prime time—or any other daypart—will be made by the producers themselves, and by program-department executives whose main function is to deliver better ratings.

Sums up one of NBC's soon-to-be departed: "There is going to be a new bottom below which I don't think anyone could possibly fall. Mediocre shows will be more free to rely on locker-room language and gratuitous violence to hype themselves to success. Docu-drama will be a lot more drama than docu. And there is an inherent conflict of interest, because the programmers who are supposed to enforce standards are both encouraging the producers to get better numbers and building the contacts to get their own next jobs. How tough can someone be with Universal when he expects to be working there in a couple of years?"

To be sure, self-censorship doesn't always work. CBS let *The Atlanta Child Murders*, with its dubious attack on the prosecution of Wayne B. Williams and slurs on the police and political leadership of Atlanta, slip through. ABC aired *The Trial of Lee Harvey Oswald*, which virtually endorsed any and every doubt about the Warren Commission, no matter how mutually contradictory.

NBC is not alone in cutting censors, although its "downsizing" seems to be the most sweeping yet. And the most cynical, for its announcement was paired with a plan to seek more in-show promotion of specific advertisers' goods and services, with the producer and the network sharing a fee when, say, Michael J. Fox is seen drinking Pepsi. That

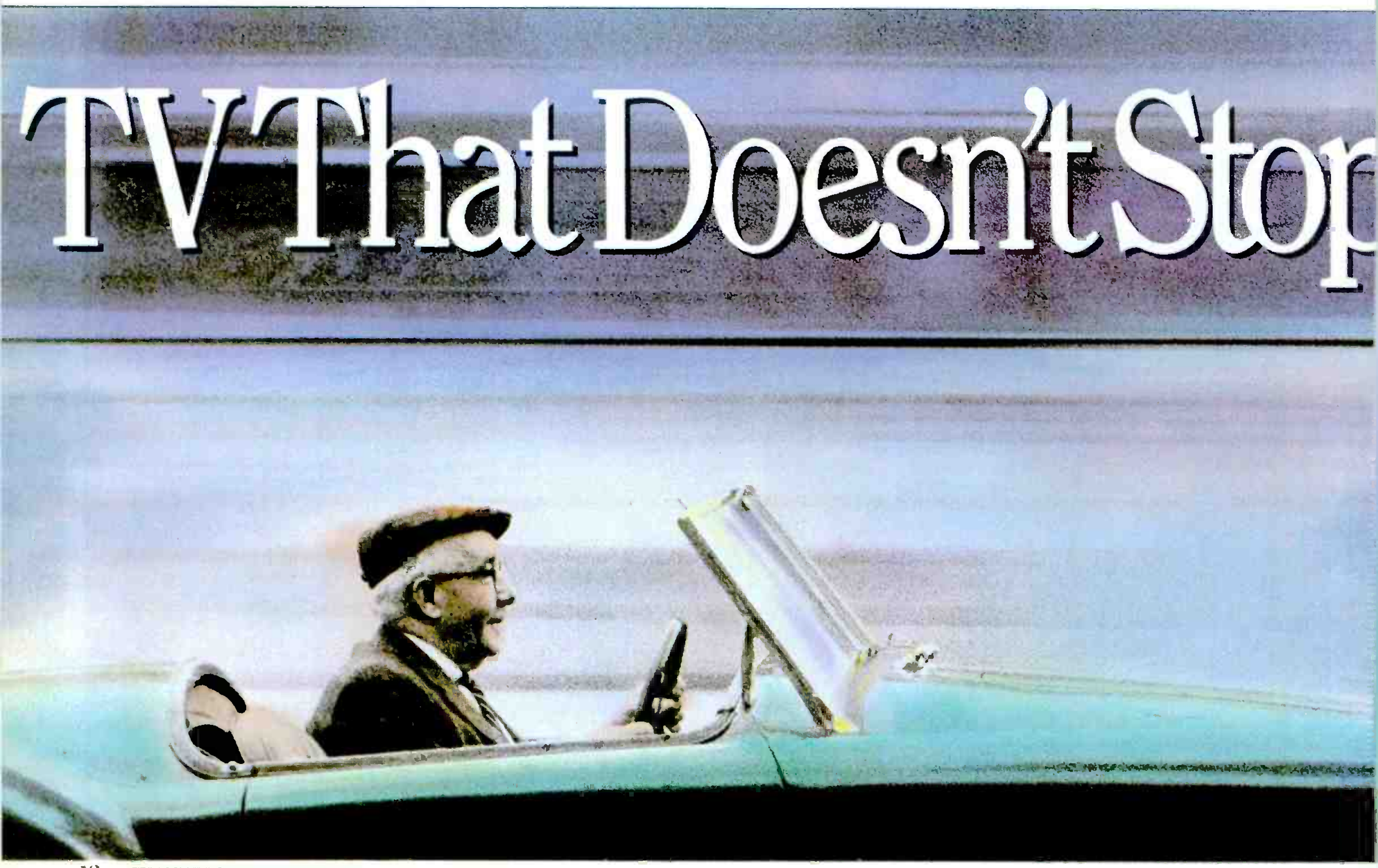


ILLUSTRATION BY MIKE FREEMAN

kind of paid plug dates to the days of radio and has turned a tidy profit for movie studios in recent years.

CBS actually led the way with a series of cuts, the latest eliminating a vice presidency in charge of practices and standards; the pivotal change, in the view of insiders, was a decision some months ago that episode-by-episode supervision of content was no longer necessary with established series. At ABC, the chief censor, Al Schneider, has said only that his network "is obviously studying these developments closely."

Privately, his colleagues scotch rumors that he will quit or be pushed, but predict sharp cuts and say the department's position has already been eroded. Says a longtime promotion executive: "In the old days, we used to say that Schneider did not even report to Elton Rule, but only to God. We have new owners and a different president now, and his function is a much lower priority."

Although the Hollywood community chafed at network censorship as unwarranted artistic intrusion by inexperienced and untalented bureaucrats, the purpose of the standards had little to do with art or, for that matter, social responsibility. They were established for sound economic reasons, and are now being phased out for precisely the same motive. Stern self-censorship averted government intervention and gave edgy executives something constructive to point to when summoned to testify before Congress about TV's effect on decency and values. Now, however, the Federal Communications Commission has all but abandoned content supervision on the dual grounds of First Amendment rights and increased diversity of program sources. Meanwhile, that diversification—through syndication, cable, pay television and video cassettes—gives a majority of viewers the chance to choose racier material than the networks would allow. Increasingly, they have, as the ever gloomier network Nielsen reports show. Says an ABC executive: "Of course this change in standards has to do with cable. Why should we compete with one hand tied behind our backs?"

Agrees an NBC honcho: "Bob Wright, who is getting the company into the cable business, asks why the network should work under restrictions that cable is not under." And network executives agree that once one of the Big Three saved money and increased its competitiveness by relaxing standards, the others had to follow suit. The biggest potential losers: affiliate stations in conservative parts of the country, who may find that the new permissiveness actually costs rather than gains viewers. Said the departing NBC executive: "What it all means depends on whether the public really cares. I guess we'll find out."

WILLIAM A. HENRY III

Dear Diary: I'm Confused

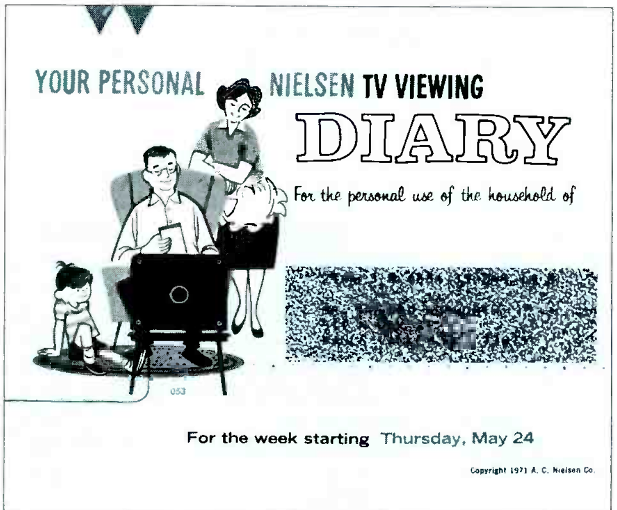
by Joe Mandese

The networks may not love people meters, but many stations are stuck with worse.

Is there life beyond people meters? It's a question that TV station managers are asking in nearly 200 non-metered markets where ad sales continue to live and die by diaries. Now that the network people-meter storm has started to subside, attention is refocusing from national ratings to the local scene. The prognosis isn't terrific.

"The bottom line is that diaries are doomed to dust," proclaims Richard Kostyra, executive v.p. and U.S. director of media services at J. Walter Thompson. "Everyone has flat-out stated that it's no longer practical to assume that someone can complete a diary with the fragmentation and personal viewing that's available today." Indeed, when the diary was first used to measure TV viewing in the 1950s, it was designed to track the viewing behavior of a nuclear family watching a single set that received only three channels. But today smaller American families are more likely to view TV in a multi-set environment, which has pushed diary data to the limits of credibility.

Moreover, a greater share of TV viewing now occurs out of the home and consequently out of the range of the household diary. According to Gary Chapman, senior v.p. of Freedom Newspapers' Riverside, R.I.-based broadcast group, a confidential study conducted in 1984 by "one of the two local rating services" showed that 20 percent of U.S. TV households now own portable, Watchman-type TV sets. Chapman, who is also chairman of the NAB's Committee on Local Television Audience Measurement (COLTAM), notes that as much as 6 percent of total sign-on to sign-off viewing is occurring out of home, according to the study, and for particular demos and time periods it can be much higher. "Take Saturday afternoon and zero in on a demo like men 18-plus. Out-of-home viewing may jump to 15 percent. And if you looked at just men 18-34, the out-of-home viewing count represents almost a third. That's all unreported viewing," he says.



The cover of a Nielsen diary from 1971: As outdated as the 8-cent stamp Nielsen used to mail it to viewers?

Not surprisingly, cooperation and response rates have dropped significantly over the last ten years as diary-keeping becomes more complex for a single member of the household to maintain. Moreover, diaries, which are mailed to respondents, now compete for attention with glitzy direct-mail advertising.

As a result, a 1987 study by the Association of Independent TV Stations (INTV) comparing diaries with meters in metered markets concluded that "a significant amount of diary misreporting exists and is constant across markets." The problem, according to INTV, is worst for independent stations, which may be underreported by as much as 50 percent: High-profile network fare often clouds the memory of the person keeping the diary.

It's unlikely that an affordable alternative to the diary will soon be available. Nielsen and Arbitron may, at best, be able to meter only the top 30 markets. While potential high-tech alternatives are being developed, such as the electronic diary (a calculator-type device) and a "plug-in people meter" that could be mailed out during sweeps, the best chances for improvement exist with the good-old paper-and-pencil diary.

"Diaries produce a tremendous amount of audience information at a reasonable cost," notes Rick Ducey, senior v.p. of research and planning for the NAB. "TV is becoming a much more personal medium. It's become more radio-like, and the radio diary is a personal diary, not a household one."

With that logic, and with the cooperation of the ratings services, COLTAM has begun a personal diary test. Over the next 12 to 18 months, COLTAM expects to design a prototype diary that would be sent to individual household members in field tests in two major markets; results would be tracked by a concurrent telephone study of at least 90 percent of the households. COLTAM expects the test to cost about $300,000, barring the costs assumed by the ratings services. Results should be available in about two years.

Despite its shortcomings, many believe a personal diary may actually be an improvement over people meters. "The problem with people meters is that if someone forgets to push their buttons when they are viewing, that viewing is lost forever. That isn't the case with diaries," says Chapman. "Diaries don't have glamour. But they're as important to TV stations as the meter is to the networks." ●

Joe Mandese is senior editor of Marketing & Media Decisions.

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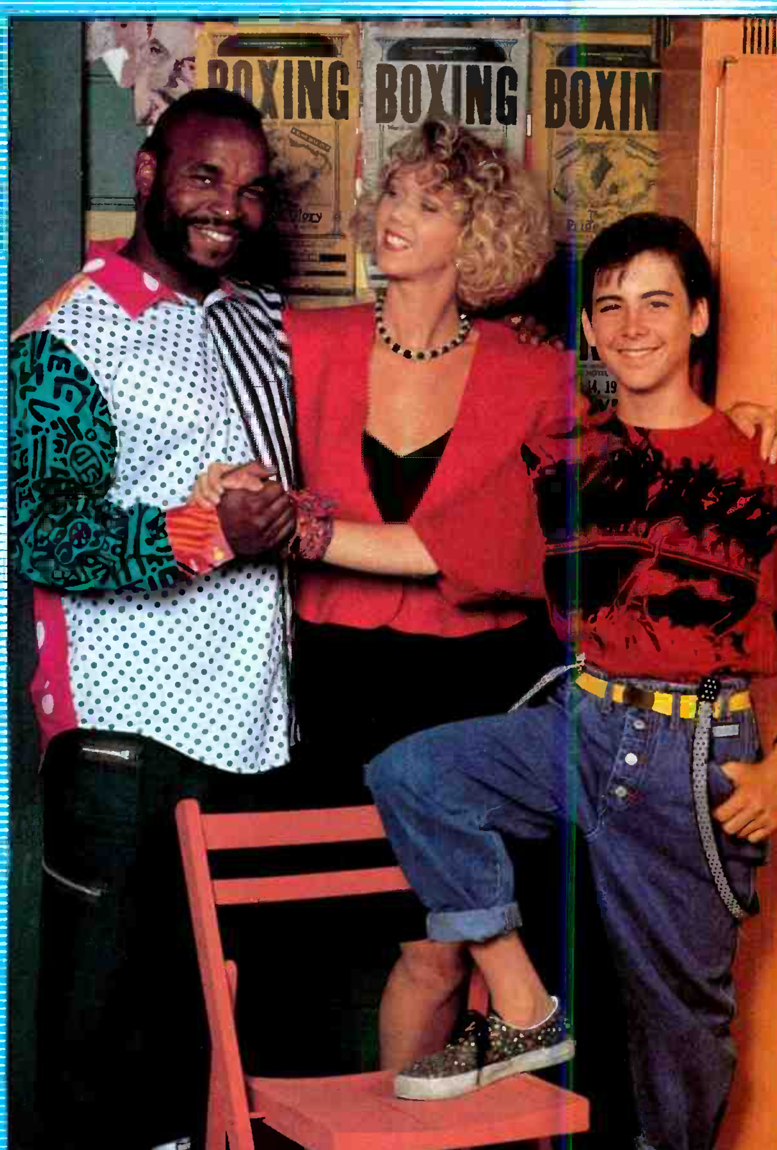

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What's On

O • C • T • O • B • E • R

National Pastimes

by Kevin Pearce

OCTOBER 15-23: Phase II of **NBC's** three-pronged sports attack, **The World Series,** airs (the Olympics and the Super Bowl are the other prongs). Although NBC would not comment at press time about ad sales or rating guarantees for the Series, most analysts consider it a cinch to match last year's 24 rating/41 share Nielsen average, especially if it goes to seven games. **ABC** will carry the World Series next year, finishing out the $1.1 billion, six-year contract between **Major League Baseball** (MLB) and the two networks, but baseball commissioner **Peter Ueberroth** recently threw NBC and ABC a curve ball by saying that the current relationship with the networks "doesn't make sense." Subject to concurrence from ABC and NBC, Ueberroth anticipates MLB on basic cable as early as next season. According to **John Mansell,** sports analyst for **Paul Kagan Associates,** the most likely bidders for baseball include **USA Network, ESPN, TNT** and **SportsChannel America.** "The new contract will definitely not be as long-term as the present contract, and there could be more than one awarded. With a cable contract, baseball television revenues will be a minimum 15-20 percent higher per year than they are now," Mansell says.

. . . .

OCTOBER 17-19: The annual meeting of the **Television Bureau of Advertising** (TvB) takes place in Las Vegas. The bureau promises that the U.S.'s largest station owner, **George Gillett,** will offer "a wide-ranging and brutally honest look" at broadcast TV's "new reality." Another highlight will be **Dr. Tony Alessandra,** who will offer a "hands on" program for station executives entitled "Customer Service: A Love Affair or a One-Night Stand?"

. . . .

October 30: Broadcasting's enormous power was first recognized fifty years ago on this day, when **Orson Wells** broadcast the radio version of **H.G. Wells' *War of the Worlds*,** the tale of a hostile Martian invasion into Grovers Mills, N.J., on the **CBS** radio network. It caused nationwide panic and even looting. To celebrate this historic occasion, residents of Grovers Mills are planning a big, weekend-long celebration. One coincidental beneficiary of all the hoopla is **Paramount Television,** the producer of the new syndicated hour ***War of the Worlds*.** Paramount plans to send some cast members from the show to join in the celebration in Grovers Mills as part of its overall promotion. *War* has cleared 190 markets, covering 97 percent of the U.S.; the series begins with a two-hour pilot on October 7.

. . . .

November 8: While the Big Three networks, **CNN, C-SPAN** and **PBS** concentrate on **Mike Dukakis** and **George Bush** on Election Night, viewers of **Viacom's MTV** will have an alternative. MTV will be bringing in the election results from the headquarters of a little-known candidate: **Randy of the Redwoods.** Randy, who has taped several public-service spots for the network to encourage young people to register to vote, has only just begun to step up his campaign. His *Randy for President* special, aired in early August, allowed him the chance to articulate his platform: "What we are mostly offering is that anyone can crash at the White House at anytime." The way things look now, MTV will be one of the few networks that will not conduct exit polls during this year's race; spokesmen from CBS, NBC and ABC say they expect to conduct the polls, despite allegations that exit polling affects voter turnout in earlier time zones. As for Randy, his biggest concern is voter recognition: "I used to call myself the in*val*id candidate, but then Reagan called Dukakis the '*in*valid' candidate. So I hope people don't get confused."

Research: RICHARD KATZ

CALENDAR

Oct. 17-19: Television Bureau of Advertising annual meeting. Bally's, Las Vegas. Contact: Robert Grebe, (212) 486-1111.

Oct. 18-20: Mid-America Cable TV Association 31st annual meeting and show. Hilton Plaza Inn on Country Club Plaza. Kansas City, Mo. Contact: (913) 841-9241.

Oct. 19-22: Intelevent '88, seventh world conference of "international telecommunications policy and regulatory issues through the views of the world's leaders in industry and government." Cannes, France. Contact: Ellen Kibler, (703) 556-7778.

Oct. 20-21: Broadcast Financial Management Assoc. board meeting. Omni Netherland Plaza, Cincinnati, Ohio. Contact: Cathy Milana, (312) 296-0200.

Oct. 20-22: Friends of Old-Time Radio 13th annual convention. Holiday Inn-North, Holiday Plaza, Newark, N.J. Contact: Jay Hickerson, (203) 248-2887.

Oct. 20-22: National Religious Broadcasters, Eastern chapter convention. Sandy Cove conference center, North East, Md. Contact: Sue Bahner, (716) 461-9212.

Oct. 23-28: Association of National Advertisers 79th annual meeting and business conference. The Waldorf-Astoria Hotel, New York City. Contact: Monica Modariaga, (212) 697-5950.

Oct. 25-28: Community Broadcaster Association annual conference and exhibition. Caesars Palace, Las Vegas. Contact: Eddie Barker, (214) 631-1278 or (800) 225-8183.

Nov. 6-9: Canadian Association of Broadcasters and Western Association of Broadcast Engineers joint annual trade show. Winnipeg Convention Center, Winnipeg, Manitoba, Canada. Contact: Elmer Hildebrand, (204) 324-6464.

Nov. 9-11: American Video Conference. The Belle Age, West Hollywood. Contact: Meri Wiengarten, (213) 856-7743. Nov. 13: Academy of Television Arts and Sciences installation ceremonies for Television Academy Hall of Fame. Twentieth Century Fox Studios, Los Angeles. Contact: Murray Weisman, (818) 763-2975.

Nov. 9-11: International Film & TV festival of New York. Sheraton Centre Hotel, New York. Contact: (914) 238-4481.

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Doing Well by Doing Good *by Michael Burgi*

Outreach may be a noble cause, but Group W stations get great PR out of it, too.

Eight years ago, hard times hit the Pittsburgh area. People were out of jobs and going hungry. The CBS affiliate in Pittsburgh, KDKA-TV, concerned with the economic slide in its city, decided to mobilize an effort to aid down-and-out families. Working with county maintenance employees and thousands of volunteers, on- and off-air KDKA employees collected and distributed food and money throughout the area.

What emerged from that initial effort is KD's Army, a station-organized volunteer group that responds to local emergencies or disasters with hotlines, public-service announcements, reports airing on local programs and news and distribution of whatever is needed as a result of the emergency.

KD's Army has become an established response to trouble in the Pittsburgh community, relied upon almost as much as the Fire Department. Be it tornadoes, floods or, as happened last January, an oil spill in the Ohio River that seriously cut short the area's water supply, KD's Army stands ready to be mobilized.

KDKA, a Group W station, is one long-standing example of how stations can get involved in community affairs. Other Group W stations, in different ways, are engaging themselves more actively not only on a local level but nationally as well, through the networking power of Group W's TV Sales division.

Community-outreach campaigns are hardly new to local stations. Public-service announcements (PSAs) and a variety of public-spirited undertakings have run on local television stations for years. And at Group W stations, creating and executing such campaigns has long been a way of life. Out of this drive to enlighten, provoke, assist or prevent has evolved an aggressive local marketing strategy—not always top on the station's mind, but an undeniable benefit that gives Group W stations respected profiles in their communities.

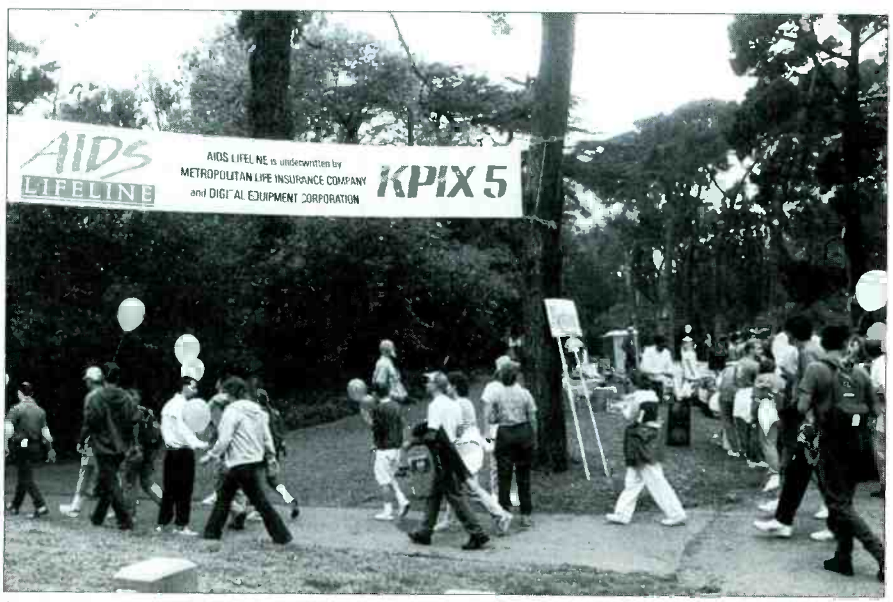
They have also have earned Group W a good bit of money over the years in syndication revenues (*Second Chance*,

For Kids' Sake, and the newest *Time to Care*, a gung-ho drive conceived by Group W's Boston station WBZ to get viewers active in their community). Says Gil Schwartz, Group W TV's director of corporate communications: "We do well by doing good."

The notion of community outreach as an effective marketing technique did not originate with Group W's corporate offices, although Tom Goodgame, president of the Group W television stations, claims to have been pushing it for years. Nor was creating a new marketing technique the original aim of the stations at which the ideas were born. That has emerged as a result of the positive impact of helping the community, and of the goodwill such help engenders. In fact, the satisfaction goes further than that: In addition to enhancing a station's image in its community, new advertisers that might otherwise not advertise on television are attracted as sponsors for the promotional events and other activities in the campaign, which boosts the station's bottom line.

WBZ heads this pack. The station is responsible for developing—first on a local level, then with national distributive help from Group W TV Sales—*For Kids' Sake*, a two-year campaign that addresses issues and concerns of children and teens. The campaign is still running on some of the 104 stations that agreed to air it (depending on when they picked it up). WBZ also created *Time to Care*, the latest public-service effort picked up by Group W TV Sales. At press time, some 50 stations had signed on, and the list was growing.

Eric Goldstein, WBZ's promotion manager, says of the wide-ranging effort, "The idea of *Time to Care* is good in an audience-related way. Giving back to the community is why the community



The San Francisco AIDS Walk, just one part of KPIX's *AIDS Lifeline* campaign, raised over $1 million.

PHOTOGRAPH BY BOB ADLER

tunes into your station."

KPIX in San Francisco has also gotten into the community-outreach act over the last four years, having engendered and launched the *AIDS Lifeline* campaign. And KDKA, besides drafting KD's Army whenever disaster strikes, conceived of and developed *Second Chance*, aimed at getting viewers to sign up for organ donation.

KPIX's *AIDS Lifeline* campaign grew out of news-team reports on the disease four years ago. Those reports developed into a KPIX program called *AIDS 101*, in which viewers called in with questions about the disease. As it grew in size and importance to the community, the station's creative-services people saw the need to make it more comprehensive. Apart from a number of PSAs using stars like Marlee Matlin, Justine Bateman and Ted Danson, KPIX has taken the campaign into the streets, recently organizing an AIDS Taskforce and an AIDS Walk that has raised over $1 million, 80 percent of which goes directly to health care organizations.

Engaging high-profile stars to do promos and sponsoring public events does get a station noticed. In KPIX's case, it brought a national Emmy for community service for its efforts. The station has also spent a lot of money on *AIDS Lifeline*, and won't earn it back. "We don't make money on this venture," claims Tobie Pate, the station's marketing director. "In fact we're losing." (Tom Goodgame concurs that Group W hasn't profited, either.) But there is the intangible reward of positive feedback from the community. "Ask anyone in the area and they'll tell you channel 5 has been doing great work," says Celeste Alleyne, KPIX's programming publicist.

KDKA, apart from KD's Army, also involved itself with the Pittsburgh community through a campaign on organ donation that revolved around a program it did called *Second Chance*. (Pittsburgh is a major center for transplant operations.) That show was also taken national by Group W, and won a Peabody Award. KDKA exemplified the thrust of *Second Chance* by getting thousands of people to fill out organ donor-cards. Again, by actively taking up a cause and bringing it to the community, KDKA was doing its own PR work at the same time, as were other stations that picked it up and ran similar drives in their areas.

A conscious effort on the part of the stations that have marketed themselves through community outreach has been to consolidate the various small drives into what Deb Zeyen, director of syndication and development for Group W's TV Sales, terms "an umbrella concept," or a general message incorporating the smaller drives under one banner. Zeyen describes it as "the ultimate way to establish loyalty to a TV station. Rather than do fifteen little community projects, stations try to create this umbrella concept, giving them a chance to focus and get more ideas under one roof."

WBZ's director of public affairs Nance Guilmartin agrees. "Rather than having a one-issue campaign, it's much better for the community and the station to run a total station project like *Time to Care* and *For Kids' Sake*. It helps people identify the station with the campaign much more."

WBZ's *Time to Care* project is steadily going nationwide. It has inspired "Trevor's Campaign," a local effort in Philadelphia to help the homeless.

Involvement and interaction with the community about a cause is terrific, as a public service and as an image-raising vehicle. But what about advertising and sponsorship? By taking up a cause, the stations are opening up the possibility of attracting new or different advertisers, who help to pay production costs. In Boston, for example, Dunkin' Donuts approached WBZ, seeking a more philanthropic profile in the community beyond doughnut-making. "They came to us and said 'We want to get involved with anything you're doing on the hearing impaired,' " says Guilmartin. "They were a brand-new client, and they came to us."

Guilmartin says the station is luring advertisers and sponsors like health maintenance organizations, banks and insurance companies that want in on the good image and press that go hand in hand with affiliation to projects like *Time to Care*.

Public service from a local perspective makes sense, in the view of Group W: A station enhances its reputation by backing and promoting good causes. Group W, of course, likes to have its name associated with a benevolent campaign, but Zeyen insists that it goes beyond that. Taking up a cause like *Time to Care* is "an opportunity to provide other stations with a worthy campaign to subscribe to," she explains. Stations that don't have the time or resources to devise programs can turn to Group W, "making it easier for the station to focus more on how to tie the cause into its community."

The formula, according to Zeyen, goes something like this: Group W picks up a campaign, and offers it to stations across the country. The station pays a lump cash sum for the package (promos, vignettes, specials and follow-up printed material), proportionate to the size of its market. Zeyen describes the package as "a framework around which the station can build its own local campaign and get its own local sponsors. We charge them for roughly the equivalent of one sponsor, so all other sponsors they get are potential profit."

Zeyen acknowledges that Group W turns a profit on these endeavors, but she is quick to point out that money is not the motivating factor.

Last year, all of the stations that took on *For Kids' Sake* met in New York for a how-to convention, discussing how each station localized its campaign. Group W plans to host another this year to discuss the *Time to Care* effort. "Even though it has become a national campaign," says WBZ's Goldstein, "we like to get together and talk about it from the local point of view, where it should be."

The Group W stations may not be the first to try public service as an indirect means to good public relations. And most of them are reluctant to admit that PR has anything to do with PSAs. But there's no question that WBZ, KPIX, KDKA and other stations are doing themselves a lot of good by doing good for others. ●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The Public Eye

by Les Brown

Can Europe Be Canadianized?

When I made my first trip to London some 25 years ago it was possible to walk the streets and tell on sight who was British and who was not—a matter, largely, of dress and style. England was then one of the least famous countries for dining; virtually all the restaurants were native. In today's London, however, as indeed in many other cosmopolitan cities, you have to hear a person speak to ascertain nationality. And the restaurants run the full international gamut.

There has been, in recent times, a certain blending of cultures in the Western world. No doubt television and movies have contributed to harmonizing urban styles, but hardly more than the globe-shrinking forces of multinational business and widely affordable jet travel.

I never hear anyone in England complain of a culinary and fashion invasion by the Italians as undermining their national identity and hallowed traditions. But I'm constantly made aware of a fear—not only in the U.K. but just about everywhere on the globe—that American television programs will do just that.

> Mexico shares a border with the U.S., and far from being swamped by Yankee culture, it increasingly projects its own culture northwards.

The reason, I suppose, is that unlike Italian shoes, French wine, Japanese electronics and West German cars, television has moral and intellectual content—even when inadvertent. Implicit in any TV show is a value system. But whether a rash of shows of similar culture can corrupt the established values of a visited nation is something yet to be seen.

Canada is often cited as the living example of a country victimized by American television. The U.K.'s leading America-bashers used to warn of the possible "Canadianization" of England—meaning that a greater influx of U.S. programs could turn their country into another whose culture is overwhelmed by the Yanks.

I have a special affection for Canada, and sympathize with its frustration in trying to shore up a sense of nationhood through television, while every month the Canadian Nielsens show the U.S. shows dominating. But its circumstances are unique; it is probably the only country that could be "Canadianized" by U.S. TV. Consider that Mexico also shares a border with the U.S., and far from being swamped by Yankee culture in fact increasingly projects its own culture northwards.

As a relatively young country with a widely dispersed population, Canada has never had a strong national culture to begin with. It has no national cuisine to speak of, it celebrates U.S. holidays such as Thanksgiving in much the same fashion as its neighbor and, except in Quebec, speaks English with hardly an accent.

Its two baseball franchises compete in U.S. leagues with not a single player on either team of Canadian nationality. And its own national sport, ice hockey, which does beat out many American shows in the TV standings, is played in a league with more U.S. teams than Canadian. Television did not invent Canada's identity problems.

Worst of all has been the brain drain. Many of the most talented Canadian journalists, directors, actors and writers have left home for Hollywood or New York, where the opportunities to hit the big time are greatest.

Long years ago, when no one was quite sure about the social effects of television, I participated in a conference on TV violence sponsored by the Canadian government. The premise was this: Canadian cities were generally safe for walking at night and had low crime rates; but the U.S., which had serious problems with violence in its cities, was beaming its violent TV shows into Canada. Back then I fully appreciated their concern that Canadian cities might become more violent as a result.

Nothing came of all that hand-wringing at the conference. Every violent American show since then has found its way into Canada, yet its cities remain to this day physically clean and comparatively safe (although I am advised the crime rate has risen somewhat). The point is that while Canada may be short on a well-defined national culture, it does have a social and moral fabric wholly distinct from that of the U.S. which American TV has never really penetrated—not that it ever sought to try. Canada, for all the cultural traffic from below the border, remains remarkably Canadian.

My purpose here is not to shill for American programs in the world market but merely to temper some of the hysteria over the notion of foreign programs poisoning a national culture. People watching *The Flintstones* in the Pacific Rim might go around saying "Yabba Dabba Doo," but that's not going to change who they are any more than the importation of Swiss chocolate.

The English may dress like Americans and Italians today, but they are still the English. And all that has happened from the thousands of hours of U.S. television they've consumed over the last 25 years is that they've come to understand Americans better. ●

The
Mobil
Television
Season
on
PBS '88-'89

Mobil
Masterpiece
Theatre
9PM Sundays
Begins
October 16

A Perfect Spy
Heaven on Earth
All Passion Spent
A Wreath of Roses
A Very British Coup
Christabel
The Charmer
The Bretts, II

MYSTERY!
9PM Thursdays
Begins
October 13

Cause Célèbre
Sherlock Holmes
Inspector Morse, II
Miss Marple, IV
Game, Set and Match

Chermayeff & Geismar Associates

by Merrill Brown

Reviving Federal Regulation

When federal Washington wakes up again this winter with the inauguration of a new administration, the nation's communications industry will, of course, have a new policy agenda. If the public and the industry are lucky, what the politicians will call for is a fresh, new look at how Washington views television, radio, cable and production issues.

The deregulation initiatives of the Carter and Reagan years were necessary to end barriers to entry in the communications fields, and other industries as well: to break up monopolies and oligopolies, to make level imbalanced playing fields and to create a competitive era in businesses where the public suffered from industry-controlled regulatory agencies.

What went wrong in the Reagan regime is that regulators and antitrust officials at both the Federal Trade Commission and the Department of Justice decided to abandon oversight of regulated industries at a time when those industries were in the midst of basic restructuring. As a result, instead of the kind of careful implementation of deregulatory policies (and the accompanying monitoring and oversight) that industries in transition require, what the public was treated to was chaos in its telephone and airline systems, a congressional/FCC relationship that has spun out of control and a communications industry often not knowing who, if anyone, was actually minding the store.

> It's time for George Bush or Michael Dukakis to lead a rethinking of the nation's communications policies. The system demands it.

Although top Reagan officials made regular and grandiose first-term claims about their eagerness to take on a massive deregulation program, the reality became much different. Seldom did they take on tough fights that might have antagonized business. Considerable political capital was wasted on the fundamentally irrelevant fight to kill the Fairness Doctrine. Never did this administration articulate a policy direction in communications. The result was that the aggressive, purely ideological deregulation efforts of former FCC chairman Mark Fowler became the administration's policy thrust.

What started as a thoughtful deregulation program to be spearheaded by the White House under Vice President George Bush and then Council of Economic Advisers chief Murray Weidenbaum became a no-regulation policy virtually across the board. Instead of carefully watching a newly unleashed and deregulated airline industry, a policy effort of the Carter administration, the Civil Aeronautics Board and the Departments of Justice and Transportation virtually turned their backs on regulatory activity. Chaos in the airlines and unnecessary hardships resulted. Similarly, efforts to construct a carefully thought out telephone-industry policy collapsed, and unnecessary chaos and service disruptions followed the long-overdue breakup of the nation's telephone monopoly. Antitrust enforcement disappeared as the Reagan years wore on.

Of course, that kind of government is not good enough. The nation is entitled to retention of the world's best airline and telephone services. Television and radio services are no less vital to the nation's future. Deregulation shouldn't mean, in Mark Fowler's legendary phrase, "unregulation." Television stations need not be treated as pork bellies. The buying and selling of the nation's cable systems are more important to our society than frenzied oil-futures trading. And the fight over who can own the nation's news and entertainment software is more than just a fight between New York's buttoned-up white shirts and Hollywood's open ones.

That's why the government, the public and the communications industries need to build a new regulatory charter, one that accepts thoughtful antitrust policy as a fundamental requirement of a competitive economy. That's why Washington policy-makers have to start looking at the nation's television marketplace as just that: a single market, not one divided into broadcasting, cable and production segments. That's why it isn't good enough to leave vital public-policy issues, like who really should own programming, to closed-door, private-sector negotiations.

There's no question that a public-service mind-set and, of course, a concern about regulation helped create a vital broadcast-news industry, one that has held the nation together in times of trauma. That same mind-set also helped develop a public-television community that produced some of the best programming for children ever made. And let's also remember that in a totally free-market economy, it is unlikely that the cable industry would have launched its most significant contribution to the nation's well being, C-SPAN.

With the new competitive economy and an end to both regulation and the network oligopoly now facts of life, only government leadership can assure that the best of the now-fragile radio and television services of the previous era continue. That's what the Bush or Dukakis policy-makers must remember. And that's what the communications industry ought to insist on. ●

Fighting Wall Street's Shorts

Bob Price is taking on nay-sayers who bet his growing, leveraged empire can't survive.

by John F. Berry

In the intellectually tough and complex world of Robert Price, honesty and bluntness are the same. The president of Price Communications Corp. never minces words—about life or about business. "You'll hear a lot of things about me," he says confidently, "but I don't think you'll ever hear that I'm dishonest."

For instance:

•"He doesn't leave you in any doubt about how he sees things," says George Green, the former president of *The New Yorker* and now executive v.p. of Hearst magazines. Green is part of the circle of smart, successful New York friends from politics, business and the media whom Price values. "You don't have to listen to Bob, but you make a mistake if you don't," says the publishing executive, who adds that he only regrets that he ignored his friend and didn't buy more Price Communications stock when it first came out. "Bob can piss off people pretty good," he says. "He goes to events and often leaves in the middle. The other night in the middle of a presentation, Bob turned to me and said, 'time to go.' "

•"He's not very good at tolerating stupid people," says Ellen Fader, a Price v.p. and corporate secretary. "When I interview candidates for a job here, I make sure they're made of stuff that can put up with that kind of personality."

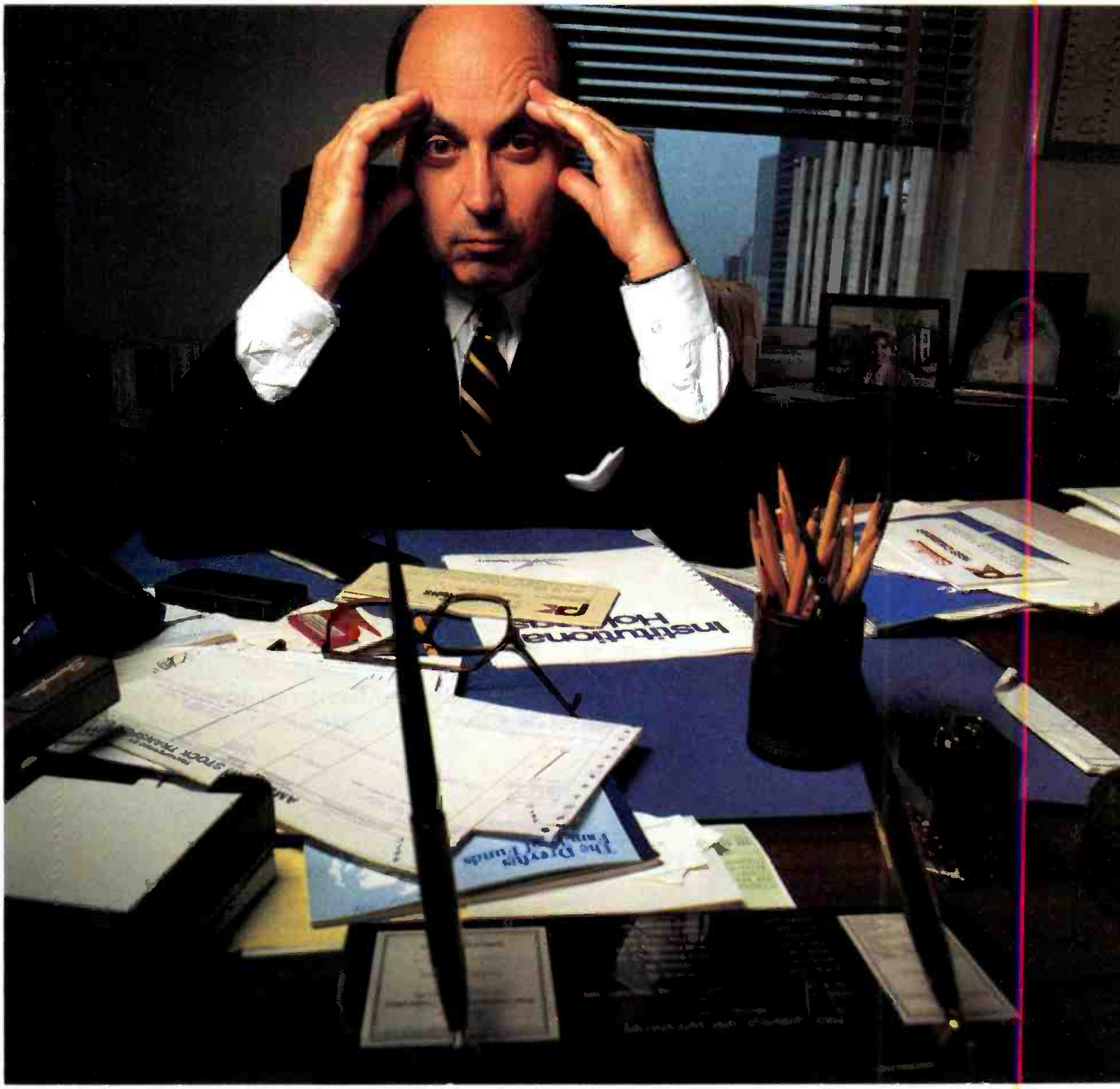
Not your typical backslapping, nice-guy television executive. But then, Price Communications is not your typical broadcasting company. "For a professional broadcaster," says James Worthington, who once worked for the company's radio stations and now runs a Wichita station, "Price Communications is difficult to work for because it's financially driven, not operationally driven." (See box.)

It is, in fact, a reflection of the founder, a 55-year-old former investment banker. It's a no-nonsense, highly leveraged operation that, by dint of Bob Price's rigorous financial analysis, seeks to become, in his words, "an important communications company" by maximizing cash flow and trading media properties. To this end, Price operates on the edge—saddled with enormous interest payments and vulnerable to the soft TV market.

Price Communications has sold junk bonds to raise about $400 million, some of which has been used to buy 10 television stations, 18 radio stations and other properties. Because of this staggering debt burden—with an annual interest rate of about 14 percent—the company hasn't made a nickel from operations. In 1987, it had a net loss from operations of $12.3 million; through the first half of 1988, it lost $24.5 million.

Since operating cash flow doesn't nearly cover debt service requirements, Price has made up the shortfall by investing a pool of borrowed cash, not committed to acquisitions, in the stock market, which he interprets brilliantly. He studies economic and market indices like other broadcasting executives do Arbitron and Nielsen ratings. A portable market-quote device is always handy. One former associate recalls a short limo ride with Price, who spent the time trading Japanese CDs. By last September, just before the crash, Price had liquidated almost all the company's investments, reducing its stock holdings from $40 million on December 31, 1986, to $253,000. "I didn't feel right about the market," says Price, who has remained out of it since and has invested cash in Treasury bills and other liquid investments.

Since the return on those low-yield investments doesn't cover Price Communications' debt payments, Price has sold off properties at big profits, using the money to buy back a portion of the junk bonds at a discount and service the debt. Just since the summer of 1987, Price has made a profit of $39 million selling three television stations and $60 million on the sale of 14 radio stations.



A combative Price on his brutal fight with Wall Street's unyielding short sellers: "Either they're very right or they're going to hang."

PHOTOGRAPH BY MARK SELIGER

Investors in Price stock have done handsomely, especially considering that the company hasn't made money. The stock has split six times (all were 5-for-4 splits) in five years. Investors who paid 19 cents a share before it went public in 1981 and 39 cents a share in the initial public offering of February 1982, saw their stock rise to about $9 a share by midsummer this year.

Respected media analyst Dennis Leibowitz of Donaldson Lufkin & Jenrette Securities estimates Price's properties are worth twice what he paid for them. Paul Kagan Assoc. Inc., in its *Broadcast Investor* newsletter, says the stock price doesn't reflect the company's real value: "We think [Price] trades at half what it's worth in the private market."

But Bob Price's performance is not universally applauded. Indeed, Price Communications has been dogged from its start by a small but potent group of Wall Street nay-sayers. They've bet enormous sums of money that the high-flying company will crash, brought down by its inordinate burden of debt and by Price's complex financing schemes. These bears are so-called "short sellers," who borrow stock to sell for money (as opposed to those who borrow money to buy stock). In a short sale, the investor sells the borrowed stock, betting that the stock price will plunge and that he can then buy it back at a lower price—thus making a profit.

The battle lines are clearly drawn. On one side are the likes of James Chanos, a 30-year-old short seller who is said to manage more than $30 million in investor money and who supposedly earned 43 percent last year for the clients of his Ursus Partners (Latin for bear) as a result of the crash. Chanos, who became a Wall Street star a few years ago when he sold short Baldwin United just before it failed, reportedly is Price's largest short seller, according to several experts.

The short position in Price Communications has grown month by month, indicating that the bears mean business. According to the American Stock Exchange, by midsummer the short interest in the company was 1,063,297 shares, up more than 110,000 shares since April. That meant Price held the Amex's second-largest short position, trailing only Home Shopping Network.

On the other side is Bob Price, who tries not to react to the shorts but who is enraged by their persistence in the face of the stock's impressive performance. At the company's annual meeting in June, the first query from a stockholder concerned the growing short position. "I thought you'd never ask," shot back Price with a grin. "They're ever-present on my mind. And either they're very right or they're going to hang." Drawing on his considerable reservoir of sardonic humor, Price offers this view of shorts: "The best way I could put it is that I wouldn't want my daughter to marry one." (In fact, his son-in-law works for the firm.) If Price is correct in his estimate that most bears sold short at $5 or $6 a share, then recently they have been getting seriously squeezed as the stock hovered at about $9 a share.

Stripped of emotion, the contest between Price and the short sellers comes down to what the company is really worth. The shorts, despite Price's performance and the bullishness of some analysts, think the company is teetering on bankruptcy. One investment banker who knows both Price and several bears says the shorts are committed to ride it out. "They understand the stock could go to $12 [a share] before it goes to $2," he says. "But the shorts are playing the bankruptcy game and are in for the long haul." Price counters: "Everything we have can be instantly liquidated. There's a market for everything." If that happened, he says, Price Communications would end up $60 million to $80 million in the black.

Whether they are right or wrong, the short sellers, in their efforts to discredit Price, have focused attention on the man and his company. Despite that scrutiny, however, Bob Price—though known on Wall Street—is relatively unknown in media circles, and few are sure of how he manages a sprawling empire. Does Price have a vision, or, as critics charge, is he merely a trader holding on long enough to sell out at a propitious time?

Price epitomizes what many people think of as a New Yorker. A medium-sized man with a perpetual 5 o'clock shadow, a receding hairline and heavy horn-rims, Price's dark suits, bland neckties and heavy black cordovan shoes don't distinguish him. In conversation, his accent and intellectual restlessness reflect his New York Jewish origins and his rigorous education in top city schools. He delights in having "the best box" at Yankee Stadium—a legacy of his political past—and has the same scorn for the Mets that he had for the Dodgers.

For more than 25 years, he and his wife Margery have lived in the same East Side apartment where he raised two children, a daughter (now married) and a son, who is a law-school student and a Price director. It is a Kosher home and daughter Eileen Farbman describes her parents as observant Jews. Price's friends—lawyers, bankers, politicos and editors—are almost all New York-centered. And while he claims to love to visit stations in places like Jackson, Miss., or Erie, Pa., he never lingers long. "He goes crazy when he's not near the stock market," says Kim I. Meltzer, v.p./broadcasting. "And he's not the type to hang around people who are not intellectually challenging."

In an article he wrote for *The New York Times*, Price summed up his parochial life: "With the exception of two years in the army, I have always lived in the city. I was born and raised in the Bronx and attended P.S. 11, Bronx High School of Science, New York University and Columbia Law School—all within seven miles of my present" home.

Eileen says of her father's inordinate drive in creating Price Communications, "He's always been that way. He likes challenging things rather than sitting back and letting life take its course." One former colleague recalls asking Price why he simply didn't invest in the markets. He recalls Price telling him, "Because I know I can do that, but I want to build a company." To Abe Rosenthal, the former *New York Times* executive editor and now a columnist, who has known Price for more than two decades, his friend is more than just another ambitious executive. "What drives him is what drives everyone else, I guess, but Price has a brilliant mind, which is a word I don't use much," he

Price is Right. Sometimes.

Robert Price admits that his strong point is finance, so he normally stays clear of operations. "My daughter will tell you," Price says, "if I picked records for the radio stations we'd be listening to Winston Churchill speeches all day." But his influence is strong at the stations, especially when it comes to their cash flow. Indeed, after Price visits stations, employees quote him as declaring that the "whole company works on cash flow." Has this cash need, precipitated by Price's debt load, affected program quality? Employees and competitors say it has to some extent.

Price calls himself a "news junkie" and says he stresses local news at affiliates. Price stations don't win prestige awards, but Price argues: "The markets we're in, neither Peabody or Pulitzer ever looks at." Station employees say, however, that since Price arrived, they're constantly told of Price's cash-flow needs. One ex-employee of WAPT, who says he quit after becoming tired of the finance emphasis, says previous owner Clay Communications "was more family-type. If you didn't make budget, they'd work it out. They were real broadcasters." Price, he says, "claimed to be serious broadcasters." Yet pledges to invest in new gear were shelved for money reasons. "It's pretty obvious to us that they're just getting the station ready for sale," he says.

But even the most angry former employee—and Price has fired a lot of people—says Price generally produces decent programming. In Peoria, where Price recently sold its WEEK, a CBS affiliate, it had been in heated competition with KMIZ, an ABC affiliate owned by Stauffer Communications. When Stauffer and Price acquired the stations, "this market came to life," says Judy Reich, KMIZ programming director, noting that WEEK's quality stayed high. But she often heard WEEK staffers complain about cash-flow fixation.

As for specific programming, Price usually leaves that to others—specifically, executive v.p. Dick Appleton. But when Price spots something, he jumps. When a billboard-bloopers story aired, including one on a Price Outdoor Media sign, Price heard about it and read the riot act to everyone involved. "He can be fearsome," a former executive says. Adds Appleton: "I tell the staff, 'If Bob calls, do what he wants. You won't hear from him again for three years.' "

Then there was the night last January, when Price was watching a CNN report on the Michigan Republican caucuses. Wondering how his WZZM-TV in Grand Rapids was covering the event, Price dialed the station. "A woman answered who had no idea who I was or what Price Communications was," he says. Frustrated, Price called LIN Broadcasting's Don Pels and got the number of its Grand Rapids station. "Some very nice woman who answered didn't care who I was. She gave me the answers." Enraged, he called Appleton and Kim Meltzer and said, "I want Jack Hogan [WZZM news director] to get his ass out of bed, get to that station and give us the same coverage, Goddammit."

Hogan says he was awake and watching the news when Price called him. He went to the station and called Price, defending the news department's performance. Price fired Hogan on the spot. (Appleton claims that Hogan's days were numbered anyway.) "I started that station and news department. I had no complaints before, but he threw me out the door," says Hogan, now public affairs director at WXMI, an indie. Hogan, 55, says he'll file an age-discrimination suit against Price's company. But Price seethes over the episode: "I'm still livid. We're an affiliate. We don't influence *Dynasty* or *Dallas*. But news is something else, particularly news in our backyard." *J.F.B.*

says. "He is fast, deep, retentive and attentive. He's just not an ordinary guy."

Price first invested in media properties in the 1960s, when he grew bored with law and borrowed money from a partner to acquire radio stations. He got out of radio and into politics in the mid-60s, gaining a reputation as a brilliant administrator and tactician running John Lindsay's first successful New York mayoral campaign and Nelson Rockefeller's presidential bid. He spent a year as Lindsay's deputy mayor before devoting himself to finance, his other passion. After a couple of years as Dreyfus Fund executive v.p. he founded his own mutual fund, Price Capital.

Andre Meyer, the legendary head of Lazard Freres & Co., had been after Price to join the firm, but he demurred, saying he was tired of working downtown. "There are no good-looking women and no good restaurants," he explains quite seriously. So in 1972, when Lazard moved uptown, Price joined and became a general partner. Price says he loved working at Lazard, but after the death in 1979 of Meyer, with whom he had become extremely close, Price decided it was time to strike out on his own. "My two children were in college, and I had made as much money as I thought I would ever make. So I decided I wanted to build a company," he says. Seed financing came from a scattering of Bob Price admirers. Michel David Weill, who now heads Lazard, personally invested $250,000, as did Andre Meyer's estate. Citicorp Venture Capital put in $500,000, and economist Elliot Janeway and several clients invested between $25,000 and $50,000 each. In 1982, the new company went public. A number of these initial investors have stuck with Price, including Desai Capital Management, a fast-growing money-management firm.

From the beginning, Price made it clear that he was in the business of buying stations low, selling them high and using profits to clean up his balance sheet. "My scheme, pragmatically, was this," he says: "We'd buy a station for $5 million or $10 million on borrowed money. We'd sell it for double. We'd pay back the debt and get out of the leverage. And we'd use the extra money to buy another property."

Investment bankers have played important roles in the fast rise of Price Communications, and Price plays Wall Street like a pro, using investment bankers to his best advantage. "Bob does a terrific job of manipulating investment bankers, because he was one," says Fred Seegal, managing director of Shearson Lehman Hutton, who did one of Price's earlier deals. Always the opportunist, Price soon followed young deal-maker Steven Rattner, who had gone to Morgan Stanley to build its media group. Price saw Morgan Stanley as a white-shoe operation that would reflect well on his company, and he once declared, "my grandfather would never forgive me if I didn't take advantage of the opportunity." The relationship worked well for both. Morgan Stanley, in selling junk bonds and finding acquisitions for Price, got word out that it was becoming a media deal-making power. And Price gained a patina of respectability not normally enjoyed by such a young firm by having the prestigious banker.

Beginning in 1982, with the acquisition of WOWO-AM in Ft. Wayne, Price bought five radio stations before getting his first TV property in 1985. That was Peoria's WEEK-TV, which he bought from LDX Broadcast Inc. He picked up several others, but Price's biggest buy came in 1987, when he paid $60 million to Clay Communications for TV stations in Jackson, Miss., Wichita Falls, Texas, Wilmington, N.C., and Beaumont/Pt. Arthur, Texas.

A clear financial pattern emerges in Price's TV acquisitions. First, he has bought in smaller markets where values are better. "Gannett doesn't want Erie," Price says. "They want Pittsburgh. At the same time, it's too big for the single entrepreneur." Moreover, he says he hasn't paid more than ten times cash flow for any TV station. "We don't pay through the roof the way George Gillett does," he says. "We're very disciplined." By retaining a large cash reserve from junk-bond sales, Price has a strong bargaining position. Once properties are acquired, Price immediately seeks ways to increase cash flow. "Cut expenses; you have to increase revenues," he says. "The best way to do this is to give incentives to the sales force, offer bonuses to them for improvement."

Price Communications Properties*

Television
- KSNF, Joplin, Mo. (NBC)
- KJAC, Beaumont/Port Arthur, Texas (NBC)
- KFDX, Wichita Falls, Texas (NBC)
- WZZM, Grand Rapids, Mich. (ABC)
- WAPT, Jackson, Miss. (ABC)
- WSEE, Erie, Pa. (CBS)
- WNAC, Providence, R.I. (independent)

Radio
- WOWO-AM/FM, Fort Wayne, Ind.
- WPBG-AM, WIRK-FM, West Palm Beach, Fla.
- WWKB-AM, WKSE-FM, Buffalo, N.Y.

Other Properties
- New York Law Publishing Company, New York City
- Price Outdoor Media of Missouri Inc., Jefferson City, Mo.

Sold, Pending Approval
- WEEK-TV, East Peoria, Ill. (NBC)
- KRCG-TV, Jefferson City, Mo. (CBS)
- WWAY-TV, Wilmington, N.C. (ABC)
- KOMA-AM, KRXO-FM, Oklahoma City, Okla.

*As of August 5, 1988

The strategy has paid handsome returns: "If you play the middle-American market," says Richard Appleton, Price Communications' highly regarded executive v.p./broadcasting, "you can buy stations with margins in the teens or low twenties, then double margins within two years." Indeed, judging by the rich multiples he's received for stations he has sold, it's clear that Price spends money to quickly build ratings. KFDX-TV in Wichita Falls is a typical Price station. An NBC affiliate, it leads its market "by a fair margin," according to g.m. Jack West, a former Capital Cities executive hired by Price. When acquired, KFDX already had *Wheel of Fortune* and *Jeopardy*, to which Price added *Oprah Winfrey* and *Donahue*. In addition, it has 3 ½ hours of daily local news.

Initially, Price was committed to buying only affiliates because of their superior news and programming, but last June Price bought his first independent, WNAC-TV in Providence, R.I., his tenth TV acquisition in three years. He bought it from Woody Sudbrink, a Florida developer who had acquired the station in 1986 in a bankruptcy sale for $5.8 million and put $1 million into it. Price paid $11.5 million and figures it will do $1.4 million in cash flow the first year.

Providence is one of the few top-50 markets with only four stations, although there is some penetration from Boston. WNAC carries Fox programming but, says Price, "There's no news and very little sports. We're going to add Independent News Network at 10 P.M. and we're buying [Morton] Downey. And we may get the [Boston] Red Sox."

One day last April, after the acquisition was announced, Dick Appleton visited WNAC (which is in Rehoboth, Mass., a few miles from downtown Providence) to describe the new owners. Before joining Price Communications in 1985, the 6'6" former Duke basketball player had spent most of his career running stations for Capital Cities, a company that Price would like to emulate. Appleton sought to assure the staff that Price would be around for awhile. "Yes, there are investment bankers only in for the buck who are in and out of stations," he said. "That is not what the business is all about."

In fact, that seems to be precisely what Price Communications is all about—trading media properties—and understandably so. Price says it would be "irresponsible" to build up values and not sell off those properties to pay down debt. Moreover, the uncertain outlook for station revenues suggests it may be a good time to cash in. "The broadcasting environment has gotten a lot dicier," says Morgan Stanley's Rattner. But Price says he wasn't fooled into believing that double-digit growth would last forever.

"Even owners of affiliates can't count on the high year-in, year-out cash-flow growth that historically prevailed. There's hardly an industry, except broadcasting, that has an up year after year," Price says. "It may not continue to be double-digit, but even 7 or 8 percent a year would give us tremendous growth. My business plan back in 1981 called for 7 percent annual growth. In fact, we're looking at new stations to buy," Price claims.

But the industry's newfound cautiousness helps explain why recently Price, who closely monitors all such trends, has been doing more selling of TV properties than buying. Since last summer, Price has sold three TV stations for more than $39 million profit. KRCG-TV of Jefferson/Columbia, Mo., went for $24 million (cost: $12 million in 1985) to Mel Wheeler Inc. of Denton, Texas, and WWAY-TV, Wilmington, N.C., was bought by Adams Communications Corp. of Tampa for about $26 million (cost: $16 million in 1987). WEEK-TV, Peoria, sold for $33 million (cost: $16 million in 1985) to a group headed by Donald Cornwell, a former vice president of Goldman Sachs & Co., who happens to be black. That means Price Communications qualifies for certain tax benefits for selling to a minority-run firm.

Price has also sold 14 radio stations, for a profit of about $60 million. The major radio transaction was, like most of Price's deals, complex but very profitable. He sold a package of four radio stations for $120 million (a 100 percent profit) in cash and notes—and still retained a 27 percent interest.

That leaves Price Communications with three AM/FM stations, one AM and seven TV stations. Offers reportedly have been made for two of the seven television stations. The sales have left Price with $120 million in cash, which Price has been using to repurchase junk bonds at a discount. By midsummer, Price had used these profits to repurchase some $70 million in debt. "We hope to reduce our total debt to $300 million by year end," Price says. He's also considering bidding for an $85 million information business "synergistic to media."

The Price History

	1987	1986	1985	1984	1983
	(In millions)				
Revenue	$95.6	87.2	37.2	13.7	5.2
Cash Flow	61.6	46.5	11.8	4.7	1.5
Interest	51.8	41.6	15.8	3.1	1.1
Net Income (Loss)	(12.3)	(24.6)	(12.3)	(0.2)	(0.6)

In 1986, Price acquired *The New York Law Journal*, the 100-year-old daily that is must reading for New York attorneys, and its sister weekly, *The National Law Journal*. Morgan Stanley's Rattner calls that operation "a gold mine" because of its cash flow. Price paid $20 million for New York Law Publishing, whose six businesses includes seminars and information systems now run by his son-in-law, Steven Farbman. Price doesn't hide his delight in the prestige that owning the journals carries among his confreres at the bar. And he treats it like a precious hothouse plant compared to his station wheeling and dealing. Says Tim Robinson, editor of the *Journal*: "He's doing what every owner should do—he never bothers us, period."

Price states flatly that the publications are the only parts of his company not for sale. Not long ago, in fact, Price says that Steven Brill, the journalist and publisher of *The New York Lawyer* (a weekly challenger to the *NY Law Journal*), the monthly *American Lawyer* as well as other publications, offered him $60 million for the publishing firm. He turned the offer down, despite the prospect of tripling his money in less than two years. (Asked about that, Brill called the $60 million figure "a laughing price," to which Price retorts in his typically blunt way: "He's lying. He offered it at a breakfast with three of his lawyers.")

Price Communications' headquarters at Rockefeller Center reflect its chief executive's no-nonsense style. It operates with just 11 people, including secretaries. Unlike most broadcast firms, the Price hallways don't have the usual posters, awards and the other media knickknacks. Instead, the entranceway offers a series of sketches found often in legal offices. Two of Price's most valued executives are Ellen Fader, a former textbook editor at Random House who signed on in 1981, the company's first employee; and Kim Meltzer, a CPA and MBA who once worked for Corinthian Broadcasting. Meltzer, who joined Price in 1984, is described by Diane Healy Linen, senior v.p. of development at the Television Bureau of Advertising, as "one smart cookie." She adds: "It's unusual for a woman to get so much responsibility in this business." Fader, on whom Price relies heavily, modestly describes what she does as "such a messy job. Investor relations. Office managing. Employee relations."

Both women, like most of the headquarters staff, are immensely loyal to their boss. Neither makes much money by industry standards: Fader $82,283, and Meltzer $84,950. And being there means keeping pace with Bob Price, who works every day and who often phones staffers at midnight or before dawn. But Meltzer recalls when she joined Price Communications, "It was a little company and he said he was going to build a big company. I believed him." So did Fader: "I was very excited about the company he was putting together, and I said, 'I'll help you in all phases if I can be there when it grows.' "

Price himself makes a salary of just $377,000, not a lot when you consider that all three top executives at Infinity Broadcasting make $1 million apiece. He owns 16 percent of the outstanding stock, which is also not much compared to other media entrepreneurs. But under a plan introduced by his backers in 1983, Price gets richly rewarded for keeping the stock price high. Under this formula, if Price Communications stock price stays at an average of $9.18 a share or higher for six months, then Price is eligible to collect $17.5 million worth of stock.

By midsummer, Price was still a long way from collecting his reward. "It's plaguing me," he says. For one thing, the short sellers were spreading word that Price somehow was manipulating the stock for his own enrichment. As proof, they noted that the company had repurchased some 13,788,000 shares by last January (35 percent of authorized shares) and that last spring, directors had authorized the repurchase of two million shares. It was clear that the shorts were worried that if Price repurchased more shares, it would put upward pressure on the stock price—and increase the squeeze on shorts. Price called the charge ludicrous and said he had no intention of using precious capital to repurchase stock at its high price.

Nonetheless, the two forces are moving inexorably toward a classic Wall Street showdown. Those who know Price best believe that underestimating him will prove a fatal miscalculation by the shorts. Price, as usual, puts it simply and to the point: "If I run my company right and keep growing, God will take care of the short sellers." The shorts typically remain deep in the shadows, refusing to put their criticism on the record, trying instead to feed a steady stream of negative Price stories, some of them blatantly false, to influential investment publications such as *Barron's* and *Forbes*, and to key institutional investors. Not long ago, Morris Smith, a portfolio manager with Fidelity Investments, called Price to ask about a short-generated rumor that the executive was deathly ill and had turned into a recluse.

"I don't mean to be presumptuous," said Smith, "but how are you feeling?"

"Morris," responded the bemused Price, "I've been in this office every day seven days a week since I started the company. I have no place to recluse to." ●

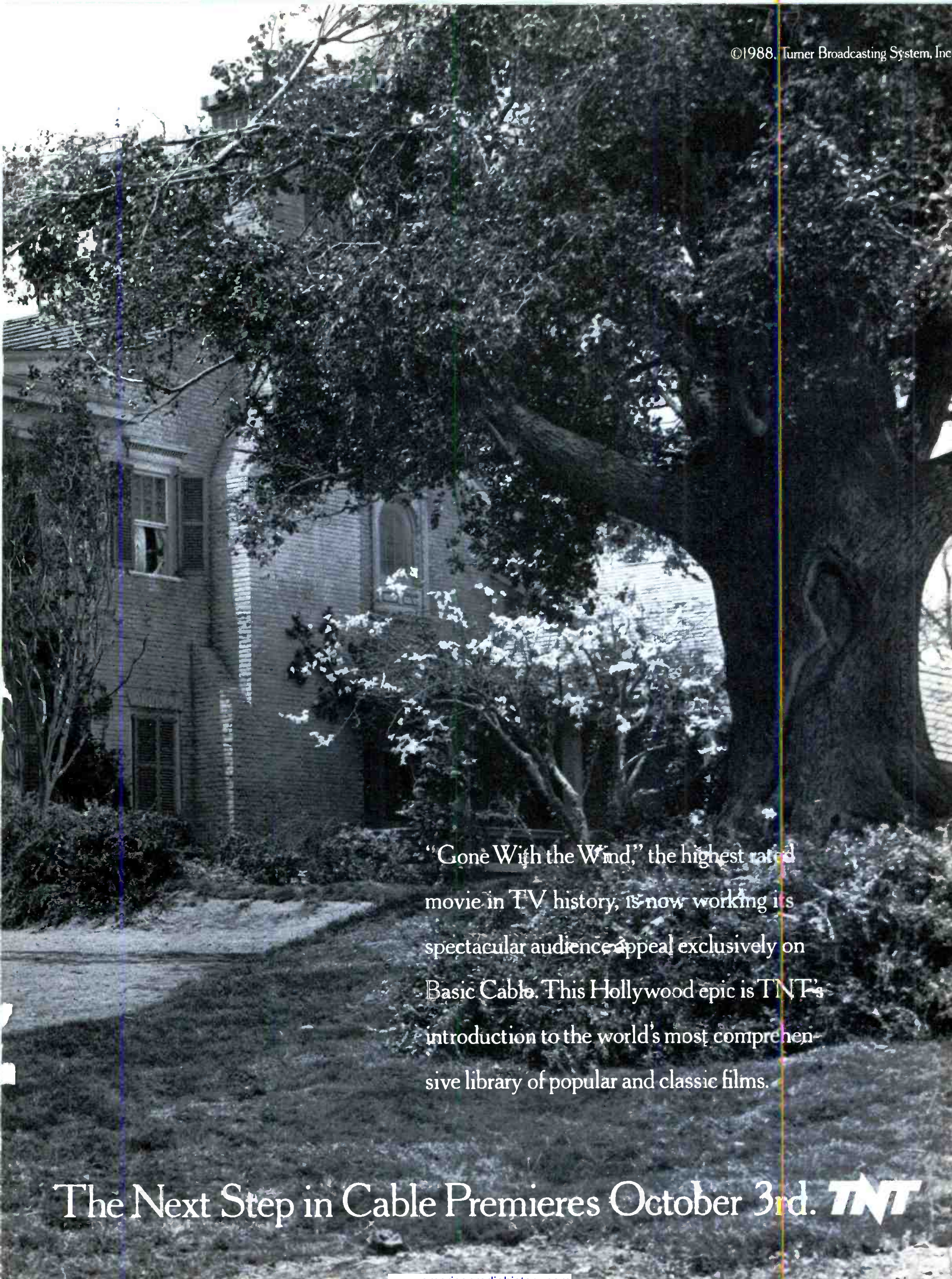
Contributing editor John F. Berry last wrote about station groups.

What Will It Take To

Increase Basic Cable's

Prime Time Audience?


Turner Network Television. The Idea Is Coming To Life.


©1988, Turner Broadcasting System, Inc.
"Gone With the Wind," the highest rated movie in TV history, is now working its spectacular audience appeal exclusively on Basic Cable. This Hollywood epic is TNT's introduction to the world's most comprehensive library of popular and classic films.
The Next Step in Cable Premieres October 3rd. TNT

Rethinking TV's Sales Pitch

IN FOCUS

Something for Everyone

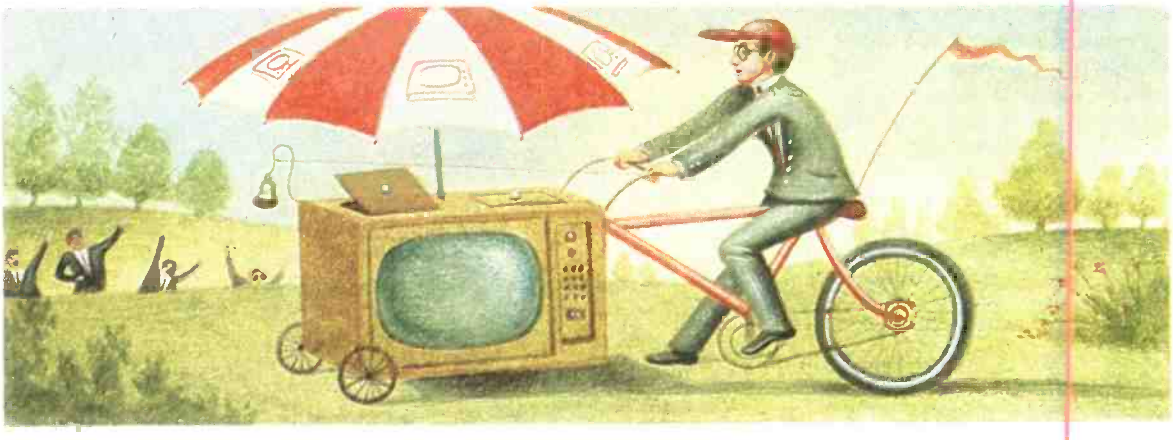
The price is still important, but low cost-per-thousand is no longer enticement enough when it comes to selling ads on TV. To be an effective seller in 1988, you must be a marketer as well.

An evening spent gabbing about The Biz with television sellers used to be like a night out with the gang from Uncle Bob's Like-New Used Cars. To hear the TV rep talk about how he cut that super-low CPM deal with the advertising agency media negotiator was like listening to Uncle Bobby gloat about slipping a bum battery into the Buick.

The used-car business may not have changed, but the business of television sales certainly has. The sale of television time is now a thinking person's game. More specifically, it is a thinking *marketing* person's game. The rules of the game have shifted because, in a television world where the audience has split and run off to watch 50 different channels or the VCR, strategic pricing is simply not enticement enough for today's advertiser.

Television is still capable of reaching masses, but not the masses it reached ten years ago. Three groups grappling with the new media world are the advertising bureaus that represent broadcast stations, cable and syndicators. Kathy Haley's story, "Putting an End to Spots and Dots," assesses how quickly—or sluggishly—the CAB, TvB and ASTA have moved to put their members in advertisers' marketing plans. Paul Noglows' story, "This Little Vendor Went to Market," details one method marketing-minded stations are using to bring in new revenue: vendor marketing. And just to prove that old habits can leave a rep without even a program to sell, senior editor Chuck Reece looks at the boom in programming produced by advertisers dissatisfied with other vehicles. His story, "Advertisers Decide to Roll Their Own," takes note of how the Big Three networks' concern over the high cost of programming has helped usher in the return of a phenomenon that dates back to the earliest days of television: fully sponsored programs.

"Most station managers," one executive told Haley, "are in the Stone Age when it comes to marketing television." You don't want him to be talking about you. The days of spots and dots are gone. Long gone. ●



ILLUSTRATIONS BY TOM SCIACCA

Putting an End to Dots and Spots

The mission of television's advertising bureaus: Keep their members on the industry's front lines, pushing marketing, not selling. **BY KATHY HALEY**

The top sales rep for a network affiliate calls on a large, local computer store to renew what she anticipates will be $500,000 in annual business. She is shocked to find that 20 percent of what would have gone to her station has already been spent—on a group of cable operators in the ADI. Only two years ago she'd lost 20 percent of that buy to local indies.

She returns to the station with the turn-down ringing in her ears: Cable buys are now necessary to supplement underdelivery of broadcast audiences in cable households; and cable subscribers as a group are more likely to own computers—by about 23 percent—than non-subscribers.

The story illustrates a growing concern among broadcast-TV executives: Cable's pitch is highly effective and is earning results that may even exceed its effectiveness as an advertising medium. Worse, far too many local-station sales reps are ill equipped to deal with the sharp new competitor.

Cable's ascendancy is just one part of the story. The marketing of television to advertisers is a very different game from that played only a year or two ago.

Helping cable, syndicated and broadcast television play the new marketing game are the national sales associations: the Cabletelevision Advertising Bureau (CAB), the Advertiser Syndicated Television Association (ASTA) and the Television Bureau of Advertising (TvB). Each is charged with promoting the values of its medium. And, to varying degrees, each has helped change the marketing of television.

The associations operate in a new world. The three networks no longer vie for shares of a market reserved only for them. Spot television no longer is the only alternative for advertisers that bought too little network. Broadcast TV is no longer the most efficient way to reach certain target audiences.

Cable, bolstered with information made available by the CAB, has hit hardest at the national level. This year's upfront season saw the Big Three networks for the first time actively marketing the value of their medium against those of cable and barter syndication. In past seasons, ad agency executives say, networks simply declined to recognize the competition.

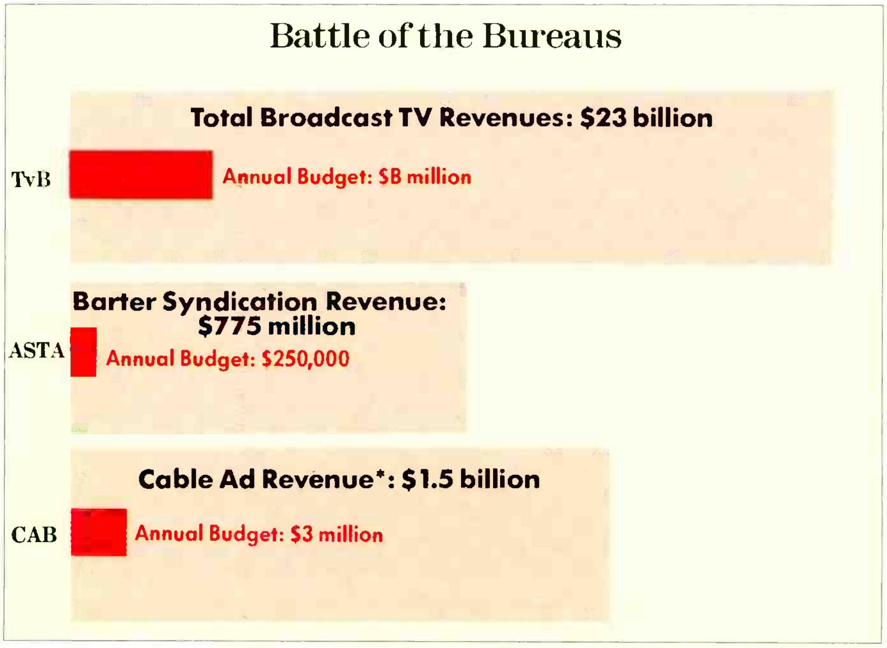
Purveyors of national spot and local television time also feel the heat: Agencies plan spot buys for nearly all of the top 200 national advertisers, and, increasingly, buyers shift monies to cheaper cable networks or syndicated shows, despite the wasted audience both deliver. Local stations' profit margins have slipped: In '86 the average margin for affiliates, according to a study by the National Association of Broadcasters, was about 25 percent. For indies, the average was a loss.

Even barter, the glamour buy of a few years ago, has been overshadowed—by about $250 million last year—by cable.

In the words of Tim Duncan, executive director of ASTA, "superior marketing" by the CAB powered cable's sprint past syndication, which had in the early eighties tied cable's annual revenues at about $500 million.

The CAB is generally acknowledged by ad agency executives, and some broadcasters, as the most effective association. They cite two reasons: The CAB understands, in the words of Steve Leff, vice president and director of media and administrative services at Backer Spielvogel Bates, "the way agencies work" and has endeavored to help solve the problems ad shops have encountered in evaluating and buying cable. And, according to observers, the CAB has worked harder at familiarizing advertisers—not just their agencies—with the need to buy cable.

ASTA, with an annual budget of $250,000—one-sixteenth of CAB's roughly $3 million annual tab—is far less visible and has focused much of its energy since its founding five years ago on prodding A.C. Nielsen into delivering more timely, accurate measurement of syndicated-program audiences.



*Includes $400 million in local sales

ASTA hired its first full-time executive director only two years ago. And only since then has it turned its attention to calling on agencies and advertisers with syndication's message. Still, ASTA is largely a one-man show.

The much larger TvB, which operates on an annual budget of $8 million and represents network and spot TV as well as some syndicators, has a tougher assignment: to sell the value of broadcast TV at a time when its ability to do what it has traditionally done best—deliver huge audiences—is waning.

Complicating TvB's mission in recent years was a perception that it had lost touch with its members' needs. Its leaders now admit the problem, and a recent reorganization under new president Bill Moll is one attempt to address it, although not everyone close to the situation is sure the changes have gone far enough. The jury is still out, observers say, on how long it will take TvB, and local broadcasters, to respond to cable's potential for capturing national and local spot dollars.

None of the three organizations competes with the others. Moll, in fact, delivered TvB's pitch to both CAB and ASTA leadership last summer, and some ASTA members are also TvB members. As CAB president and CEO Bob Alter puts it, "We're all in the business of selling television."

A look at CAB's and ASTA's strategies, however, and to a lesser extent TvB's, indicates just how much competition exists among the different segments of the television marketplace.

Of the three organizations charged with marketing television to advertisers, the CAB has done the most in recent years to change the way TV is bought. It has effectively argued that network programs underdeliver in cable households by demonstrable percentages—ergo, corresponding percentages of network budgets should be shifted to cable.

CAB's other big win came when it convinced many advertisers that cable households actually purchase more goods than non-subscribers: by 26 percent for new cars, 16 percent for stereo equipment and by a whopping 43 percent for mutual funds. Knowing this, the network advertiser can presumably sell more product by putting a percentage of his budget into cable.

CAB's real payoff came, however, when it got cable buys included at the planning stage in ad agencies. What made that possible is the Cable Planning Guide, a computer program developed two years ago by the CAB to help agency planners calculate how to compensate for broadcast underdelivery and the extra consumption in cable households.

"We knew we were complicating agencies' lives because we were creating a new medium for them to consider," explains CAB's Alter, "so we spent a lot of time working with people in agencies to develop a program they could use." Alter claims the guide is in use in most major agencies in New York, as well as some in Boston, Cleveland, Los Angeles and other cities. Confirming that view is Barbara Lowe, account executive at The Discovery Channel, who has found the guide in use at many of the agencies she's called on.

To date, the planning guide calculates deficiencies only in network programs, but a 1988 CAB goal is to add syndicated shows and national magazines. Then it will adapt the guide in landing national spot and local ad dollars.

Another part of CAB's pitch invites advertisers to help shape cable programming's future development. "We're still a new medium and can be molded to accommodate the changing TV environment," Alter says. "We're encouraging advertisers, who are more and more concerned with TV's effectiveness as a medium, to take part in the process."

On an even more theoretical note, Alter argues that cable has begun to emerge as the best hope for financing quality programming at a reasonable price to advertisers. "With cable, subscribers pay part of the cost," he says.

If there's a complaint about CAB's performance, it's that it answers to too many constituencies—cable networks, operators and sales reps—and has, because of that, drifted away from the vanguard of cable marketing. "Broadcast underdelivery in cable households is old news," complains Whitney Goit, senior v.p. for sales and marketing at Arts & Entertainment Network. "CAB should spend less time proselytizing and more time marketing cable's ability to deliver target audiences at the most efficient price available." It should also create stronger advertiser presentations and "go before industry groups like the auto dealers' associations and explain what we can do for them."

PHOTOGRAPH BY JERRY A. SMOLICA

The TvB's new president Bill Moll has reorganized the bureau from top to bottom, but those in the know say the jury is still out on whether he has really gone far enough.

Alter replies that he never hears such criticism from those involved in CAB activities and that, in fact, CAB has brought networks and operators together by convincing them that their interests are entwined. "When an operator begins selling ads, he becomes more interested in higher ratings and audience promotion," Alter says. "What does that do for the network?"

Also pitching for ad dollars is ASTA, which represents the 20 syndicators that sell nearly all barter time available nationally. ASTA's pitch has evolved since its founding five years ago, when it promoted a medium that offered the national coverage of a network at a discount of 15 to 50 percent. This year, a flashy 12-minute video presentation claims that the industry's top programs deliver higher ratings and clearances than network-television fare.

"*Donahue* offers the highest rating and clearance of any show you can buy before 1 P.M.," says Duncan. "*Oprah* does the same in its daypart, and independent prime movies regularly beat one or more affiliates in a market."

Potentially more exciting, Duncan says, is syndication's movement into new dayparts. Double access—the pairing of two entertainment half hours leading into network prime time—is now the rule at all but eight ABC affiliates. Twenty network affiliates now preempt prime time for *Star Trek: The Next Generation*, and more are expected to do so next season, once Paramount's follow-up, *War of the Worlds*, begins airing.

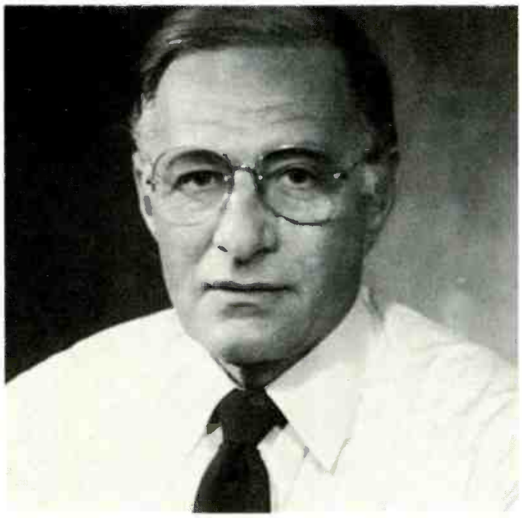
In addition to high ratings, syndication also offers demographically targeted shows, Duncan says, and special sponsorship opportunities in big-event prime time specials.

Just as CAB promotes cable's potential to offer TV's highest quality programming, Duncan waxes enthusiastic about the creativity emerging in syndication. "There are 150, 200 producers all looking for the golden ring, the next *Wheel of Fortune*. In network, you have three gatekeepers who will reduce every concept to a thumbnail because they are trying to reach 20 to 30 million viewers at a stretch. Anybody with a good idea can go to a syndicator and, if the syndicator likes the idea, get the show on the air."

ASTA's goal, as Duncan explains it, is to bring syndication's share of national advertising expenditures in line with the audience it offers. "Syndication captures 10 percent of national advertising, yet its programs attract, for example, 26 percent of total viewership," he says.

One strategy ASTA members are considering is a spring meeting for advertisers, which would be held in New York prior to the opening of the upfront season, at which ASTA could present syndication's advantages to agency media hands.

Despite intense competition from cable, Duncan still spends only about 50 percent of his time actively marketing syndication to advertisers. The other 50 percent goes to research. More and more of the research, Duncan says, is "marketing oriented," although ratings problems are still top-of-mind. While some ASTA members would like to see more marketing activity from their sales organization, most appear to agree it meets members' needs.



The CAB's Bob Alter oversaw the creation of a computer program to help agency planners calculate broadcast underdelivery and the extra consumption in cable households.

"Sure, we could spend more time marketing," says George Back, president of All American Television, "but problems like the people meter's failure to measure kids take money out of members' pockets right now, so those are the ones ASTA tackles."

One thing most ASTA members appear to agree on is the association's need for more monetary support from the industry. "Many large distributors derive a significant percentage of their revenues from barter sales," says Brian Byrne, president of International Advertising Sales, which sells barter time, "but their contribution to ASTA doesn't reflect that."

Many also agree that one day, cable and syndication will be marketed together to advertisers, MTV Networks' recent joining with ASTA being an early sign of that trend. (MTV sells commercial time in *Double Dare*, *Finders Keepers* and *Superboy*, three syndicated entries from sister company Viacom Enterprises.)

Byrne confirms that syndicators have pitched cable networks on the idea of commissioning the sale of their inventory to barter companies. The barter companies have been turned down. "It's too emotional an issue for them now," he says, "but once their ratings and penetration get higher, they'll probably see the advantages in combining forces." Alter disagrees: "We're in too strong a position. Cable networks are doing quite well on their own."

At the other end of the spectrum from the young upstart media is traditional television, represented by the 34-year-old TvB. Its membership includes nearly 600 stations (almost every major group), two of the three networks (ABC dropped out when Capital Cities bought it, but Moll says the network has told him it will rejoin), all major TV sales-rep firms and eight syndication companies.

For years, TvB developed new business for television, documented its effectiveness as an advertising medium and tracked the growth of network and spot revenues. It served as a research center, churning out reams of numbers demonstrating growth in different advertiser categories' use of television. It also offered sales and sales-management training programs for stations.

When ad-sales growth slowed dramatically in 1984, however, TvB began losing members—a net of 26 stations in the past year alone. New president Moll responded by reorganizing TvB's 70-member staff to address two specific problems: stations' demands for aggressive new-business development nationally, and a more hands-on effort at new-business development locally.

Jim Joyella, former head of market development at CBS-TV, heads a new national sales department. Rep-firm members doubled their TvB dues to contribute to Joyella's effort and will team their own sales reps with him in targeting new accounts.

Local sales has been broken into two teams, one to serve markets ranked 1-30, where ad-agency involvement is key, and another to serve markets 31-plus, where stations work more directly with clients. A third group, targeting retail sales locally and with national chains, works with the local teams.

TvB's pitch, which has always promoted TV as the most effective—and cost-effective—advertising medium available, has also changed.

"We offer the broadest reach available to the mass marketer," Moll says, "yet we can also target specific demographics very efficiently. We used to take orders. We waited till somebody asked for avails, delivered them and came back later to pick up the order. Now we have to sell the values of TV.

"We have not been very marketing-oriented as an industry," Moll continues. "We're trying to become that way through what we're doing in national sales, support materials, a team approach with reps and getting our people closer to markets with market-specific information."

But most important, Moll says, is working with the advertiser to understand his goals and help him accomplish them: "We're learning to help advertisers identify their customers and design a strategy for reaching them." TvB has targeted 50 advertisers with the most potential for delivering substantial new spot revenue to TV over the next three years.

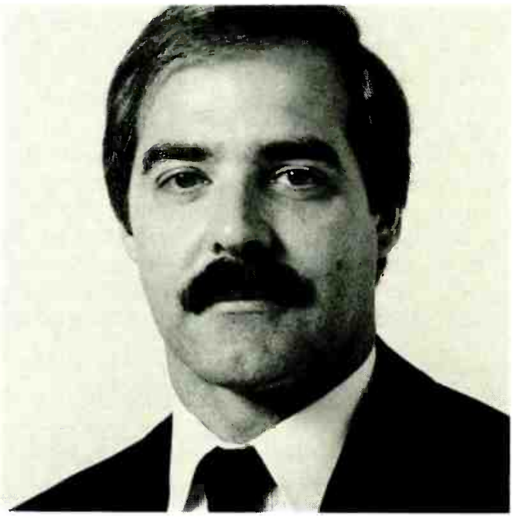
TvB also wants to work with marketing research firms such as Marshall Marketing & Communications of Pittsburgh, that have helped a few innovative stations develop aggressive marketing operations. "A station spends tens of thousands on research annually, but it can end up sitting on a shelf," says John Krubski, TvB's top-30 market specialist. "We can help the research firm better tailor its product and help the station maximize its use of the information it gathers."

Still, the number of stations actively marketing their product is relatively small. It isn't hard to find a broadcaster who admits that most of his peers have no idea how to compete in today's changing marketplace. According to one general sales manager, who has been using Marshall Marketing and a vendor-marketing program from Roland L. Eckstein & Co. (see related story in this section) for years: "I've been bringing new business to my competitors, because it serves the clients' best interest to use more than one station, and my competitors still haven't caught on. They're still selling spots and dots." Another broadcaster puts it more succinctly: "Most station managers are in the stone age when it comes to marketing television."

So TvB has its work cut out for it. But most observers believe Moll has the bureau headed in the right direction. Rick Wardell, director of sales at KCNC-TV, Denver, which has had an aggressive marketing operation in place since 1982, is among station executives who've met with Moll to show him what's going on in the vanguard of local station marketing. "Moll knows what needs to be done," Wardell says. "You'll see a change in the way TvB operates."

Some have already noticed results from TvB's more marketing-oriented approach. NBC, for example, has written a quarter of a million upfront dollars in automotive business this year in prime time and news alone. NBC-TV president Pier Mapes maintains that instrumental in attracting it was a presentation TvB delivered to the major car marketers in Detroit. That presentation demonstrated how foreign car manufacturers' share of the American market has risen in relation to their advertising expenditures, and how American car manufacturers' share has fallen as ad expenditures have fallen.

TvB has even moved to address criticisms from Peter Blaise Denoes, managing general partner of Burnham Broadcasting, who resigned from TvB's board in May, arguing the board was out of touch with what's really going on in local sales because its membership included no station general managers and sales managers. TvB's board has changed its bylaws to add two local station sales managers and has appointed a board development committee to seek out more GMs and GSMs to participate.



ASTA's Tim Duncan pushes syndication by highlighting its move into new dayparts and claims its top shows deliver higher ratings and clearances than network programs.

The battle of the bureaus goes on. TvB is charged with the mission of expanding television's share of advertising's huge pie. The CAB argues that more of that share should go to cable. And ASTA is trumpeting, if with a relatively small horn, that a genuine challenger to the three major networks' ability to reach mass audiences is growing at a rate of 26 percent a year.

If there's a mission for all three, it may lie in countering what one TV consultant calls the industry's destructive move toward "competition by price alone." Moll maintains that stations fell into that structure when inventory began exceeding advertiser demand but that stations now work together to sell television's values to advertisers. Alter points to the high CPMs that targeted cable networks now command (and agency sources back him up in many cases). And Duncan points to big prices charged by syndication's leading shows.

Still, agency executives such as Richard Kostyra, executive vice president and U.S. director of media services for J. Walter Thompson Co., point out that "the price factor will become more important as competition increases."

"There's always room for the qualitative sell," he continues, "although there isn't much room for it if everybody follows the same road of competing on price."

The big question for the bureaus is how many of their members they can steer away from that road. ●

Kathy Haley is a New York-based freelance writer.

Advertisers Decide To Roll Their Own

Chasing the high ratings won in the '70s and the efficiency lost in the '80s, advertisers increasingly are producing their own shows. **BY CHUCK REECE**

You're a teenager—specifically a European teenager of the late '80s, rockin' and rollin', television-generation variety. And you want to keep up with what's hot on the music scene. You tune in SuperChannel, and beamed directly from the satellite into your tube comes a show called *Coca-Cola Rockfile*. The show keeps you on top of the U.K. music scene all right, but it bombards you with more than that—it blasts you with the Coke logo. Over and over again. Says Clare Simpson, who handles this show as senior v.p. and director of worldwide broadcast programming for McCann-Erickson, Coke's primary ad agency: "It is a heavily branded show."

To call *Rockfile* "heavily branded" is a grave understatement: It's branded to the max. It not only carries Coca-Cola commercials, it practically *is* a Coca-Cola commercial. *Rockfile* is perhaps the most extreme manifestation of a growing phenomenon in television: the advertiser-generated program.

Certainly this is no new development. It mirrors to an extent the earliest days of television, when Texaco meant *Texaco Star Theatre* and Kraft meant *Kraft Music Hall*. "It's a return in a way to a similar situation of several years ago," Simpson says, back when "the networks used to be in the job of supplying facilities," not programs.

For advertisers, the television-production game is a far tougher one in the '80s than it was in the halcyon '50s. Although Coke can carry the cost of a series for European satellite TV, even that giant advertiser couldn't foot the bill for a network series in today's world. But market realities increasingly are putting advertisers back into the game of making their own shows—specials and made-for-TV movies—to carry primarily their own commercials.

"There's no one single motivation," says Melissa Goldsmith, v.p. and director of program development for ad agency BBDO Worldwide, which started a program-development unit more than four years ago to steer clients toward doing their own programming. "Everything is looked at and weighted against what makes sense given an advertiser's specific objectives. Essentially, everyone wants to make a smart move and a smart deal, and we're looking toward ways of marketing more efficiently. There's a myriad of reasons."

> To call *Rockfile* 'heavily branded' is a grave understatement: It practically *is* a Coca-Cola commercial.

The payoff—in terms of audience delivery—is one very good reason. ABC's top-rated made-for-TV movie so far in 1988 was advertiser produced—a General Foods Golden Showcase called *Little Girl Lost*. The show drew a 19 rating and a 31 share. And CBS's *Escape From Sobibor*, a three-hour movie supplied by Chrysler Corp. last year, drew a 21.4 rating and a 34 share, making it the network's highest-rated made-for-TV movie in 1987. Chrysler, after the show aired, followed up with phone surveys to test viewers' recall of Chrysler's sponsorship and satisfaction with the show. The surveys asked "whether they were affected by it, how they felt about the production, how they feel about the company," says BBDO's Goldsmith. "They concluded that it was a very favorable and satisfied reaction."

Indeed, changing winds in media markets all over the world have blown advertisers back into the programming business. Three gales in particular have stirred up interest. First, as channel choices proliferate and the TV audience fragments, advertisers look harder for ways to create brand identification. To get into a viewer's mind and equate a certain kind of television with the image of a brand is the goal of advertiser-produced programs. In a cluttered commercial environment, a show dominated by one advertiser presumably packs more punch for the image of that advertiser's brands. Second, the privatization of television in Europe has created a great demand for programming there. An advertiser can make his own show, air it stateside, then sell it abroad and recoup some production costs. Or a global advertiser can guarantee continuity of message and environment around the world. Finally, as ratings for network programs drop, the price of producing those programs must also drop. A penny of production expenses paid by an advertiser is one less penny paid by a network, so today's cost-conscious nets are far more receptive to advertiser productions than they were a few years ago.

Further, the "evolution of television" has pushed advertisers into reexamining the need to produce their own shows, says Marc Goldstein, senior v.p. and director of network and programming at Ogilvy & Mather. "In the mid-'70s, you went from one 20-rated program to another 20-rated program. You were assured a big audience," Goldstein says. The late '80s are different. "Now," Goldstein says, "doing something that stands out—that enables you to tie in promotion and publicity—brings an added benefit or value to the special or the program."

Added value was what Campbell Soup Co. was looking for when it started experimenting with producing its own shows in 1982.

"Advertisers are seeking to identify with properties and have involvement in a property from a strategic standpoint for the company's image—billboard sponsorship and all that," says George Mahrlig, director of media services at Campbell. "And these people are realizing back-end potential. Advertisers recognize they're paying a lot of media invoices, and that's *it*. So they're exploring opportunities to take these media dollars and make them work harder. They recognize that they can start some of these projects and share in some of the rewards."

Robert Cagliero, v.p. for special program sales at ABC, says the need to bolster a brand's image has brought steadily increasing numbers of advertisers to ABC, pitching programs.

"But primarily," he adds, "advertisers can lay off some of the costs of the show through its afterlife, if you will—syndication, international sales, cassette sales, what have you."

To many in the business, these new back-end revenue streams carry enticing promises of profit. King World this summer opened Ad-Net Programming, a division whose sole purpose is to hook advertisers up with program ideas, share development costs and put the shows on a network or in syndication.

"The idea is not only based upon developing shows that are tailored for the advertisers' brands' needs—in other words, building a show that is an appropriate vehicle for the commercials that are positioned in that show," says Jeffrey S. Grant, president of the Ad-Net division. "But it also works economically in that in today's environment, a fully sponsored show can perform as well or better than the opportunities that are available in the marketplace."

This is particularly true for international advertisers, agency media experts say. "If there is international use for the program, if the subject of the programming has an international view, and if, alternatively, the program has long-term value—as a two-hour movie might have in subsequent syndication and home video—then there are ancillary returns," says Aaron Cohen, v.p. and general manager of broadcast for Grey Advertising.

"By having an ownership participation," adds Young & Rubicam executive v.p. Paul Isacsson, "we'd enjoy media values at a lower cost. And there may be some profit involved. . . . And these advantages in cost would continue overseas."

Even if an advertiser without international brands produced a show, there is a possibility for back-end revenue, says McCann's Simpson: "If you're not multinational, you just have to look at an outright sale of the program."

Domestically, cost-consciousness at the networks is encouraging this sort of programming. "As you know, long-form production is very expensive," says King World's Grant. "The networks have indicated that this is an area that they were backing away from because it wasn't cost-efficient. But long-form is an area that can work very efficiently for an advertiser."

Market realities are putting advertisers back into the game of making their own shows—specials, TV movies—to carry primarily their own commercials.

And the networks are much more receptive, so long as they don't have to foot the bills to produce such shows. For one-shot, advertiser-produced programs, says ABC's Cagliero, "the numbers [that make it on the air] have doubled in the last two years."

It's a question of economic reality, says Simpson. "With fragmentation, you have many more channels in play, and as ratings drop, the cost of programming has to go lower," he says. In accepting more of these programs, the networks are just acting accordingly.

Yet even given the increased acceptance of such shows, ABC still turns down 15 to 20 proposals for every one it accepts, Cagliero says. And advertisers and their agencies are learning new tricks that will stay in their repertoires for years. "Being involved in the changing media scene is as important as any of these opportunities—to be there and learn," McCann's Simpson says. "Else you get left behind."

Campbell's Mahrlig keeps chasing opportunities in self-production, and he sees his competitors doing it, too. He has no doubts about the future of advertiser-produced programming: "It should grow in leaps and bounds." ●

Advertiser-produced programs, the old and the new: Horn & Hardart's 1948 *Children's Hour* (right) and Coca-Cola's 1988 version, *Rockfile* (below).

ROCKFILE PHOTOGRAPH BY MICHAEL FREEMAN

This Little Vendor Went to Market

Local television stations are paying hefty fees to develop fresh revenue streams through vendor marketing. The price, they say, is right. **BY PAUL NOGLOWS**

Dick Noll's job is to bring new advertising revenue into local television markets. For his services, Noll charges a hefty price: roughly $2,600 a day, including days spent traveling. At that price, a standard 18-day contract would cost the local television station that hired him close to $50,000 dollars. And stations are lining up to pay.

What they're paying for is Noll's expertise at developing vendor-marketing programs. Here's how they work: A local television station wants to increase its advertising revenues. The station hires Noll & Co. or Roland L. Eckstein & Co. or one of the other handful of consulting firms that deal in vendor marketing. The consultant works with the station to identify the major retailer in three or four sales categories—computers, carpeting, whatever—that could most benefit in terms of sales and exposure from a one-time promotional campaign, emphasizing specific products and price points. Working with the retailers, an integrated marketing plan is presented to manufacturers of the featured products. The manufacturer then buys in, providing a portion of the money required to put the plan into action on local television.

The money that comes into the local TV market via vendor marketing is not standard co-op advertising money. With co-op, a manufacturer reimburses local retailers for advertising its products in proportion to the amount of product that the retailer sells. In vendor marketing, the manufacturer's contribution is not tied to sales. He either buys into a plan because it meets his marketing goals, or he declines.

And vendor marketing, according to station sales people, is bringing more money from national manufacturers into television than co-op advertising ever did. Steve Cook, general sales manager at WUSA in Washington, which has participated in programs developed by Eckstein for the last five years, calls vendor marketing "the single most productive thing we've done on the retail marketing side."

"It definitely pays for itself," adds Marilyn Jaffe, general sales manager at CBS affiliate WYOU, Scranton, Pa., which participates in four or five vendor programs a year. "It not only brings new dollars into our station, it creates new television dollars for the whole market."

The continued fragmentation of the TV marketplace, coupled with manufacturers' increasing emphasis on regionalization, should spur the growth of vendor programs in the future. That's good news for local television, because it historically has drawn little of manufacturers' traditional co-op funds: Industry sources estimate that less than 10 percent of the annual $9 billion in co-op funds that manufacturers give to local retailers is spent on local TV.

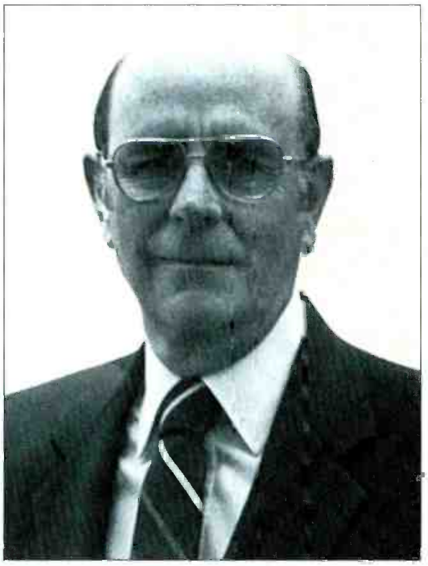
"Television doesn't get the bulk of co-op money; the bulk goes to newspaper," WYOU's Jaffe says. That is where local retailers generally place the bulk of their ads. But once a retailer gets on TV via a vendor program, he's likely to continue advertising on the tube.

"We have clients that have never used television before that have gotten involved with vendor programs," Jaffe says. "And whether or not they still go ahead with vendor programs, they become convinced that television works for them, and then you're just creating new customers."

And not just customers for the station sponsoring the consultant, but new customers for the entire local market.

Nick Magnini, national sales manager at CBS affiliate WIVB in Buffalo, N.Y., who has done business with Noll & Co. for seven years, estimates that vendor-marketing programs add roughly $2 million in ad revenues annually to his market. The station that pays for the consultant's services usually ends up with 35 to 45 percent of the revenue that the program generates.

"It's been a very productive and profitable relationship for all the parties involved," adds Frank Seymour, local sales manager at ABC affiliate WTSP in Tampa, Fla. "As a long-term marketing strategy for the station, it's added a depth and dimension to our sales efforts that nothing else had before."



Leaders of the pack: Noll (l.) and Eckstein's proven track records have got stations lining up to hire them.

Rick Wardell, director of sales at NBC O&O KCNC in Denver, says vendor-marketing programs have been his station's number one source of incremental revenue: "It's been unbelievably successful for us."

Integral to the vendor-marketing concept is the knowledge and expertise of the outside consultants who work as go-betweens for stations, retailers and manufacturers.

Of a handful of consulting firms doing work in this area, station managers agree that two—Noll, with 37 client stations, and Eckstein, with 40—have been the most successful. Both companies are based in Red Bank, N.J.

Dick Noll pioneered the vendor-marketing concept in the mid-1970s when he created T.M.A., the retail-sales development division of Cox/TeleRep. Noll left T.M.A. ten years ago to form his own company, which now includes three other principals.

Noll's main competitor, Roland Eckstein, succeeded him at T.M.A. After working a stint with Noll & Co., Eckstein started his own firm in 1981.

Station sources say the strength of both companies lies in their understanding of the marketing needs and wants of retailers, and the ability to draw on a substantial backlog of strategies that have worked in other markets. "As a station, I can take a consultant, either Noll or Eckstein, and go in to the president of an eight-store computer chain, and suddenly he's talking to another retailer who understands his terms and his marketing problems much, much better than a station can," says Ron Jones, general sales manager of WVUE-TV in New Orleans. "That gives the retailer a real comfort level."

Says Noll: "If you know what you're doing, you select the right retailer and the right vendors, and you can literally create a win-win-win situation. The retailer wins through increased sales, the manufacturer by turning enough merchandise to justify the added expenditure and the station benefits from the additional ad revenues that wouldn't have existed without the program."

For retailers the equation is simple. "The results we've had so far [with vendor marketing] have been very gratifying and have led us into developing a larger program for the fall of this year," says Jerry Foreman, operating vice president of hard-lines merchandise at Service Merchandise in Nashville, Tenn. Rollie Carlson, vice president of merchandising and advertising at Coast to Coast, a chain of 1,300 franchised hardware stores in 38 states, says that vendor campaigns from Eckstein increased retail sales 9 percent last year.

Manufacturers, typically the most wary participants in the programs, are being won over as well. "We basically prefer to spend our money on [newspaper] advertising on a return-on-investment point of view, with one exception—Noll vendor campaigns," says Michael Dowling, Eastern-region vice president for sales for Emco Specialties Inc., a Des Moines manufacturer of building materials. Emco has invested in vendor programs for eight years. "They unequivocally pay," Dowling says. He notes that programs with Value Distributors in Buffalo last year resulted in a full doubling of Emco's business with the 22-store chain.

Users of the programs concede that it takes a concerted, long-term effort on the part of everyone involved to make the concept work and that vendor marketing is most effective when used as a complement to, rather than a replacement for, existing co-op programs.

"The first time you do a vendor presentation with a client, frequently the dollars generated don't really justify the time, effort and resources that you put into it," says WUSA's Cook. "But you've generally picked up a new advertiser, and if you stick with it, subsequent programs tend to be more successful and larger—and much, much easier."

"The vendor-support concept is one of many tools a station can use to increase ad revenues," says Wallace Westphal, senior v.p./retail advertising for the Television Bureau of Advertising. "The marketplace is changing, not only within the media, but also the customers. It's more competitive for retailers out there. We need to come to the retailer with tools. Their need for co-op and vendor is greater than it was in the past. Why not be the provider of that service? They're not going to come to us."

"Vendor marketing is going to continue to grow, changing the face of national advertising," says WVUE's Jones. "Sales-promotion budgets are growing in double digits. Manufacturers are finding that if they can tie the product to a retailer who can put a price and location to it, he'll move merchandise." Concludes WYOU's Jaffe: "It's the way that stations have to go today, because more business is coming from the local side. National business is down. In order to make up those dollars and increase your revenues you have to create new advertising dollars in the market. Vendor marketing is one great way to do it." ●

Contributing editor Paul Noglows is the New York reporter for Media Business News.

FALL SEASON '88

While Rome Burns

The new TV season, delayed and nearly destroyed (for the networks) by the writers' strike, kicks into a near-normal gear this month. The Big Three spread out a new-series feast that they desperately need America to love: Cable and syndication stand ready to capture eyes wandering away from the broadcast nets.

The six stories here show where viewers are likely to end up, delve into the jockeying among the studios and track the economics of TV production with our annual deficit chart.

This past season the networks' share of the prime time audience fell by 9 percent, a stunning drop for which the advent of people meters can be held only partly responsible. The combined rating of NBC, ABC and CBS stands at 43.1 (compared with 58.5 a decade ago); this means that on an average night the networks together can command the attention of significantly less than half the nation's television sets. The key question of the new season, complicated by the lingering effects of the writers' strike, is whether the networks can halt or even slow the exodus of viewers. Recent pronouncements by network programmers give one the impression that they grasp the magnitude of their predicament. In unveiling his fall lineup to the press, CBS's Kim LeMasters spoke convincingly of the need for shows that "touch people"; indistinguishable wallpaper shows, he said, cannot survive in an era of declining network shares. On the same occasion, Brandon Tartikoff talked of the need for "appointment television"—programs that viewers will make a point of watching each week.

Eloquent pronouncements notwithstanding, the three networks have come up with a lot of wallpaper and precious little appointment television. The new season looks remarkably like business as usual. Only one show appears to have the marks of a breakthrough—ABC's *Roseanne*—and there's so much boilerplate comedy that singling out a handful of sitcoms for attention is no easy matter. Innovation is in short supply: The networks have fielded no *thirtysomething* or *Moonlighting* to push the prime time envelope (though there are imitations of both those shows). Playing it safe would be fine in an ordinary year, but in 1988 this strategy starts to look like fiddling while Rome burns.

A few notable programming trends can be discerned. Sitcoms are everywhere: Thirty of them, not counting the "dramedies." Virtually all of the new sitcoms are centered on single heads of household, or the workplace. The networks evidently have determined that the nuclear-family sitcom has run its course; the Age of Cosby is drawing to a close. And if comedy is in, action is out. NBC's *Midnight Caller* is, astonishingly, the only new action/adventure hour on any network's schedule. The hour format isn't dead, however, it's just changing its emphasis from plot and action to drama and comedy about character.

Following is a sampling of the 22 new shows—*Channels'* pick of the "ones to watch." These aren't necessarily the best, but they are the most important, by several yardsticks. We've singled out a show for review because it supplies a key to the competitive situation on a particular night; it's unusually good or innovative; it represents a potentially significant trend; or because a lot is riding on it.

A few caveats: Only shows for which pilots were available at press time were reviewed. Sometimes shows change substantially between the pilot and the premiere, and that may be especially true this year: Many pilots were shot without the benefit of writers on the set. Also, the delay in starting the season has forced the networks to alter their schedules. It will be awhile before some of these new shows debut. MICHAEL POLLAN

FALL SEASON '88

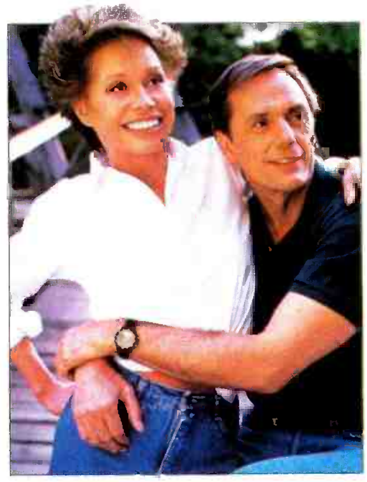
The Contenders

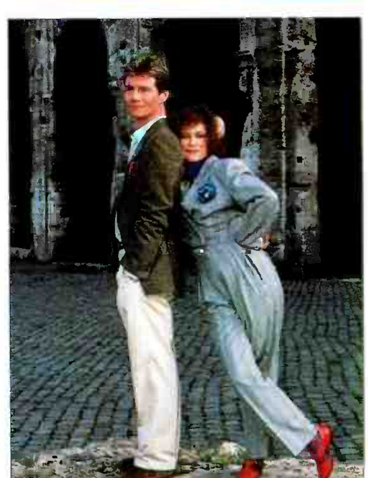
Michael Pollan picks the hits and pits for fall.

ROSEANNE

(Tuesday, 8:30-9, ABC) The road from successful stand-up comedy to viable sitcom is littered with wrecks—there have been many more Tim Conways and Don Rickles than Garry Shandlings and Bill Cosbys. If the quality of *Roseanne*'s first episode holds up, Roseanne Barr—the jumbo comedienne with the nasal

whine—bids fair to join the Shandlings and Cosbys. Produced by Marcy Carsey and Tom Werner, the team that brought *The Cosby Show* and *A Different World* to NBC, *Roseanne* is virtually a send-up of the cloying 1980s TV family: The Parkers have more in common with the Kramdens than the Keatons or Huxtables. This is a family where the parents squabble, the kids can be a pain ("Quick, they're gone. Let's change the locks.") and Mom has to work at an assembly-line job to make ends meet. Barr's take on family life is blue-collar feminist, and her withering satire, aimed mainly at the male ego, has been softened only slightly for prime time. John Goodman, as the lumbering husband Dan, serves as a good-natured foil. Odds: Very good. The time slot—hammocked between *Who's the Boss?* and *Moonlighting*—is ideal; the writing and acting sparkle; and the timing couldn't be better. Carsey and Werner proved with the everything's-great, Reaganite fantasy of *Cosby* that they knew which way the zeitgeist blew. With *Roseanne*, a show as disillusioned as the morning after, they've made the first sitcom for the post-Reagan era.





CBS's Mary Tyler Moore (top) and ABC's *A Fine Romance*: Not likely to last.

A FINE ROMANCE

(Sunday, 8-9, ABC) ABC's most lavish and ambitious entry this fall, *A Fine Romance* is an '80s screwball comedy with a heavy debt to *Moonlighting* and its silver-screen predecessors. These confections depend on the attraction of psychological opposites: Here, Anthony Andrews (*Brideshead Revisited*) does a fine Cary Grant imitation ("We weren't married—we were temporarily insane before a judge.") opposite Margaret Whitten's brassy New Yorker. Though divorced, the travelogue TV show they co-host forces them together and into a series of "madcap" adventures shot on location in Europe. True to its models, the dialogue is snappy and the pace torrential, but something's missing here. Screwball comedy is all about spirited execution and volatile chemistry, and though everybody involved seems to be trying hard, *A Fine Romance* never quite takes flight. Odds: Slim. This is a classic 10 P.M. weeknight show. Inexplicably, it's been scheduled on Sunday at 8, after *Incredible Sunday* (ABC's exhumation of *That's Incredible*). As if that weren't handicap enough, *A Fine Romance* has to compete with *Murder, She Wrote* and *Family Ties*. Good luck.

MARY TYLER MOORE*

(*Working title; Wednesday, 8:30-9, CBS) Kim LeMasters says that CBS's best shot this season will come on Wednesday, the night with the most new shows. His edge: Dick Van Dyke and Mary Tyler Moore, back to back, against an untested NBC lineup. Van Dyke's show wasn't available for screening, but on the evidence of MTM's effort—still untitled at press time—LeMasters better not start counting his share points yet. This is a flat, unfunny sitcom about a divorced civil servant (MTM) from a leftish family who gets involved with a widowed engineer from a . . . well, you can guess. Here's a show where dispensing with the laughtrack is an act of hubris. Unlike *The Days and Nights of Molly Dodd* (a strong influence here), the characters and the drama don't carry us over the not-funny patches. Moore's comedy has always depended on the ensemble around her, and the supporting characters here—especially Edward J. Moore as the love interest—don't offer much support. Odds: Poor. The marquee value of Mary Tyler Moore and the churn on Wednesday night guarantee a good sampling initially, but unless the quality improves, this show will fade fast.

ALMOST GROWN

(Monday, 10-11, CBS) One of CBS's goals this season is to broaden its prime time appeal among young adults, and *Almost Grown* is the network's *thirtysomething*. It's a slice-of-life drama about a New Jersey couple in their late thirties who have spent the better part of three decades falling in and out of love. Tim Daly gives an appealing performance as a pop-radio program director with a slight case of arrested development; in the two-hour pilot, he meets Susie (Eve Gordon) in high school in the '60s, marries her in the '70s and gets divorced in the '80s. The evocation of each decade is strained and cliché ridden, but the contemporary material—in which the couple can't quite give up their shared history and accept the present—has a fresh, Altmanesque anarchy about it. Period songs are used effectively, not just as background but as narrative device. It's hard to tell from the expanded pilot what a typical episode will look like, but the care and style with which *Almost Grown* is made is cause for optimism. Odds: Only fair. *Almost Grown* would stand a much better shot on a network that has an established baby-boom hit with which to launch it. It could have a shot, however, if the shows preceding it—*Murphy Brown* and *Designing Women*—attract enough upscale viewers to CBS earlier in the evening.

MURPHY BROWN

(Monday, 9-9:30, CBS) Candice Bergen's first TV series is an effervescent workplace sitcom about a famous TV journalist with a rocky private life. In the first episode, Brown comes off of a month at the Betty Ford center to find that a new 25-year-old executive producer, Miles Silverberg, has installed a ditsy ex-Miss America ("She thinks Camus is a soap," Brown complains) as co-host on *FYI*, her weekly show. The network news satire is smart if gentle—this is *Broadcast News*, not *Network*—but this is a comedy about character more than situation. And most of the characters are sharply drawn and winningly played; Grant Shaud as Silverberg is a find, and Bergen manages to make Murphy Brown likeable without being the least bit sweet. Bright, brisk and literate, *Murphy Brown* should lure its share of the urban, young-adult viewers CBS is targeting. Chances: Fair. If the show gets on the air in time, *Murphy Brown* should inherit the female audience forfeited by *Monday Night Football*; its premiere broadcast is currently set for November 14. Yet its lead-in is weak, and beginning life opposite an NBC Movie of the Week is never easy. A good candidate for rescheduling.

Scheduling may make the difference: (clockwise from top left) NBC's *Midnight Caller* and *Dear John*; CBS's *Murphy Brown* and *Almost Grown*.

MIDNIGHT CALLER

(Tuesday, 10-11, NBC) The hour-long action/adventure show is prime time's endangered species. Expensive to produce and tough to syndicate, no one wants to make them anymore: *Midnight Caller* is the only action/adventure hour premiering this fall. NBC has always been good at the classy, relatively upscale 10 o'clock drama, and *Midnight Caller* is up to standard. Jack Killian is an ex-cop (he quit the San Francisco force after accidentally killing his partner during a shoot-out) with a late-night call-in show about crime. The show is equal parts Killian's inspired gab and skillful crime-solving. *Caller* has a dark moodiness about it, and there's lots of *Fatal Attraction*esque weirdness between the sexes. But *Midnight Caller* is less arty and more accessible than earlier NBC stabs at TV *noir*, such as *Crime Story* and *Private Eye*. Odds: Good. It should enjoy a broader appeal than *thirtysomething* and, barring a *Moonlighting* renaissance, it will inherit a large audience from *In the Heat of the Night*.

DEAR JOHN

(Thursday, 9:30-10, NBC) A nice enough show, and presumably NBC has a sheaf of research proving that Americans actually missed having shlubby Judd Hersh—who seems as irredeemably '70s as Alan Alda—in their living rooms the past few years. Adapted from the BBC hit of the same name, *Dear John*'s franchise is a weekly "one-to-one" meeting of a half-dozen recently divorced New Yorkers. (NBC has written off the nuclear family: *All* of its new comedies are about singles; this is the best of the lot.) The formula is a variation on such talky workplace comedies as *Taxi* and *Cheers*, which thrust an odd assortment of sharply drawn types (here, a nerd, a space cadet and a hilarious Don Juan, among others) into close and comic proximity. *Dear John* is no breakthrough, but it appears to hit the level of gag writing and character acting a show of this kind needs to make it. Odds: Good, thanks to its time slot. *Dear John* should fit right into NBC's Thursday lineup. ●

FALL SEASON '88

The Hype Factor

J. Max Robins finds few sure things in syndication.

The new syndication season is a tale of two programs: *The Cosby Show* and *USA Today: The Television Show*. Both programs have been hyped to the hilt. One will be lucky to live up to the hoopla surrounding its syndication debut and the other looks like an odds-on favorite for the winner's circle.

Picking *The Cosby Show* as a syndication winner is like investing in a blue-chip stock—a wise but conservative move. Its NBC cohorts, *Cheers* and *Family Ties*, which some industry observers doubted would have syndication legs because so many viewers saw them the first time around, have proved to be syndication winners.

The only question is whether *Cosby* will perform up to the expectations of its client TV stations, which bought the program at a premium and are expecting it to drive ratings stationwide. "There's no doubt *Cosby* has the potential to turn a lot around" in local markets, says Seltel programming v.p. Janeen Bjork.

Unlike *Cosby*, expectations for *USA Today* are decidedly mixed. The decision of New York's WCBS to run the show at 2:05 A.M.—hardly an ideal showcase for GTG's $40 million baby in the nation's biggest market and advertising center—does not bode well for the program's future. Still, *USA Today* is in prime access in more than 60 percent of the country, and GTG will probably give the program time to build a suitable audience—after all, at the very least the program is a half-hour commercial for its newspaper namesake. Stations may not be as charitable.

Steve Friedman (top) and the anchor crew of GTG's *USA Today.*

There are no clear blockbusters from the rest of the crop of syndication debuts. In the talk-show category, Buena Vista's *Live with Regis and Kathie Lee* is given a decent shot at success—there may be room yet for happy talk among the Geraldos and Downeys. "*Regis and Kathie Lee* will do well," says Dean McCarthy, v.p./programming services for HRP. "All talk shows don't have to be confrontational."

Two programs with medical themes, Lorimar's *Family Medical Center* and MGM/UA's *Group One Medical*, have impressed some industry observers. Still, nobody is picking either show as a runaway hit.

One program that may break out is *On Trial*, a courtroom show that uses video from actual trials. "In essence, [*On Trial*] is a real-life soap opera," says Katz TV v.p. and director of programming John von Soosten. "It will deliver a lot of drama in the afternoon." ●

NEW IN FIRST-RUN SYNDICATION

PROGRAM	DISTRIBUTOR	PROGRAM	DISTRIBUTOR
BODY BY JAKE	SAMUEL GOLDWYN TELEVISION	MUNSTERS TODAY	MCA TV ENTERPRISES
COLORS OF SUCCESS	M.K. THOMAS & CO.	MY SECRET IDENTITY	MCA TV ENTERPRISES
C.O.P.S.	CLASTER TELEVISION	NEW LIAR'S CLUB	FOUR STAR INTERNATIONAL
DENVER, THE LAST DINOSAUR	WORLD EVENTS PRODUCTIONS	ON TRIAL	REPUBLIC PICTURES
DICK CLARK'S GOLDEN GREATS	TELETRIB	PUBLIC PEOPLE / PRIVATE LIVES	ORBIS COMMUNICATION
DR. FAD SHOW	FOX / LORBER ASSOCIATES	RELATIVELY SPEAKING	SELECT MEDIA COMMUNICATIONS
FAMILY FEUD	LBS COMMUNICATIONS	SNORKS	WORLDVISION ENTERPRISES
FAMILY MEDICAL CENTER	LORIMAR SYNDICATION	STARTING FROM SCRATCH	WORLDVISION ENTERPRISES
FREDDY'S NIGHTMARES	LORIMAR SYNDICATION	SUPERBOY	VIACOM ENTERPRISES
FUN HOUSE	LORIMAR SYNDICATION	SWEETHEARTS	MULTIMEDIA ENTERTAINMENT
GONG SHOW	BARRIS INDUSTRIES	TEENAGE MUTANT NINJA TURTLES	GROUP W PRODUCTIONS
GREAT ESCAPE	GENESIS ENTERTAINMENT	TRIPLE THREAT	TELETRIB
GROUP ONE MEDICAL	MGM / UA TELECOMMUNICATIONS	TWILIGHT ZONE	MGM / UA TELECOMMUNICATIONS
IMPROV TONITE	PEREGRINE FILM DISTRIBUTION	USA TODAY: THE TELEVISION SHOW	GTG ENTERTAINMENT
LATIN CONNECTION	ALL AMERICAN TELEVISION	WAR OF THE WORLDS	PARAMOUNT TELEVISION
LIFE'S MOST EMBARRASSING MOMENTS	GROUP W PRODUCTIONS	WIPEOUT	PARAMOUNT TELEVISION
LIVE WITH REGIS AND KATHIE LEE	BUENA VISTA TELEVISION	WORLD CLASS WOMEN	SELECT MEDIA COMMUNICATIONS
MARVEL ACTION UNIVERSE	NEW WORLD DISTRIBUTION	YOGI BEAR SHOW	WORLDVISION ENTERPRISES
MONSTERS	TELETRIB	Source: Petry Television	

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FALL SEASON '88

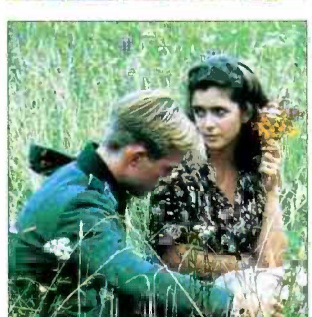
Come Home to Cable

Making the most of broadcasters' troubles. By Kirsten Beck

Cable programmers are hoping for a long, sweet Indian summer this fall. While the Writers Guild strike delayed the broadcast networks' new seasons, cable escaped relatively unscathed and is set to take advantage of the networks' misfortune.

Each summer, when the Big Three go into repeats, increasing numbers of cable subscribers pass the time plying their remote controls, sampling here and there in search of fresh programs and raising cable's audience share. For viewers who won't be mesmerized by baseball's World Series this fall, cable networks have devised a number of strategies to entice them to continue the pattern of sampling.

Cable-program spending, up nearly $200 million from last year to more than $1.6 billion, according to estimates by Paul Kagan Associates, still cannot match the billions spent by ABC, CBS and NBC each season. But this year, some cable networks have actually announced fall seasons—a move generally avoided in the past because of the din created by the broadcast networks as they unveil their new shows. The Discovery Channel, for example, began introducing its fall lineup in August, and Arts & Entertainment accelerated the scheduling of some of its new programming and increased its promotional and advertising budget by approximately 30 percent.



On the wire: HBO's *Encyclopedia* (far right), A&E's *Vanity Fair* (top) and Showtime's *Souvenir.*

USA Network chose the fall to launch *Miami Vice* and *Murder, She Wrote,* accompanied by full-scale promotion and advertising campaigns including ready-made TV and radio spots for local system use. Even cable programmers not introducing new fall seasons are reporting 25 to 30 percent increases in their promotion spending.

Pay-channel executives like to point out that they begin a new season every month, but even HBO made some changes to take advantage of viewers' hunger for the new this fall. Bridget Potter, HBO's senior v.p./original programming, has taken HBO's comedy hour from a monthly to a weekly event this fall, in part, she says, because of the impact of the strike on the broadcast networks.

Some cable programmers express concern that the hoopla surrounding Turner Broadcasting's launch of TNT this month may dwarf their promotional efforts. Others, however, are more distressed by the fact that system-level program promotion remains in its infancy; they say some cable networks' promotion efforts will be seriously handicapped.

Many local operators are hampered by budget considerations. United Cable Television of Los Angeles will increase tune-in and cross-channel promotions on its own channels, but president William R. Cullen says an ad campaign in L.A. newspapers wouldn't be cost-effective, because the region is served by many different cable systems—a dilemma repeated nationwide.

In some cases, even cable operators who have begun system-level program promotion find their fourth-quarter budgets too meager to take full advantage of this unexpected opportunity to attract more viewers. Most system-level budgeting and planning lacks the flexibility to provide an emergency infusion of funds to create and mount a quick promotional campaign.

Nonetheless, some cable operators are determined to work hand-in-hand with programmers to woo viewers. Heritage Communications, for example, will up its promotion budget for ESPN's NFL season by 25 percent, using bill stuffers, print and radio campaigns. As Heritage sales and promotions v.p. Terry Rich says, cable is ready to help viewers "beat the summer reruns this fall." ●

WIRED FOR FALL: Cable Highlights

ARTS & ENTERTAINMENT NETWORK
VANITY FAIR (21-part family classic)

BRAVO
CULTURE FOR KIDS (weekly series)

THE DISCOVERY CHANNEL
WORLD MONITOR (nightly newscast covering world events)

HBO
ENCYCLOPEDIA (family show developed with CTW)

MTV
MTV'S HALF-HOUR COMEDY HOUR (up-and-coming comedians)

NICKELODEON
TATTERTOWN (live-action with animation by Ralph Bakshi)

THE NASHVILLE NETWORK
SOME ENCHANTED EVENING WITH WILLIE NELSON (90-minute special for November)

SHOWTIME
SOUVENIR (original, two-hour drama for October, starring Christopher Plummer)

ENCYCLOPEDIA PHOTO BY NORA FELLER

FALL SEASON '88

Deficits Pending

A show-by-show breakdown of the season's new and returning series on ABC, CBS, NBC and Fox, complete with each show's producers, first season in syndication, estimated license fee and the deficit incurred by its studio. Edited by Michael Burgi.

	DISTRIBUTOR (PRODUCER)	FULL SEASONS ON AIR	NUMBER EPISODES END '87-88 SEASON	FIRST SEASON IN SYND.	EXECUTIVE PRODUCER(S)	LICENSE FEE PER EPISODE + (THOUSANDS)	DEFICIT PER EPISODE + (THOUSANDS)
	ABC (ABC Circle Films)						
ABC	Moonlighting	3	50	'89	Glenn Gordon Caron	$1600	$0
	BUENA VISTA TV (Witt/Thomas/Harris Productions)						
NBC	Empty Nest	1st	0	'93*	Paul Junger Witt, Tony Thomas, Susan Harris	400	50
NBC	Golden Girls	3	76	'90	Paul Junger Witt, Tony Thomas, Susan Harris	550	100
	CARSON PRODUCTIONS (Carson Productions)						
NBC	Amen	2	43	'91*	Ed Weinberger, Artie Julian	425	50
	COLUMBIA PICTURES TV (Columbia TV)						
NBC	Something Is Out There	1st	1	'93*	Frank Lupo, John Ashley	950	250
ABC	Who's the Boss?	4	96	'89	Blake Hunter, Martin Cohan	500	125
NBC	227	3	68	'90	Ron Bloomberg, George Burditt	450	75
CBS	Designing Women	2	44	'91*	Harry Thomason, Linda Bloodworth-Thomason	450	50
FOX	Married...with Children	1	35	'92*	Ron Leavitt, Michael Moye	400	50
	GTG MARKETING (GTG Entertainment)						
CBS	TV 101	1st	D	'93*	Karl Schaefer, Scott Brazil	850	250
CBS	The Van Dyke Show	1st	0	'93*	Donald Todd	425	75
CBS	Close To Home	1st	0	'93*	Deborah Aal	400	75
	LORIMAR TELEPICTURES (Alien Productions)						
NBC	ALF	2	51	'90	Tom Patchett, Bernie Brillstein	425	75
	LORIMAR TELEVISION (Lorimar Television)						
NBC	Midnight Caller	1st	0	'93*	Robert Singer, Robert Butler	850	250
CBS	Paradise	1st	0	'93*	David Jacobs	850	250
CBS	Knots Landing	10	219	'85	Michael Filerman, David Jacobs	1350	0
CBS	Dallas	11	279	'84	Leonard Katzman	1400	0
CBS	Falcon Crest	8	184	'86	Joanne Brough, Michael Filerman	1350	0
ABC	Full House	1	22	'92*	Jeff Franklin, Thomas L. Miller, Robert L. Boyett	425	50
ABC	Perfect Strangers	3	50	'90*	Thomas L. Miller, Robert L. Boyett	425	75
NBC	The Hogan Family	3	53	'90*	Thomas L. Miller, Robert L. Boyett	400	75

	DISTRIBUTOR (PRODUCER)	FULL SEASONS ON AIR	NUMBER EPISODES END '87-88 SEASON	FIRST SEASON IN SYND.	EXECUTIVE PRODUCER(S)	LICENSE FEE PER EPISODE + (THOUSANDS)	DEFICIT PER EPISODE + (THOUSANDS)
	MGM / UA (MGM / UA)						
ABC	Knightwatch	1st	0	'93*	Kevin Sullivan	$900	$200
NBC	Baby Boom	1st	0	'93*	Nancy Meyers, Charles Shyer	525	100
ABC	thirtysomething	1	20	'92*	Marshall Herskovitz, Edward Zwick	900	200
NBC	In the Heat of the Night	1st	6	'93*	Juanita Bartlett, Fred Silverman	850	200
	MTM (MTM)						
CBS	Mary Tyler Moore	1st	0	'93*	Elliot Shoenman, Paul Wolff	525	100
NBC	Tattinger's	1st	0	'93*	Bruce Paltrow, Tom Fontana, Mark Tinker	850	350
CBS	Newhart	6	138	'88	Mark Egan, Mark Solomon	500	75
	NEW WORLD TV (New World TV)						
ABC	A Fine Romance	1st	0	'93*	Bruce J. Sallan, Peachy Markowitz	800	300
ABC	Murphy's Law	1st	0	'93*	Zev Braun, Michael Gleason	850	300
ABC	The Wonder Years	1st	6	'93*	Neal Marlens, Carol Black	525	100
CBS	Tour of Duty	1	21	'92*	Zev Braun	950	350
	PARAMOUNT TV (Paramount)						
NBC	Dear John	1st	0	'93*	Ed Weinberger, Peter Noah, Bob Ellison	450	75
NBC	Cheers	6	146	'87	James Burrows, Glen Charles, Les Charles	650	100
NBC	Day By Day	1	13	'93*	Andy Borowitz, Will Mackenzie	450	75
NBC	Family Ties	6	150	'87	Gary David Goldberg, Alan Uger	600	75
ABC	MacGyver	3	64	'90	Henry Winkler, John Rich, Stephen Dowling	975	325
	PARAMOUNT TV (UBL Productions w / Paramount)						
FOX	Duet	1	35	'93*	Ruth Bennett, Susan Seeger	425	50
	REPUBLIC (Witt / Thomas w / Ron Koslow Films in assoc. w / Republic)						
CBS	Beauty and the Beast	2	22	'92*	Paul Junger Witt, Tony Thomas	950	350
	SABAN INTERNATIONAL (Cosgrove-Meurer Prod.)						
NBC	Unsolved Mysteries	1st	7	'93*	Terry Meurer, John Cosgrove	750	50
	TBA (Aaron Spelling Productions)						
FOX	Angels '88	1st	0	'93*	Aaron Spelling	850	250
	TELEVENTURES (Stephen J. Cannell Productions)						
NBC	Sonny Spoon	1st	7	'93*	Stephen Cannell	1100	0
CBS	Wiseguy	1	21	'93*	Stephen Cannell	950	250
NBC	Hunter	4	87	'88	George Geiger	1000	250
FOX	21 Jump Street	1	34	'92*	Patrick Hasburgh	900	150
FOX	City Court	1st	0	'93*	Patrick Hasburgh	800	150
	TWENTIETH CENTURY FOX (Aaron Spelling Prod.)						
ABC	Dynasty	8	195	'85	Aaron Spelling, Douglas S. Cramer, Richard & Esther Shapiro	1450	0
	TWENTIETH CENTURY FOX (Gracie Films w / Twen. Cent. Fox)						
FOX	The Tracey Ullman Show	1	35	'93*	James L. Brooks, Jerry Belson, Ken Estin, Heide Perlman	500	0
	TWENTIETH CENTURY FOX (Twentieth Century Fox)						
ABC	Hooperman	1	22	'92*	Robert Myman, Rick Kellard	525	100
ABC	Mr. Belvedere	3	95	'90*	Frank Dungan, Jeff Stein, Tony Sheehan	400	50
NBC	L.A. Law	2	44	'91*	Steven Bochco, Rick Wallace	900	200
	UNIVERSAL TV (Universal TV)						
ABC	ABC Saturday Mystery Movie	1st	0	'93*	William Link	3000	500
CBS	Almost Grown	1st	0	'93*	William Sackheim, David Chase	850	350
CBS	Coming of Age	1st	3	'93*	Barry Kemp	500	75
CBS	The Equalizer	3	64	'90*	James McAdams	1000	300
CBS	Murder, She Wrote	4	88	'89*	Peter Fischer	1000	300
NBC	Miami Vice	4	89	'89	Michael Mann	1200	300
	VESTRON TV (Vestron TV w / Steve Tisch Co.)						
CBS	Dirty Dancing	1st	0	'93*	Steve Tisch, Mitchell Cannold	525	100
	VIACOM (Carsey / Werner Productions)						
ABC	Roseanne	1st	0	'93*	Marcy Carsey, Tom Werner, Matt Williams	425	75
NBC	The Cosby Show	4	97	'88	Marcy Carsey, Tom Werner	600	125
NBC	A Different World	1	22	'92*	Marcy Carsey, Tom Werner	500	75
	VIACOM (Viacom w / Our Production Company)						
FOX	It's Garry Shandling's Show	1	33	'92*	Bernie Brillstein, Garry Shandling, Brad Grey	300	0
	VIACOM (Viacom w / Strathmore Prod. / Fred Silverman Co.)						
NBC	Matlock	2	47	'91	Fred Silverman, Dean Hargrove	850	300
	WARNER BROTHERS (Aaron Spelling Productions)						
ABC	Heartbeat	1st	6	'93*	George Eckstein	850	300
	WARNER BROTHERS (Warner Brothers TV)						
CBS	Murphy Brown	1st	0	'93*	Diane English, Joel Shukovsky	450	75
ABC	China Beach	1st	7	'93*	John Sacret Young	950	250
ABC	Growing Pains	3	70	'87	Michael Sullivan, Dan Guntzelman, Steve Marshall	500	100
ABC	Head of the Class	2	46	'91	Michael Elias, Rich Eustis	500	75
ABC	Just the Ten of Us	1st	4	'93*	Michael Sullivan, Dan Guntzelman, Steve Marshall	425	50
NBC	Night Court	5	101	'88	Reinhold Weege	500	100

* Estimated syndication date. + *Channels* estimate. Compiled by *Channels*, with thanks to Charles Slocum and the Writer's Guild of America. Research: Cathy Goodstein and Rhoda Fukushima.

FALL SEASON '88

Taking Orders

Smaller producers still get the major business.

By Neal Koch

Hollywood's old-line studios seemed unable to reclaim much ground for the 1988-89 season. The younger production companies that first staked their claims to the lion's share of prime time series a few years ago are hanging tough, despite troublesome deficits on some shows. The independents, such as Stephen J. Cannell Productions and the new GTG Entertainment, have captured 28.5 hours worth of prime time series slots on ABC, CBS, Fox and NBC for the coming season, leaving just 24 hours to the major studios.

True, this was a year in which the majors gained back some lost territory, trailing the independents by less than five hours of programming. In the fall 1987 season, independents led by 6 hours, producing 32 hours compared with 26 for the studios. Still, the improvement this year was small. Moreover, the majors can't deny the role of the independents in assisting them with some of the success they do enjoy. For instance, included in Disney's total of two hours for this season are two half-hour sitcoms produced by Witt/Thomas/Harris—the returning *Golden Girls* and the new *Empty Nest.* (The competing claims for credit over *Golden Girls* remain a touchy issue between Disney and W/T/H.)

The independents owe their recent rise in part to their willingness to buy their way onto the schedule by swallowing large production deficits. "Independents are a lot more willing to take a flier," says Adam Gold, Lorimar vice president for network television research. "You've got these little start-up companies that are looking to hit a home run, like Carsey-Werner did with *Cosby*, and are willing to take a risk." New World garnered a lot of attention when it broke into prime time series in the 1986-87 season with *Sledge Hammer* and *Crime Story*, after Universal turned down the latter show as too expensive to make. New World's *Tour of Duty* has also run up large deficits. But now the company has four series on this season's schedule. Was the price worth it? "We think so," says Jon Feltheimer, president of New World Television Productions, "but we won't know for a number of years."

New World's loss leaders: *Tour of Duty* (top) and *Sledge Hammer* (right) . . .

. . . *Crime Story* (above) and ABC's new *Murphy's Law.*

Some say the independents also prevail because in an industry that relies so heavily upon writers, independents are able to offer a more intimate, creative work atmosphere with less bureaucracy. "We don't have any more money to pay than Universal," notes Bill Allen, senior vice president of creative affairs for MTM Television. Independents, often still run by their founders, may also be more willing to take the time to develop young talent. Stephen Cannell, for instance, says he will often co-write a pilot with a promising but unproven writer to get the writer network attention. Then, Cannell says, he can step away and be left with a writer who's known to the networks and who can do a show for Cannell on his own.

But in the end, might may still win out. This may be the last fall season in which independents will show such dominance for some time to come. The wave of corporate consolidation sweeping America has hit Hollywood as well, with major studios continuing to swallow up independents. For instance, Columbia's *Who's the Boss?* now goes into the studio tally. In 1985, before Embassy Communications was bought by Coca-Cola, the sitcom went on the independents' side of the score sheet. And now Lorimar—whose officials have chaffed at the refusal of many in Hollywood to call their company a "major studio," despite Lorimar's top spot in number of prime time programming hours—will become part of Warner Bros. Together, they have 10.5 hours of programming this fall (Lorimar, 7; Warner, 3.5). That's 75 percent more than second-place Universal, which has 6 hours. Says Leslie Moonvies, Lorimar Television executive v.p./creative affairs: "I see the majors getting more and more important as the mergers continue." ●

TOUR OF DUTY PHOTO BY RANDY TEPPER

FALL SEASON '88

Save the Networks

Executives say all they need is a few big hits to stop viewer erosion. By Neal Koch

Despite their eroding audience share in a rapidly changing marketplace, network programmers seem reluctant to embrace new strategies this year. Instead, they're falling back on conventional series, trying to find a few hits around which to build their schedules—an approach that leaves some concerned for the Big Three's future. "They don't really know how to get out of their problem," says Hal Vogel, an industry analyst with Merrill Lynch.

The programmers say they're on the best track. "All it takes is a few hit shows to not only turn a network around, but to almost turn around the network business," NBC Entertainment president Brandon Tartikoff told a recent gathering of the nation's TV critics.

Some say it's the only track. "We've sat long and hard thinking about what the innovative new thing is to stop erosion," says Ted Harbert, ABC v.p./prime time programming. "In these jobs the only thing you have time to do is to work with Hollywood producers to come up with new shows. If anyone has any better ideas, our number is 557-6517."

But the conventional path has had limited success. A.C. Nielsen reports, for instance, that the three nets' combined share of the regular-season prime time viewing audience dropped to 70 percent last season, from 92 percent a decade ago. The culprits seem clear—the advent of the Fox network, creeping cable penetration, the growth of independent stations, the proliferation of VCRs. "There are a hundred little piranha out there and they're all nipping at our heels all the time," Tartikoff complained to the critics.

To combat the threat, Tartikoff planned to begin moving NBC toward year-round original prime time programming this year with new summer series; the writers' strike intervened. All three networks now say they're willing to give quality shows time to develop followings. Moreover, they're adapting by pursuing demographically narrow but financially lucrative audiences. Still, Harbert seems to echo his colleagues' views when he says, "To me, the best radical new solution is a hit show. People who claim they've got some new, innovative formula for programming a night are full of it."

Will young adults find *Dirty Dancing* on CBS?

For CBS, the imperative is most daunting. Its audience has grown steadily older and it's been unable to replace its aging, more successful shows. The problem is compounded because shows with older audiences are of limited value in promoting programs aimed at younger viewers and in providing those shows with lead-in audiences. CBS is leaning heavily on Grant Tinker's *TV 101* and a small-screen version of *Dirty Dancing* from Vestron TV and The Steve Tisch Co. to bring in some youths.

Time is on ABC's side, officials argue, because its shows are the youngest: According to ABC, CBS's top shows average 6.25 years on the air versus 3 years for NBC and 2 years for ABC. But its first order of business will be damage control against NBC's sports coverage. ABC's *Monday Night Football* will start an hour earlier, at 8 P.M. (ET). And ABC is hoping *Roseanne*, which wasn't delayed by the strike, will give it a lock on Tuesday nights, the way NBC has held Thursdays in recent years.

NBC officials say from their catbird seat that they can't afford to play it safe: Their strongest comedies are aging. So NBC's bringing on 6.5 hours of new shows, including three comedies. Regardless, NBC is expected to dominate the ratings again this year.

Fox's affiliates have given the upstart network a clear message: fix Saturday nights. Saturday's performance has been so poor—and the affiliate reaction so strong—that Fox had to pull back on plans to launch a Monday night movie. Garth Ancier, president of FBC Entertainment, says Fox must not only make Saturday more successful, however, it must do so less expensively. He says the network had been using $800,000 hours as loss leaders on that night. Now, Fox has turned to less expensive reality/magazine shows such as *The Reporters*.

All of this just shows, analyst Vogel maintains, that a breakthrough in thinking has yet to occur in the network business. "Ultimately," he says, "somebody's going to have to do something." ●

Waking 'The Late Eight' *by Kirsten Beck*

WTNH in Hartford-New Haven ran a spunky five-year race, but it faltered in the end.

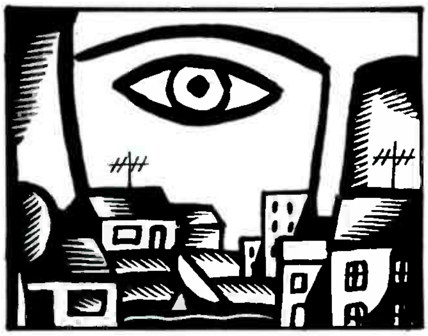
Back in 1983, we used to be called 'the late eight,'" recalls Michael Sechrist, former news director at New Haven's Channel 8, remembering his early days at WTNH with a wry smile. "Our local-news profile was so low that not even the governor's office bothered to notify us of press conferences," he adds.

A lot has changed since then, and Sechrist can smile because he had a hand in the changes. WTNH now regularly receives notice of statehouse press conferences, and few would call it "the late eight" today.

Two broadcasters dominate the ratings in the eight-station Hartford-New Haven market. One—Hartford-based WFSB, a CBS affiliate owned by Post-Newsweek—has been the market leader for years. The other—Cook Inlet's New Haven-based WTNH, an ABC affiliate—while still number two, spent the early eighties waging an aggressive local-news battle that culminated in a brief tenure for the station as number one in certain dayparts, and permanently changed the local-news race. (The NBC affiliate in the market, WVIT, is a UHF station and has never been a serious challenger. Owner Viacom put it on the block last summer.)

Peckinpaugh: a key ingredient for WTNH.

Hartford-New Haven is one of the nation's most complex and fragmented markets. The 23rd-ranked ADI, it includes two major and very different Connecticut cities. Hartford, the state capital and long known as the insurance capital of the country, is situated near the center of the state and has a predominantly white-collar populace, while New Haven is a Long Island Sound port city, still heavily blue collar as well as home to Yale University. The market receives a plethora of broadcast signals: In addition to its own eight stations, viewers in the southeast corner of the ADI can pick up signals from New York City; viewers in the east get Providence, New Bedford and Boston stations; and the north gets Springfield.



Cable, too, has been a factor in Connecticut's television mix for many years. According to Arbitron, 75 percent of Hartford-New Haven homes are now wired, and some 66 percent of TV homes also have VCRs. Cable homes receive an average of 36 different channels, a significant portion of which are either out-of-market affiliates or independents, according to the Connecticut Cable Television Association.

In spite of this diversity of choice and the significant differences that prevail from one edge of the ADI to the other, WTNH and WFSB have gotten themselves into a proverbial horse race.

When Sechrist arrived in New Haven back in the summer of 1983, people warned him that in Connecticut Yankee territory, viewers were set in their ways, had loyal viewing habits and would never be persuaded to defect from WFSB to WTNH news.

Undeterred by the local wisdom, Sechrist pressed ahead, seeking the higher ratings mandated by WTNH's then-owner, Capital Cities Communications. One of his first moves was to hire an effervescent blond anchor named Janet Peckinpaugh in 1984. She was an almost instant hit.

Sechrist describes her as "one of those very rare people that leap out of the television set to you." With Peckinpaugh, long-time New Haven anchor Al Terzi and a newly instilled enthusiasm in the WTNH newsroom, the team set out to "stop the WTNH Titanic and turn her around," says Sechrist, adding that "Peckinpaugh was a key ingredient in that action."

By late 1984, WTNH had become a contender, and its evening local-news numbers began a steady two-year climb.

In the midst of the station's upward trend, in 1986, Cap Cities sold WTNH to Cook Inlet Communications Inc. (a partnership between Alaskan-owned Cook Inlet Region Inc. and New York-based Whitney Communications Company). The divestiture took place after Cap Cities' purchase of ABC.

Following the change in ownership, Lewis Freifeld, formerly president and general manager of WFTS in Tampa, became general manager of WTNH and set out to improve the station's overall ratings.

Freifeld knew the news department was already on the right track, so his only action there was an extension of the anchors' contracts. He then ordered up research to determine whether the market would support a 5 P.M. newscast. The answer was "yes," and the scrappy, Brooklyn-born Freifeld seized the chance to jump first into the 5 o'clock news business.

He had two reasons: first, to make the station stand out as different; and second, to exploit WTNH's lucrative *Wheel of Fortune* and *Jeopardy* in access. Up to that point, *Jeopardy* had played at 5 and *Wheel* at 7:30, wrapping around two hours of local and network news. By moving the news block up 30 minutes, he created a full hour for the big-bucks games in access, a money-making move likely to be appreciated by the highly leveraged new owners.

To support his move into early news, Freifeld launched a statewide promotion campaign featuring the slogan, "You'll be the first to know," with heavy exposure in and around Hartford, home turf to rival WFSB. "WTNH had not done extensive news promotion outside of New Haven before Cook Inlet bought it," says Freifeld, but when *Live at Five* was launched, the promotion budget more than quadrupled. "People were shocked: We'd never done such wide-spread promotion," Freifeld recalls. The year-long campaign used bus sides and shelters, billboards, radio and television. Freifeld also established a separate promotion department, expanded the staff, used media the station had never touched before and advertised in new regions—most importantly, Hartford.

It paid off. In Arbitron's November 1986 rating period, *Live at Five*—just two months after its debut—scored an 11 rating/30 share over WFSB's *Taxi* (with a 6/15), the first time in memory WTNH had outscored WFSB at 5 P.M. The two stations' local newscasts tied at 5:30.

Rival WFSB had been shaken from its comfortable lead. "It's disappointing when you see your competition on before you are," confesses WFSB vice president and general manager Barry Barth when asked about WTNH's preemptive news strike. "If I were Macys and had Bloomingdale's across the street opening half an hour earlier, I'd be disappointed they were getting the jump on me."

WTNH's aggressive move was particularly frustrating for Barth, since he'd been considering changing WFSB's 4 to 5:30 lineup for months.

Says Barth, "Even with *Magnum* at 4, we were having trouble finding a good 5 o'clock lead-in to the 5:30 news. As it was, the news had to jump-start itself in order to get us to prime time. We'd been saying we might end up having to program the period ourselves." Once WTNH had forced his hand, Barth had little choice but to follow suit.

In December of 1986 (within three months of *Live at Five*'s debut) the Hartford station added its own half-hour 5 P.M. newscast, upping WFSB's evening local-news quota to two hours.

The 5 P.M. anchor chosen by Barth, Gayle King, provided the key to WFSB's early fringe programming challenge. King happens to be Oprah Winfrey's best friend, a fact revealed to viewers via local tune-in ads on radio and in TV vignettes. Not surprisingly, soon after WFSB's 5 P.M. news began, *Oprah* (which had been WFSB's highest rated morning show ever) moved into early fringe at 4 P.M., creating an irresistible hook for Oprah fans curious to see what kind of person Oprah chose as a friend.

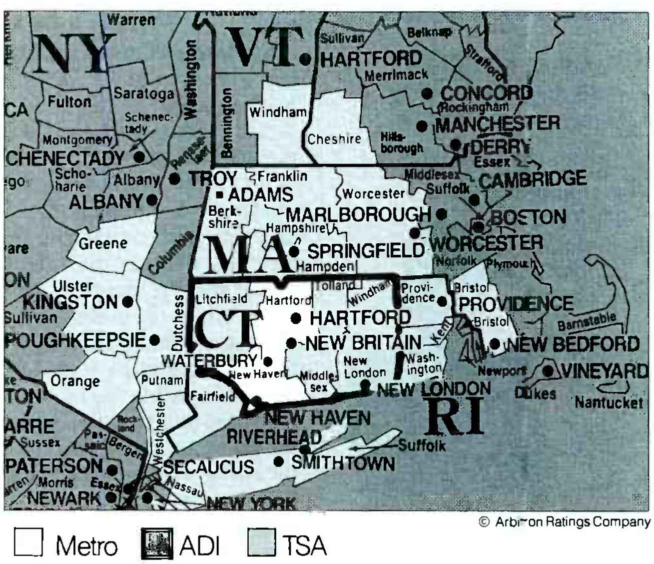
But the real shocker in the Hartford-New Haven news race came some six months later, in June of 1987, when Janet Peckinpaugh decided to abandon her New Haven anchor desk for a new one at WFSB. No doubt thinking partly of her impending marriage to a Hartford business executive and happy to avoid commuting between cities, Peckinpaugh defected to the competition.

Barth insists that WFSB did not set out in pursuit of the well-liked New Haven anchor, and says that she approached his station first. Whoever made the first move, however, Hartford ended up with a valuable weapon in the news war: that summer of 1987 was the last time Arbitron recorded WTNH as tied with or surpassing WFSB in the local or network evening news. Although the current ratings remain much closer than they were in the early eighties (and Nielsen metering, instituted in 1987-88, will allow for closer future scrutiny), WFSB appears to have re-won its edge in the news.

A number of observers note that, following a burst of enthusiastic energy under Sechrist and the natural euphoria created by winning with *Live at Five*, the WTNH news team's momentum slowly deflated, although no single event emerges as the cause. Some say Peckinpaugh's departure contributed; others hark back to Sechrist's move to Pittsburgh in November '86. One observer suggests the change in atmosphere when Cook Inlet took over the station may have contributed. James Endrst, television writer for *The Hartford Courant*, believes Peckinpaugh's departure may have been the major contributor to WTNH's loss of momentum. WTNH, he notes, does not have the "deep bench strength of a WFSB, and that made it hard for the New Haven station to compensate for the loss" of its star.

The energetic emergence of WTNH's news over the five years from 1983 to the present created a newly competitive atmosphere in the market, and WFSB's Barth admits that the competition was good for his station. "It energized us," he says, "made us more focused on our product, our writing, our packaging, our anchors, delivery, promotion—everything."

The Hartford station had to increase its advertising and promotion spending significantly, and use more diverse media. Currently, WFSB allocates time worth $2-3 million yearly for day-and-date ads on its own airwaves, and runs similar ads on radio and nearly every cable system in the state—a process Barth says is research-intensive, time-consuming and expensive. Nonetheless, Barth considers it worth the cost, for when asked if he feels WFSB is back on top, he replies confidently, "Yup. No doubt about it." ●



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The Hartford-New Haven ADI is surrounded by out-of-market signals.

A Programmer's Checklist

WFSB recently mounted its own preemptive strike, dropping a half hour of local news and moving *The CBS Evening News* to 6:30. The move was due to expectations that New York City's WCBS would make a similar change (finally announced in August). "WCBS comes in like gangbusters in New Haven, so I wanted to be there first," he notes.

That's typical of planning in this ADI, where programmers have to consider what Barth calls "long checklists," including not only their own market but New York City, Boston, Providence and a full array of cable offerings, before making a move. And that's why Barth didn't even bid on *The Cosby Show* to beef up his access against WTNH's *Wheel* and *Jeopardy*. *Cosby* will be seen on at least four stations, perhaps more—same episode, same day—in this ADI. Some checklist. *K.B.*

TALK SHOW

TV and the System: Yea . . .

From a speech by Larry Grossman, former head of NBC News:

"It is self-evident that television has taken center stage in American presidential politics. And by taking center stage, television has, for better or worse, replaced or at least diminished the role of the political parties in the selection of our presidential candidates. . . .

"There are important advantages to having the bright light of television shine on the inner workings of presidential politics. We have less behind-the-scenes manipulation, and fewer opportunities for secret deals and back-room trade-offs. The system is more open, more democratic. The influence of political bosses accountable to no one has been significantly reduced. And a new breed of unconventional candidate has been given a real opportunity to fight his way to the top. . . .

"I do not share the belief that, at the end of the campaign process, our election-day polling and election-night projections unduly influence results. The myth is that our projection of the winners before all the voting is done and the polls are closed, somehow cheats people of their ability to vote freely.

"Certainly there has never been any evidence that that is true. In fact, studies have shown that election projections have no influence on either the turnout or the outcome. My view is, if we are able to gather information based on voter polls, why shouldn't late voters share that information along with the journalists and political insiders? It strikes me as both arrogant and paradoxical to insist that the people must be kept in ignorance on election day for their own protection. As TRB wrote recently in *The New Republic*, 'How would it look if Dan Rather said on the evening news, 'I've known since 2:30 that one of the candidates is a dead dog. Tune in at 9 P.M. and I'll tell you which one.' "

Grossman: poll bans are patronizing.

. . . or Nay

Mudd misses the good old days.

From a recent speech by Roger Mudd, former NBC anchor:

"The net effect [of television] on politics, it seems to me, has been to water it down. It's not that television has not performed an enormous good by opening up politics to the American voter and viewer by educating the viewer on the intricacies of the system, and by bringing what we call 'the process' into their homes. It is that we're not sure that what we're seeing, and who we're seeing, are the real thing. . . .

"Is Bob Dole truly a poor boy from Kansas, or is he really a millionaire from Capitol Hill? Are those votes really votes, or are they exit-poll votes? Why won't they give us the actual vote totals? Why is everything in percentages?

"Why don't candidates give speeches anymore? Why are they always walking around with hard hats on, looking at lathes? . . .

"Election night—which had been one of America's exquisite pleasures, staying up until two or three o'clock in the morning, listening to H.V. Kaltenborn tell us that when the farm belt came in, the picture would change—election night became a contest not between Democrats and Republicans, but between networks as to which could call the election first.

"The all-time record got set in 1980, when NBC, at 8:15 in the East, 5:15 out West, flashed up on the screen 'Reagan Wins.' NBC, of course, had scored a great scoop that night, and it was a sweet moment. ABC did not predict Reagan's victory until 9:52, and Walter Cronkite did not make the call until after Jimmy Carter himself had conceded. . . .

"But something else happened that night—November 4, 1980. And it seems to me that we—I mean us, you and me—lost control of the electoral process that night. That secret, magical moment when each American, registered and willing, gets to cast a ballot in secret for the leader of his choice, a ballot equal in strength and importance to *every* other ballot being cast, including the one the very president's successor is casting. It seems to me that on that night in 1980, that moment got taken away from us."

Of Punks & Pablum-Pukers

Rebecca Johnson, associate producer for The Morton Downey Jr. Show, *on the phone with* Village Voice *music columnist RJ Smith, regarding Smith's upcoming appearance on the show:*

Rebecca: What do you think about what the PMRC [Parent's Music Resource Center, the music censorship board] is doing?

RJ: I'm sure they're all charming people, but they're trying to force their taste in music on other people. They label a lot of stuff "obscene" that's really just basic rock and roll.

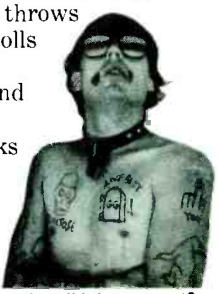
Rebecca: Well, is there anything you'd consider obscene?

RJ: Well there's this guy from New Hampshire named G.G. Allin. He shits on stage and eats it, throws it at the audience. He breaks glass and rolls around in it; he attacks people . . .

Rebecca: Hmmm. He sounds like our kind of guy.

RJ: No, you don't understand. He attacks the audience and police break up his performance. It's a real bad scene.

Rebecca: Do you have a phone number for him?



What did they expect?

Allin was booked for the Downey *show, but couldn't appear for the taping—he was jailed the day before, for inflicting several thousand dollars worth of damage upon the hotel room the show had provided.*

Winning a Penney-Missouri Award is the next best thing to receiving one of these:

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• WJBK-TV, Detroit—Certificate of Merit. *Cleaning up the River Rouge.*

• WRC-TV, Washington—Certificate of Merit. *Reducing infant mortality.*

MEDIUM MARKET

• WSMV-TV, Nashville—1st place. *Strengthening the family.*

• WJXT-TV, Jacksonville—1st place. *Examining weaknesses in child care.*

• KUTV-TV, Salt Lake City—Certificate of Merit. *Fighting drug and alcohol abuse.*

SMALL MARKET

• KTOO-TV, Juneau—1st place. *Economical survival for the family.*

• KVEW-TV, Kennewick, Wash.—Certificate of Merit. *Building community pride.*

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It's Show Biz. Trust Me.

by Neal Koch

Despite television's litigious nature, Hollywood deals often forego written contracts.

In the land of make-believe, people pretend that they do all sorts of things they don't—like sign contracts. To an amazing degree, the business of television program production runs on handshakes and oral agreements. Even when written contracts are drawn up, they often go unsigned; aren't signed until after the fact; or may be as short as one paragraph and say, essentially, "We'll do this deal just the way we did the last one"—without ever mentioning that the last contract said the same thing about the previous deal.

Millions of dollars get moved around like this each year. Take *The Golden Girls*, on NBC. Some of that show's stars never put pen to paper. Yet, "None of us are that concerned," says Harry Waterson, a former executive for the show's producer, Witt/Thomas/Harris. He declined to name the actors in question.

Compare this with other businesses. "In the entertainment industry," says Alphonse Squillante, a University of Cincinnati authority on contract law, "you spit on your hand, you shake it off, you shake the other guy's hand and you've got a deal. But if you go into a bank and say, 'Let's shake hands on a $10,000 promissory note,' they'll laugh or call a funny farm." To be sure, there are other industries that work without written contracts, such as the medical profession or suppliers of goods who ship wares with invoices. But rarely are such large financial bets placed on handshakes and oral contracts as in television production. Even film makers sign on the dotted line more often.

Still, there's no lack of insiders, attorneys and academics who claim that TV's system works. Oral contracts, they note, though flimsy, are binding with few exceptions. Moreover, they argue, it's necessary to work this way. Television productions are thrown together much more quickly than movies. And the show must go on—precisely at 8 P.M. Thursdays for Bill Cosby. There's too much money at stake to endure delays as lawyers dot i's and cross t's.

But it's also a matter of choice, they acknowledge when pressed, of excitement in cutting quick deals while leaving little paper trail. "There is a certain amount of gambling, of venturousness at work here," says Squillante. "These people are frontiersmen." Says Chris Murray, a Los Angeles attorney who also teaches entertainment law at Stanford University: "I refer to it as a Gold Rush mentality. And that leads to a more rough-and-tumble approach."

to be few lawsuits because of contract disputes in Hollywood. But consider that networks sometimes cancel orders for 13 episodes of a series after just a few shows. "You're dealing with three dominant buyers in television [ABC, CBS, NBC], which is, essentially, a piece-work industry," points out one lawyer. "What the hell are you going to do—sue them? That's a last resort." Usually a settlement is worked out.

NBC's Saturday night hit, *The Golden Girls*: Some of the stars never signed on the dotted line.

Typically, deals are cut for talent or shows by negotiators over the phone. After hanging up, one of them dashes off a letter, a "deal memo," summarizing the conversation. The memo may run from one paragraph to five pages and usually goes unacknowledged by the recipient. Later, the seller may receive from the buyer a formal contract, perhaps 60 pages long. That may be the last that stack of paper sees the light of day. Differences over terms may persist. Anne Klein, a CBS director of entertainment business affairs and 44-year company veteran, says, "Sometimes I tell my boss, 'Why don't we get this [contract] settled?' And he says, 'Yeah, maybe someday we will.' "

Nevertheless, the insistence that this approach works may be papering over a not-so-rosy reality. There may appear

And even for those few powerful performers whom the networks will always be eager to catch, contracts may mean little. If an actress is needed to keep a series alive, a studio usually will renegotiate to keep her. Says Waterson, now a consultant, "I have a friend who says he never wants a show over 30th in the ratings because then he's going to get agented by every piece of talent on the show." *Golden Girls* agents call Witt/Thomas each year, he says. But, explains one source, "It stems from the producing company. If we had a good year, we'll go back to the network and ask for an increase."

In the end, contracts—signed or oral—come down to a question of leverage. So when is a contract not a contract? Where can a firm handshake turn shaky? In today's Hollywood. ●

GE Capital's Surge

by Paul Noglows

After two years, GE is a TV financing power, and a studio deal hints at more to come.

GE Capital is revolutionizing the way media is financed. In the two years since the formation of its Media and Communications Group, the company has established itself as one of the major financial forces in the industry, providing more than $2.7 billion for 19 deals spread across cable, broadcast TV, radio and publishing. Unwilling to rest on that launch, the company is seeking to broaden its financing base. With its recent $35 million contribution to New World Entertainment's restructuring, GE Capital has also taken a bold but measured step into the world of production financing.

Cable has proven the mainstay of GE Capital's media-financing efforts since the group's October 1986 start. "It wasn't but two weeks into the job that we became aware of the Wometco cable transaction," says George Grune, group executive vice president. GE Capital subsequently provided $375 million in senior debt for Robert Bass' purchase of those properties. "Through that experience we became very comfortable with cable economics." In less than 18 months, that first step snowballed into more than $1.7 billion in financings, distributed over nine cable deals.

In addition to the huge scale of its deals and its sheer aggressiveness, what has made GE Capital phenomenally successful is a "one stop shopping" approach. The giant finance and asset-management subsidiary of General Electric has a portfolio totaling more than $33 billion and issues a staggering $200 billion of short-term commercial paper annually. Beyond resources, the company can also provide complete long-term financing, providing both senior and subordinated debt components. By offering a whole package, Grune says the company creates more flexible financing. Cablevision Systems, for instance, is a beneficiary of that flexibility. The company isn't required to make principal repayments on senior debt related to its buy of Adams-Russell Co. until the tenth year of its

$330 million financing agreement.

Despite GE Capital's particularly strong track record in cable, Grune admits such a blistering pace can't be sustained. "We saw an opportunity to do a lot of cable deals last year," he says. "We felt the prices were right, so we took advantage of an opportunity."

Knowing how to take advantage of an opportunity has proven key to GE Capital's success. The company fully exploited an exploding cable marketplace and is now looking to do the same in entertainment. "If the late seventies and early eighties was the period for wiring cable television and putting the hardware in place, we see the next five to ten

Grune: "Prices were right, so we took advantage."

years as being the era of putting the software in place," says Grune. "There's tremendous need for resources, specifically capital, for developing excellent programming. In order to be a full-service financing entity for our customers, we feel we should be providing programming finance and expertise as well as hardware finance."

GE Capital's first move in this path was its $35 million senior debt financing for New World Entertainment's restructuring. While some question GE Capital's entrance into the field—entertainment is perceived as the riskiest and most speculative of media investments—the company is comfortable and confident in its decision. "You can underwrite very sound investments in entertainment," says Grune. Adds Ray Martin, former head of Bank of America's New York entertainment office, hired by GE Capital to lead it into Hollywood: "We don't think it's a gamble. The marketplace perceives tremendous risk in the field because of earnings variability. We're not going to do rank speculation production. We're not ready for that; that is high risk and not prudent underwriting. But production companies create a tremendous amount of long-term, financeable, capital-asset value. If you understand underlying asset values and are willing to finance against what you think are quality assets—and not over and above that—earnings variability isn't going to hurt you."

GE Capital hopes to apply the same techniques to entertainment that have made it a cable powerhouse. "There's a need for someone to attack the problem of entertainment finance," says Grune. "We're going to provide structures that aren't available in the banking community. Because of our ability to look at a deal from a fresh angle, we think we're going to be able to provide structures that are of value to customers and at the same time allow us to justify return components." ●

ADVERTISING

National/Local TV Ad Spending 1977-1992

($ Millions)

In their *Communications Industry Forecast*, Veronis, Suhler & Associates predict a pick-up in total station advertising, but also predict a continuing slowdown in local ad-spending growth.

	1977	1982	CAGR %	1987	CAGR %	1992	CAGR %
National Spot	$2,204	$4,364	14.6%	$6,830	9.47%	$11,850	11.7%
Local	1,948	3,765	14.1	6,900	12.9	13,200	11.1
Total Station	4,152	8,129	14.4	13,730	11.1	25,050	12.8

Source: Veronis Suhler & Associates, McCann-Erickson, Wilkofsky Gruen Associates.

CABLE

Highs and Lows of Pay Cable

The ten highest and five lowest pay-cable markets are ranked below according to May 1988 Nielsen numbers. Texans are obviously big pay-cable fans, comprising six of the top ten DMAs.

Designated Market Area	Cable Penetration (%)	Pay Cable Penetration (%)	Pay to Basic Ration (%)
Highest:			
Laredo, Texas	77.6%	50.3%	64.8%
Honolulu, Hawaii	77.2	45.5	58.9
San Antonio, Texas	63.5	42.9	67.6
Victoria, Texas	79.3	41.9	52.8
Norfolk-Portsmouth-Newport News, Va.	60.6	41.5	68.5
Corpus Christi, Texas	60.2	41.3	68.6
Erie, Pa.	66.9	41.2	61.6
Biloxi-Gulfport, Miss.	78.0	41.1	52.7
San Angelo, Texas	81.9	40.7	49.7
Odessa-Midland, Texas	73.2	39.6	54.1
Lowest:			
Harrisonburg, Va.	50.2	8.8	17.5
Bangor, Maine	39.1	15.1	38.6
Ottumwa-Kirksville, Iowa	54.5	16.4	30.1
Wausau-Rhinelander, Wis.	41.0	16.7	40.7
Alpena, Mich.	57.4	16.9	29.4

Source: Nielsen Media Research

★ RATINGS ★

TOP NETWORK SERIES

First 47 weeks of season, Sept. 20, 1987 through August 7, 1988

	SERIES/NETWORK	RATING/SHARE
1	The Cosby Show/NBC	24.6/41
2	A Different World/NBC	22.8/38
2	Growing Pains/ABC	22.8/34
4	Night Court/NBC	22.6/35
5	Cheers/NBC	22.1/36
6	Golden Girls/NBC	20.3/37
7	60 Minutes/CBS	19.0/34
7	Who's the Boss?/ABC	19.0/31
9	The Wonder Years/ABC	18.8/29
9	Murder, She Wrote/CBS	18.5/30

TOP BARTER SERIES

First 48 weeks of season, Sept. 6, 1987 through July 31, 1988

	SERIES/SYNDICATOR	RATING
1	Wheel of Fortune/King World	16.0
2	Jeopardy!/King World	13.4
3	Universal Pictures Debut Network (movies)/MCA-TV	10.1#
4	The Oprah Winfrey Show/King World	9.7
5	Star Trek: The Next Generation/Paramount	9.6#
6	MGM/UA Premiere Network/MGM/UA	7.7#
6	TV Net III (movie package)/Viacom	7.7#
8	People's Court/Lorimar Telepictures	7.6#
9	Donahue/Multimedia	6.6
10	Entertainment Tonight/Tribune	6.5#

TOP CABLE NETWORKS

Average ratings / projected households, July 1988

	NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1	TBS	2.1 / 958,000	2.6/1,204,000
2	USA	1.2 / 536,000*	1.9/844,000
3	ESPN	0.8 / 358,000	1.2/556,000
4	CNN	.7 / 349,000	1.2/557,000
5	MTV	.8 / 339,000	.8/335,000
6	CBN	.6 / 258,000	.6/250,000
7	Lifetime	.5 / 192,000*	.9/342,000
8	Nashville Network	.5 / 188,000**	.9/387,000
9	Discovery	.4 / 144,000**	.8/265,000
10	Headline News	.4 / 130,000	.4/115,000

Includes multiple exposures. *Dual feed networks. **9 A.M. to 3 A.M. Note: cable ratings are percentages within the varying populations that can receive each network. Networks are ranked by projected number of households rather than ratings. Source: Nielsen Media Research data.

HOME VIDEO

Top Videocassettes / Rentals

July 1988

	TITLE / PUBLISHER	% TOP 50*
1	**Fatal Attraction** / Paramount	6.0
2	**Full Metal Jacket** / Warner	5.4
3	**Wall Street** / CBS / FOX	5.3
4	**Throw Momma From the Train** / Orion	4.5
5	**Overboard** / CBS / Fox	3.7
6	**Nuts** / Warner	3.5
6	**Witches of Eastwick** / Warner	3.5
8	**Untouchables** / Paramount	3.3
9	**Like Father, Like Son** / RCA / Columbia	3.2
10	**Baby Boom** / CBS / Fox	3.1
11	**Hello Again** / Touchstone	2.8
12	**Adventures in Babysitting** / Touchstone	2.6
13	**Raw (Eddie Murphy)** / Paramount	2.5
14	**Action Jackson** / Lorimar	2.4
14	**Running Man** / Vestron	2.4
16	**Couch Trip** / Orion	2.3
16	**Principal** / RCA / Columbia	2.3
16	**Stakeout** / Disney	2.3
19	**Fatal Beauty** / MGM / UA	2.0
19	**Princess Bride** / Nelson	2.0

Top Videocassettes / Sales

July 1988

	TITLE / PUBLISHER	% TOP 50*
1	**Mickey's Magical World** / Disney	4.6
2	**Callanetics** / MCA	4.3
3	**Lady and the Tramp** / Disney	4.2
4	**Jane Fonda's Low-Impact Aerobics** / Lorimar	3.9
5	**Star Trek IV: The Voyage Home** / Paramount	3.2
5	**Jane Fonda's New Workout** / Lorimar	3.2
7	**Jane Fonda's Start Up** / Lorimar	3.1
8	**Mickey & the Beanstalk** / Disney	2.7
9	**Automatic Golf** / Video Reel	2.6
10	**Sing Along Songs: You Can Fly** / Disney	2.5
11	**Playmate of the Year: 1988** / HBO	2.4
11	**Def Leppard: Hysteria** / Polygram	2.4
13	**Jane Fonda's Challenge Workout** / Lorimar	2.3
14	**Ducktales: Daredevil Ducks** / Disney	2.2
14	**An American Tail** / MCA	2.2
16	**Goldfinger** / MGM / UA	2.1
16	**Thunderball** / MGM / UA	2.1
18	**Wizard of Oz** / MGM / UA	2.0
18	**Ducktales: Fearless Fortune Hunter** / Disney	2.0
18	**Reluctant Dragon** / Disney	2.0

Source: Videodome Enterprises, Dallas. Charts appear weekly in *TWICE* magazine. *Title as percentage of top-50 tapes total volume.

THE MAGID NUGGET

Family TV Viewing Habits

In an exclusive survey conducted by Frank N. Magid Associates for *Channels*, 650 people were asked about family television viewing habits. Respondents were offered four choices:

A) They watch TV with other family members.
B) Some family members go off and watch their own set.
C) They watch TV alone.
D) Don't know or not applicable.

Some highlights of the survey:

• Of the total group, 55 percent chose A, just under 17 percent chose B, one quarter selected C, and 3 percent didn't know.

• When the group was subdivided into age groups (18-24, 25-34, 35-49, 50-64 and 65 or over), 37 percent of the over-65s watched TV alone, 11 percent more than any other age group. And 65 percent of the 25-34 group chose A, 10 percent more than the other age groups.

• The group was also split into people with and without remote controls for either their TV or VCR. Remote-control owners chose A slightly more than non-remote viewers (57 percent to 51 percent). However, 36 percent of the non-remote group watched TV alone (C), compared with only 22 percent of remote users.

DEALS

Summer Sales

Station-sales activity was very strong throughout the summer, with affiliates selling at 13 to 15 times cash flow and indies at multiples between 8 and 11. "It remains to be seen if these deals are economically justifiable," says BIA's Jonathan Intrater, "especially because of the rising prime rate." Intrater notes that CBS may be buying more new properties soon.

TELEVISION STATIONS

BUYER	SELLER	PROPERTY	BROKER	PRICE (MILLIONS)
Broad Street Television Corp.	Woods Communications Corp.	KLBK Lubbock, TX; WTVW Evansville, ID	Henry Ansbacher	$ 74.1
CBS Inc.	TVX Broadcast Group Inc.	WCIX Miami*	Solomon Bros.	59.0
SLJ of Kansas Corp.	Kansas State Network, Topeka Television Corp.	KSNG Garden City, KS; KNSC Great Bend, KS; KSNT Topeka, KS; KSNW Wichita, KS; KSNK McCook, NE	Henry Ansbacher	49.0

CABLE SYSTEMS

BUYER	SELLER	PROPERTY	BROKER	PRICE (MILLIONS)
Houston Industries Inc.	Rogers Communications Inc.	Cable systems in four states*	Morgan Stanley	$2,270.0
WestMarc Communications Inc.	Tele-Communications Inc., Robert M. Bass Group	Taft Cable Partners	Henry Ansbacher	420.0
Century Communications Corp.	The Adam Corp. / Group	Three Southwest cable systems*	Waller Capital Corp.	102.5

*Proposed deal; subject to approval.
Source: *Media Business News.*

STOCKLINE

SECOND QUARTER 1988 STOCK PERFORMANCES

Judging from the few stock losses over this six-month period, the stock market has mostly recovered from its post-Crash ailments. Cable again registered the most positive gains, but MGM / UA's stock rose a staggering 138 percent, due to Wall Street speculation on the proposed reconfiguring of the company.

	6/30/88	12/31/87	% CHANGE
BROADCASTING			
Infinity	29.75	18.25	63.0
United Television	31.88	21.00	51.8
Malrite Comm.	8.75	6.00	45.8
LIN Broadcasting	63.88	43.88	45.6
Jacor	6.00	4.50	33.3
Clear Channel Comm.	14.63	12.25	19.4
Chris-Craft	21.75	18.25	19.2
Park Comm.	28.75	25.00	15.0
Westinghouse	56.25	49.75	13.1
Liberty	38.13	35.50	7.4
Scripps-Howard	83.00	78.00	6.4
CBS	160.13	157.00	2.0
General Electric	43.88	44.13	-0.6
Capital Cities / ABC	317.75	345.00	-7.9
GenCorp	19.50	22.25	-12.4
Price Comm.	9.00	11.00	-18.2
TVX	2.50	3.25	-23.1
Westwood One	12.25	18.50	-33.8
CABLE			
United Cable	34.00	22.38	51.9
Cablevision Systems	34.13	26.13	30.6
Centel	46.38	35.50	30.6
Turner Broadcasting	14.00	10.88	28.7
Jones	11.75	9.63	22.0
Tempo Enterprises	8.38	7.00	19.7
TCA	34.25	28.75	19.1
Time	96.00	82.25	16.7
Financial News Network	7.75	6.75	14.8
ATC	25.25	23.50	7.4
TCI	24.88	23.63	5.3
Century Comm.	18.00	17.75	1.4
Comcast	16.63 A	24.63	1.3
Home Shopping Network	4.88	5.38	-9.3

	6/30/88	12/31/87	% CHANGE
DIVERSIFIED			
Viacom	24.63	18.13	35.9
Warner	36.38	27.63	31.7
Multimedia	70.25	53.50	31.3
A. H. Belo	30.00 C	48.50	23.7
Media General	43.75	36.25	20.7
McGraw-Hill	57.75	48.25	19.7
Lee Enterprises	28.50	24.00	18.8
Knight-Ridder	45.38	40.13	13.1
Washington Post	205.50	187.00	9.9
News Corp.	18.13	16.88	7.4
Meredith	28.88	30.00	-3.7
Tribune	37.25	40.13	-7.2
Times Mirror	33.75	37.88 B	-10.9
New York Times	27.00	31.00	-12.9
Gannett	32.13	39.13	-17.9
PRODUCTION			
MGM / UA Comm.	14.88	6.25	138.1
Republic Pictures	7.25	4.25	70.6
Vestron	5.38	3.75	43.5
Orion	15.38	10.75	43.1
Barris	9.75	6.88	41.7
Lorimar-Telepictures	13.63	10.25	33.0
Gulf + Western	44.75 B	71.13	25.8
Aaron Spelling	5.75	4.63	24.2
MCA	42.25	34.50	22.5
Columbia Pictures	9.25	8.13	13.8
Playboy	14.13	12.63	11.9
King World Prods.	19.75	17.75	11.3
Walt Disney	63.00	59.25	6.3
Reeves Comm.	5.63	6.38	-11.8
Heritage Ent.	2.63	3.13	-16.0
Fries Ent.	1.75	2.38	-26.5
New World	2.25	3.13	-28.1
DeLaurentiis Ent.	.50	.75	-33.3

A Three-for-two stock split, paid 4 / 88. B 100% stock dividend, paid 12 / 31 / 87. C 100% stock dividend, paid 5 / 88. Source: *Media Business News.*

TAKING STOCK

Industry Segment Profiles

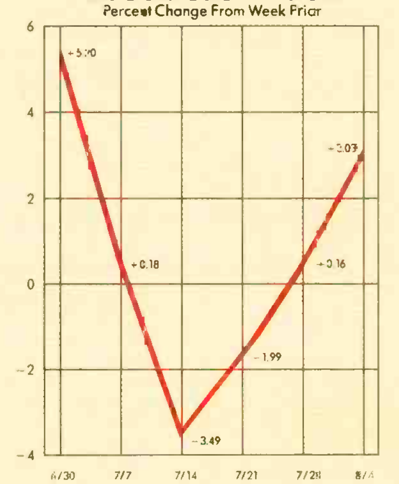
The indices now represent four segments of the industry. Cable: seven cable MSOs and programmers; Broadcast: seven TV broadcasters and station-group companies; Programmers: six companies comprised of producers and broadcasters; and Producers / Syndicators: six Hollywood production companies.

Cable Index

Percent Change From Week Prior

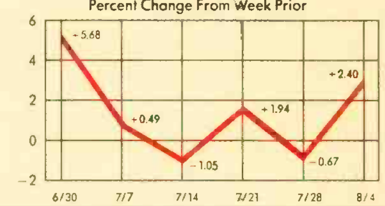
Broadcast Index

Percent Change From Week Prior



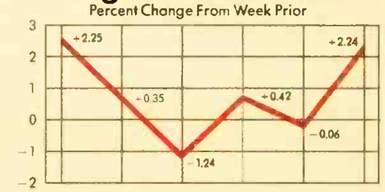
Producers / Syndicators

Percent Change From Week Prior



Programmers Index

Percent Change From Week Prior



The Art and Impact of Television

NATPE '89 PROGRAM CONFERENCE
January 23–27, 1989
George R. Brown Convention Center
Houston, Texas

The impact of the most powerful information and entertainment medium; the elements that go into quality programming. What moves viewers now? What will motivate them in the future?

In keeping with NATPE's continuing commitment to the pursuit of the best in TV programming, the '89 Program Conference delves into the basics of the TV medium: the creation of quality programming and its effect upon the TV audience.

THE AGENDA

GENERAL SESSIONS

Keynote address by Michael Eisner, Chairman and CEO, The Walt Disney Company.

"Waves Of The Future," a general session on HDTV, produced by Joel Chaseman, Chairman, Post Newsweek stations.

"Writers," a general session to be moderated by Dick Cavett, including Bruce Paltrow, Steven Bochco, John Marcus, Stephen J. Cannell, and Fay Kanin.

INTERNATIONAL SESSIONS

International seminars, including a workshop on Spanish programming.

International viewing hours on the exhibition floor.

An international reception.

OTHER ACTIVITIES

"Where To Find Your Next Hit," moderated by Fred Silverman.

USC Management seminars.

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'Some Things Are More Important Than Money'

CBS Newsman Dan Rather has strong opinions on political coverage, ratings and the future of network news.

CBS Newsman Dan Rather has done about everything there is to do in television journalism. During his 27-plus years at CBS, he has interviewed Presidents (seven of them), served as White House correspondent, co-editor of 60 Minutes *and Saigon bureau chief during the Vietnam War. He covered the assassination of President John F. Kennedy and the civil rights struggle in the South. Currently managing editor of* CBS Evening News, *Rather makes $2.5 million a year as the controversial anchor of that broadcast, but at heart he is still a reporter: "I can't imagine myself not being a reporter," he says. "If the only reporting job is being the AP bureau manager in Odessa, Texas, then that's the job I'll take."* Channels *editor Merrill Brown and executive editor Peter Ainslie recently talked with Rather in his office at CBS News.*

Political-Convention Coverage

I'm for more, not less. If you're going to be worthy of the name of being a quality, worldwide news organization, then it's imperative that you cover such stories. An American news network is a public trust. It's a lot of other things, including a business, and I understand that fully. But it is also a public trust. And if we are to meet the responsibilities of that trust, then we need to cover political conventions. And we need to cover them thoroughly.

Cable's Convention Coverage

I admire what CNN and C-SPAN have done, but one must pay to get them. That's an important difference, and it will continue to be very important. Why? Such things as our nominating conventions, election night, inauguration and Presidential addresses are important to holding the community that is the nation together. I think it's getting more important, not less, that some things be a shared national experience. When the World Series goes to pay television, which I consider inevitable, then you lose one of the genuinely shared national experiences, because not everybody can pay to get it.

Ratings and the Conventions

This is an old song that's being sung. They distort the process; they're too boring. The chorus is led by a few, and only a few, television executives who add their special chorus of "ratings too low, cost too high, not enough people are watching." I find this dreary and depressing. Not everything in life can or should be made to correspond to entertainment values. This is one of them. Even worse, in my opinion, is "Let's sit in the back room with the politicians and figure out how to make the conventions more entertaining." That's bunk.

I don't think that whether the ratings are up or down is all that germane. I repeat, for emphasis: Some things are more important than ratings. Some things are even more important than money. And I think this is one of them. But insofar as anyone insists on talking about ratings, I would like to know more about the total rating. We are talking about programs carried on all three of the commercial networks plus CNN, C-SPAN and other places, at or about the same time. I do know this: Millions of Americans watch the conventions. I have great difficulty with putting everything against the standard of quantity. Circulation is *one* judge of how good the news product may be, but not the *only* judge.

Is Campaign Coverage Too Focussed on Personalities?

I'd disagree, at least to this extent: Personality is always going to be at the core of any campaign. The reason is that people make their judgements on whom they're going to vote for, frequently, on how they judge the candidate's character and personality. In a perfect world, that might not be the case. But do you cover that at the expense of other issues? And the answer is yes, too often we do, and yes, we've done it some this year. It's important to remember, the tail does not wag the dog, the dog in this case being what the candidates do. The candidates and the parties have a great deal to do with shaping the campaigns. Journalists can only affect that up to a point.

How Journalists Shaped the Campaign

The Gary Hart affair. Another example is the Bush interview. At least it was an effort to deal with an issue, to deal with performance. One can say the effort wasn't a very good one, or fault how I handled myself, or how the vice president handled himself, or how the whole thing came off. The substance of it had do with how and why did we wind up sending some of our best missiles to the Ayatollah Khomeini! We didn't know. This was an effort to find out. We still don't know. This is the point: that the best a journalist can do is make an effort, and *keep* making an effort.

PHOTOGRAPHS BY KRISTINE LARSEN

Some Critics Say We Still Don't Know the Candidates

I don't agree with the premise. I've lived with my wife for 32-plus years, and there are probably still things about her that I don't know and that she doesn't know about me. That's in the nature of human relationships, if you will. But anybody who has been watching, listening and reading knows a great deal about these candidates. The viewer has a responsibility. It happens to be that Governor Dukakis doesn't want to talk about taxes, and therefore I think it's accurate to say, 'Well, we still don't know specifically what he would and would not do about taxes.' Vice President Bush doesn't want to talk about how all those missiles got to the Ayatollah. And we still don't know where he was and what he did and did not do. And to this date, a number of the stories he has told about it do not match. But now we get back to limits. What are we as journalists to do? If Governor Dukakis wants to keep it vague about taxes, we are limited in our ability to find that out. And our responsibility is to press and keep pressing. Vice President Bush insists on never explaining what he did and didn't do about getting missiles to Iran. I might know better than some how limited we are in our ability to find that out.

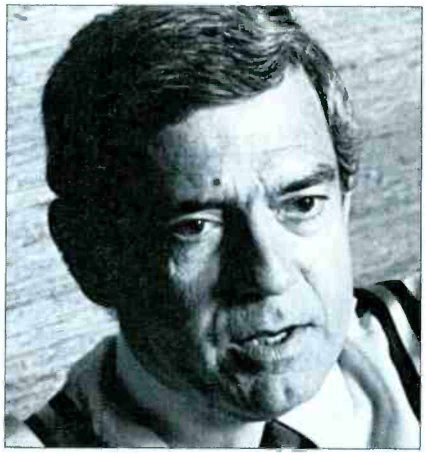
Will News Fare Better With Stringer Running CBS?

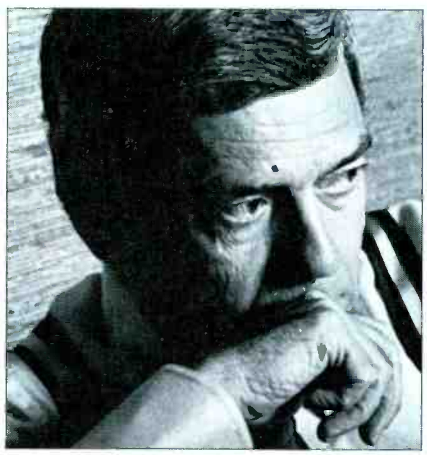
I think no. The environment is becoming more, not less hostile. Howard Stringer is a friend of mine, somebody I admire and appreciate. I take joy in his being where he is. He earned it. And besides, it's nice to see somebody out of news be promoted to these high, Dali Lama-like positions. But I have no delusions. And I don't speak for him, but I think he has none. With the best of intentions and the marvelous intelligence and the talent he has, he is not King Canute. He cannot stand on the beach and command the waves to stop. In this cyclonic environment in which everybody in television is operating, Howard in his new position has to survive and somehow try to triumph. He was not hired to be a person who spends a great deal of his time thinking about news. He was hired to help run the network as a whole.

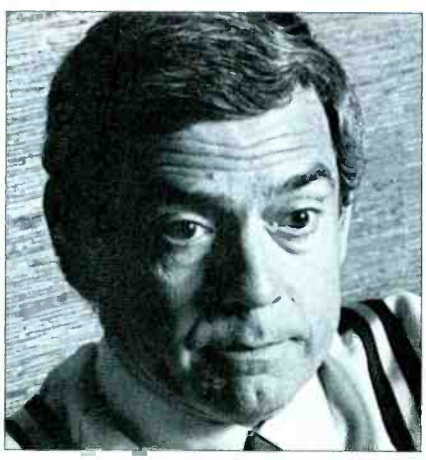
Is Dan Rather More at Peace with CBS Than a Year Ago?

Yes. We're deeper into the cyclone than we were before. And quite honestly, I've worked a little harder at trying to change those things I have some chance to change, and to be less concerned, less frustrated about those things that I have little or no chance to change. I have more experience with the new management, with the new owners. I know them better. I think they know me better. I have a better understanding of what is happening in the industry and the profession as a whole.

> *'I have great difficulty with putting everything against the standard of quantity. Circulation is* one *judge of how good the news product may be, but not the* only *judge.'*







Is CBS News Significantly Weaker Than Pre-Layoffs?

No. You used the word "significantly." I think that's an important word. No. Change always represents challenge. And the people around here are *superb* at meeting challenges. This has been a painful, sometimes excruciating challenge, to try to maintain our standards of excellence with fewer people and fewer resources. I can say with a clear conscience that we remain committed to excellence and quality. We are still the standard against whom everybody in broadcast journalism worldwide is measured. And there has not been any *significant* diminution in coverage. Having said that, I don't kid myself, we've lost a lot of good people out here. I haven't forgotten that. And we miss them. But the day that stops happening to me, I hope I'll have the good grace and guts to walk out of here.

Is This Your Last Job?

God willing. But there's an old saying in football: "There are only two kinds of coaches: those who have been fired and those who are about to be." I think that's probably true of anchormen as well. There are plenty of things I'd love to do. But all of them are in journalism. I am mightily blessed. I can get corny in a hurry, but it's true.

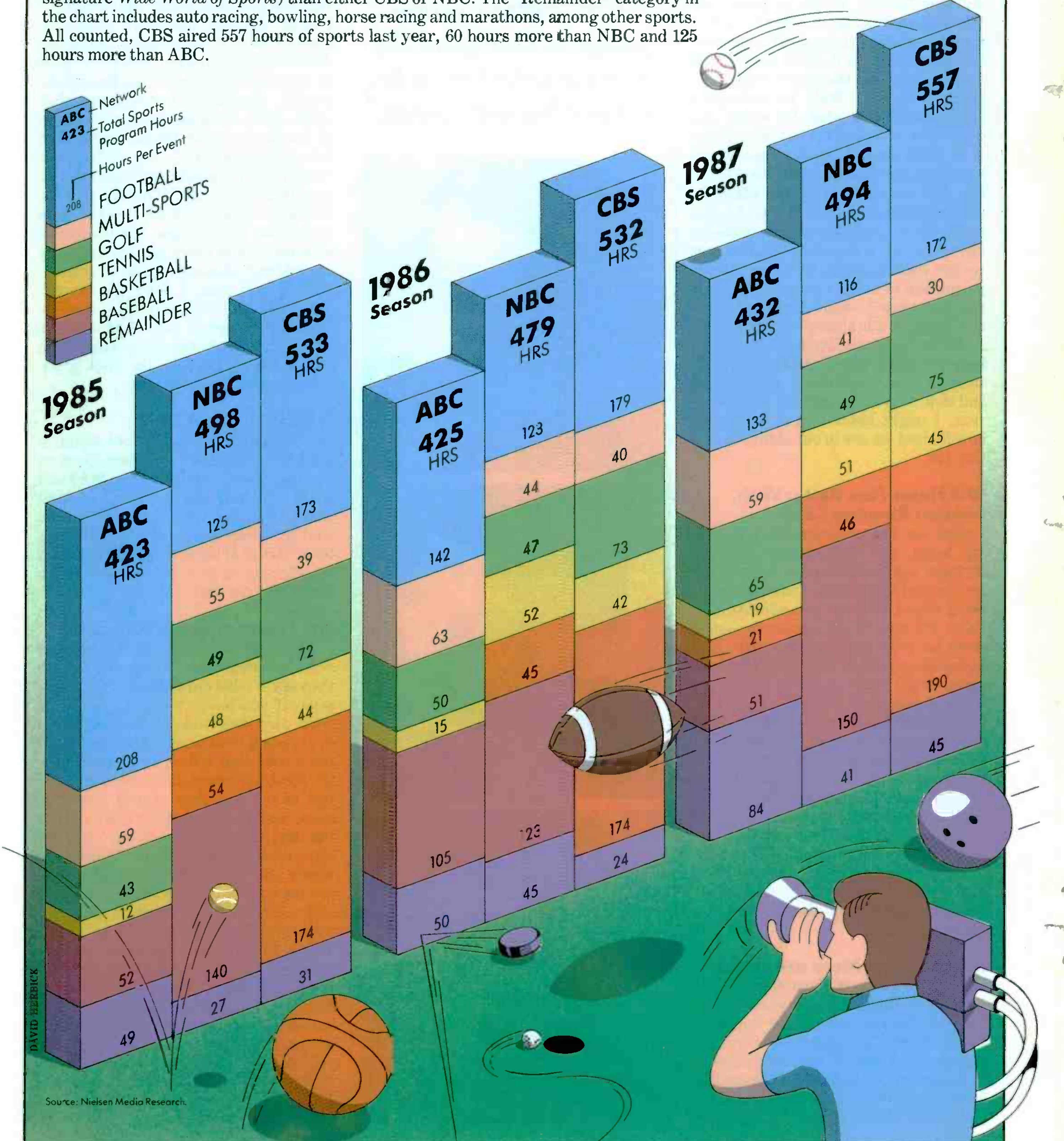
The Future of The Broadcast

I think there's a place for an evening news broadcast, which basically says to the viewer what our *Evening News* now says: If you haven't seen or heard or read anything today, depend on us every night to at least touch on—I hope more than that but at least touch on—the most important and interesting stories of the day. And even if you have seen, heard or read other news during the day, that we will also have for you some stories that you haven't seen anywhere else and we'll have stories that are done with a little more perspective and a little different context than the way somebody else is doing them. That's the way our *Evening News* is structured now. At the *CBS Evening News*, we want to be that elemental, fundamental news source. I don't think we need to change that basic philosophy of operating the news. I don't believe you can be a fully informed person in our society and *only* watch television news. I also don't believe you can be fully informed and *not* watch. ●

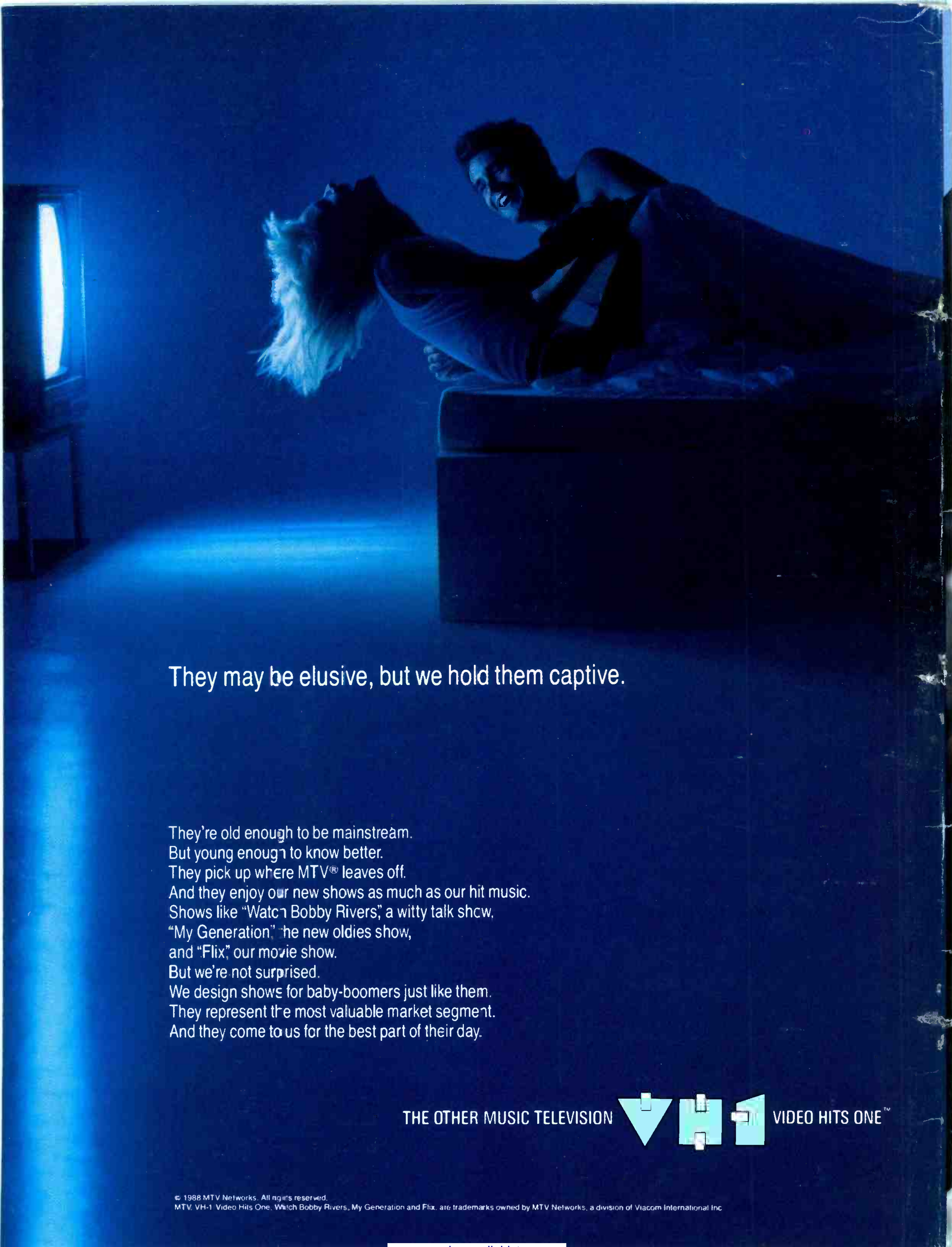
RUNNING THE NUMBERS

Keeping Their Eyes on the Balls

Looking at the breakdown of sports coverage on ABC, CBS and NBC in 1987, it's clear that NBC is the baseball network, while CBS has a corner on basketball (completely ignoring baseball in its coverage). ABC doesn't seem to have a favorite sport, reflected by the fact that it shows more sports-anthology programs (such as its signature *Wide World of Sports*) than either CBS or NBC. The "Remainder" category in the chart includes auto racing, bowling, horse racing and marathons, among other sports. All counted, CBS aired 557 hours of sports last year, 60 hours more than NBC and 125 hours more than ABC.



Source: Nielsen Media Research.


They may be elusive, but we hold them captive.
They're old enough to be mainstream.
But young enough to know better.
They pick up where MTV® leaves off.
And they enjoy our new shows as much as our hit music.
Shows like "Watch Bobby Rivers," a witty talk show,
"My Generation," the new oldies show,
and "Flix," our movie show.
But we're not surprised.
We design shows for baby-boomers just like them.
They represent the most valuable market segment.
And they come to us for the best part of their day.
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