

Cable Nets: New Faces, New Places
A First-Run Future For Columbia?

CHANNELS

MARCH 1990

THE BUSINESS OF COMMUNICATIONS

\$5.00



**THE STRUGGLE FOR
THE SOUL OF
CMTV**

Already Bought By All 6
Tribune Broadcasting Stations.



M/B

Miller-Boyet
PRODUCTIONS

Nearly Half Of All Kids And Teens Are Hanging Out With Us Friday Nights.

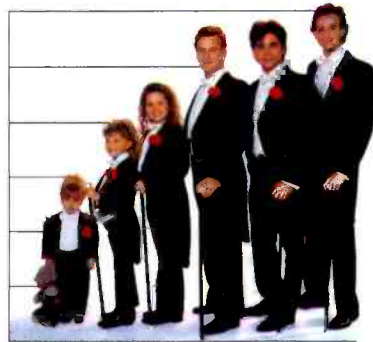
They're all coming over to our house. "Full House" is the hot spot for teens and kids Friday nights, winning a 47 share for ABC. Compared with NBC's 14, and CBS's 7.

You'll find more grown-ups here, too. Over the past two years, "Full House" has grown in every key demographic category. Whatever the time period.

Whether it's Friday or Tuesday. At 8:00PM or 8:30PM. With or without a network lead-in.

"Full House" captured the #1 share in households, above all other Friday night shows. Finished the night as the #1 performer with Men 18-49. And doubled its closest competitor in share of Women 18-49.

Want more kids? And teens? And men? And women? Ask your Warner Bros. sales rep about "Full House" for Fall '91-'92.



FULL HOUSE

100 Half-Hours For Fall '91-'92.

Funny Shows. Serious Business.



WARNER BROS.
DOMESTIC TELEVISION DISTRIBUTION

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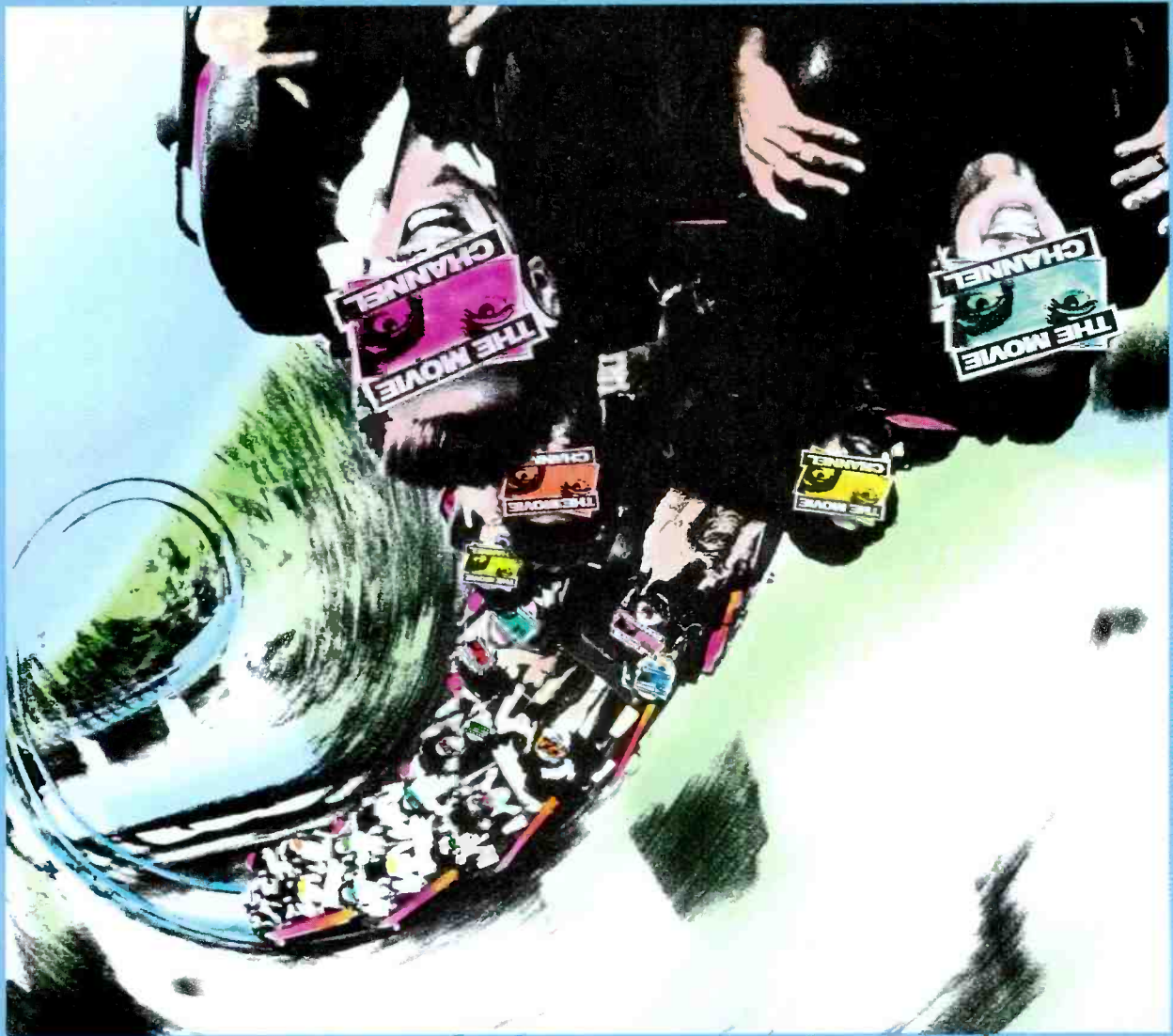
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On a roll.

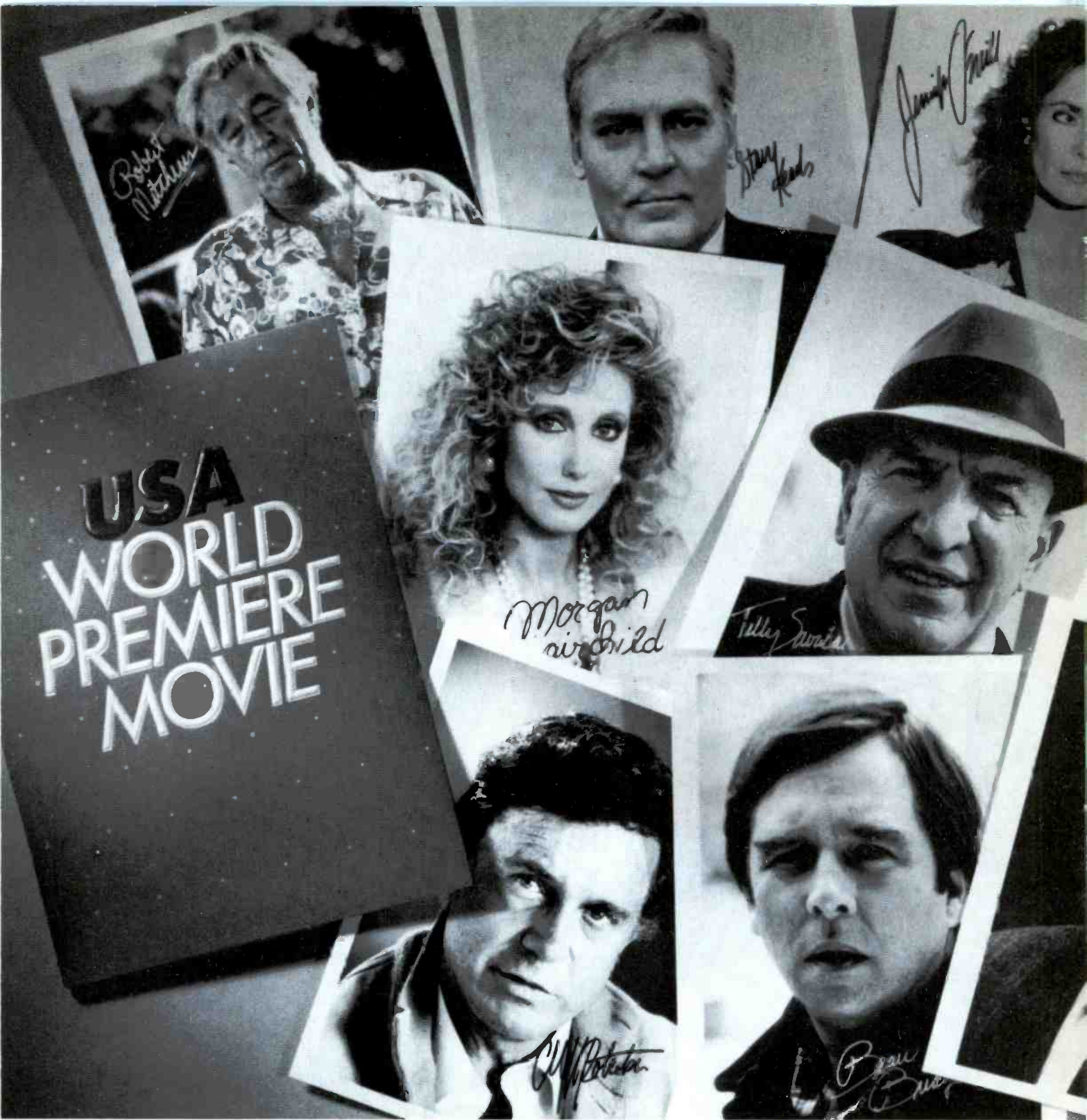
Hold on tight. We're on a roll. 89.8% of our subscribers are high on The Movie Channel. With viewer satisfaction like that, we've topped all of our direct competitors.* And our subscribers keep holding on to us tighter than ever. Isn't it time you gave your subscribers some real excitement?

Get on track with The Movie Channel, fast.



THERE'S NEVER BEEN A BETTER TIME™

*International Communications Research, Media, PA, Q11 1989. 89.8% of subscribers described their overall satisfaction with THE MOVIE CHANNEL as very satisfied/activated (vs. 115.3% for HBO and 81% for Cinemax). The Movie Channel is a service mark of SHOWTIME NETWORKS INC. © 1989 SHOWTIME NETWORKS INC. All rights reserved.



THE ONLY THING BIGGER THAN C

USA WORLD PREMIERE MOVIES SET RATINGS RECORD.

When we introduced USA World Premiere Movies, we reached for the stars and brought Robert Mitchum, Beau Bridges and Morgan Fairchild to basic cable.

Then we started racking up the numbers and delivered basic cable's highest ratings ever for original movies.

Source: Nielsen FasTrak.

First we set the record with a 5.2 rating for *Murder By Night*, then we broke it with a 5.3 score for *Fire And Rain*.

And those numbers prove that USA is making cable even more of a must for TV viewers than ever before.

Now the most successful commitment to original programming in basic cable history is ready to continue on USA.

A M E R I C A ' S F A V O R I T



OUR STARS ARE OUR NUMBERS.

We're bringing more stars to cable, including Ed Asner, Meredith Baxter Birney and Jennifer O'Neill.

And we're going after big audiences once again with 24 all-new USA World Premiere Movies for 1990 — the largest and most exciting schedule of original movies ever seen on basic cable.

Upcoming originals include new spy thrillers from

Frederick Forsyth and USA's first original mini-series, based on Jeffrey Archer's best-seller, *Not A Penny More, Not A Penny Less*.

So keep looking to USA for great original programming that's attracting a record-breaking number of viewers to cable. And let our stars shine for you.

USA
NETWORK

E C A B L E N E T W O R K

LETTERS

Wash Your Mouths With Soap

Why is it that in the business of communications, communicate seems to be the one thing we cannot do?

I refer specifically to the article "The Home Town Report" by Chuck Reece [September].

While the gentleman from Michigan quoted in the article may find it necessary to use the name of God and Jesus Christ as profanity to communicate his strong feelings about a subject, I for one find it to be very offensive.

And while he is free to say and do whatever he pleases, it is my feeling that a trade magazine such as *Channels* does not have the right to repeat it. Are you in the business to communicate or offend?

As a Christian, I am very weary of the name of God being used as a curse word. To find it printed in a trade magazine for broadcasting professionals is too much!

Don Golledge
Dir., Programming & Operations,
KAKE-TV
Wichita, Kan.

Taking Issue

I love your magazine and enjoy your column [*The Business Side*].

With respect to your comments on "the migration of sports to cable" ["Why Broadcasters Woke Up," November], the facts I've seen tend to support the opposite conclusion. There is more sports programming available now *over the air* than ever in history. If you have access to data which indicates a "migration" has indeed occurred and that there has been a "dramatic drop in available sports programming this fall," I'd like to see it published and clarify the matter.

Donald T. Schlosser
V.P., Acquisitions & Development,
King Broadcasting
Seattle, Wash.

Public TV was being used in schools when the earliest of cabbles were stringing wires down hillsides in Pennsylvania to get a better broadcast signal on their neighbors' home TV set [November, *The Business Side*]. To say that "cable captured the high road from public TV by beating them into the nation's schools" ignores thirty years of exemplary service by public TV.

Two-thirds of all elementary and secondary students and teachers have instructional TV services provided by public TV. We provide it by broadcast, videocassette, computer links and, more recently, by cable. We also provide printed materials, people who assist teachers with utilization of the product, databases for teachers, textbook correlation guides and (as they say in advertising) much, much more.

I would hope for a reawakening at *Channels*.

David J. Brugger
President, National Association of
Public Television Stations
Washington, D.C.

We did not intend to offend Mr. Golledge, but note that in each example the words were those of someone interviewed, not the writer. Mr. Schlosser's concern, also valid, is a subject of ongoing debate. There's no doubt about the increase in cable sports coverage. Major college sports are increasingly cable sports, and if you're an unwired New York Knicks fan, for instance, you're out of luck this year. Mr. Brugger rightly commends public TV's long commitment to education. Cable, however, is after that franchise as well, and has the resources to put sets in schools where public funding has fallen short.—Ed.

Channels welcomes readers' comments. Address letters to the editor to Channels, 401 Park Avenue South, New York, N.Y. 10016. Letters may be edited for purposes of clarity or space.

CHANNELS

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HAVE YOU
THOUGHT
ABOUT
HER TODAY?



LIFETIME
TELEVISION

To Poland, With Cable

David Chase revisits the land he fled.

It was a dramatic homecoming for David T. Chase. More than 44 years had passed since he last set foot in his native Poland. Born David Ciesla, in Kielce, Poland, he had escaped from Auschwitz by jumping into a ditch during a forced death march.

Now one of his adopted country's richest men—with a personal net worth estimated by *Forbes* at \$300 million—the 60-year-old founder and chief executive of Chase Enterprises re-

majority shareholder of Polska Telewizja Kablowa (PTK) in December. Chase's U.S. associates, cable consultants Kane Reece Associates Inc. and Rutter-Dunn Communications Inc., began negotiations with the Communist government three years ago and recruited Chase as a financial partner after signing an agreement with the new Solidarity-led



On his first visit to Poland in 44 years, Jewish refugee David Chase met national hero Lech Walesa.



turned to his homeland in December as the principal investor for a Polish-American joint venture to wire all of Poland for cable television.

Until now, Chase Enterprises and its namesake have taken a decidedly low profile, pursuing a diverse portfolio of holdings in television, radio, real estate, banking and insurance. But with this latest investment, the Hartford, Conn.-based company has taken a grand step onto the international stage.

Chase, which owns television stations in Hartford, Denver, Indianapolis, Atlanta and Memphis in addition to the sales rep firm Seltel Inc., entered into the agreement in November and held its first meeting as the

government last fall.

With construction already underway in Warsaw and Cracow, Chase expects the first subscribers to tune in to the multi-channel service by September. An initial five-city investment is projected to top \$270 million, including wiring residents in Gdansk, Katowice and Poznan, and could ultimately exceed \$900 million for the whole country's 9 million households. The American interests will control 70 percent of the venture, while several Polish ministries and municipal governments will hold the remaining 30 percent.

As perhaps the world's largest cable-television joint venture, PTK provides another dramatic illustration of the economic and political re-

alignments that are transfiguring the Eastern European landscape. With this project, the Poles' electronic window will ultimately widen from two government-controlled TV channels operating part of the day to as many as 19 or 20 channels delivering CNN, ESPN, MTV and originally-produced fare in Polish, English, Russian, Italian and French.

Chase executives also learned that the Poles are intent on learning American ways. "They want us to set up an American-type company," says Roger Freedman, Chase's son-in-law and president and chief executive for the newly-formed Chase International. "[They say,] 'Let us see your employee manuals—and see how you do things.'"

And so they will, including showing how one deal can spawn others. Arnold Chase, David's son and the chairman of Chase Communications, points out that color TV penetration in Poland is only about 25 percent—the company is considering starting a "rent-a-color [TV]" business. More important, Chase and its associates have already discussed developing cable systems in other parts of Eastern Europe.

David Chase believes that the project will begin to make money within five years, after the first phase is completed. But, with a remarkable display of understatement, the refugee-turned-millionaire notes, "There is a plus factor that goes beyond economics."

STEVEN BESCHLOSS

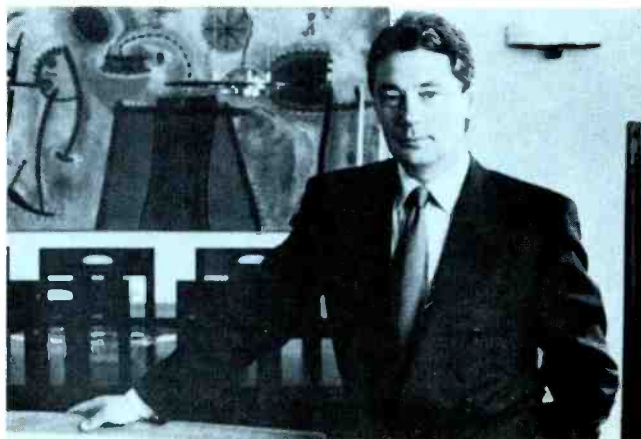
Back In The U.S.S.R.

An emigré brings cable to his homeland.

A former Alex Trebek of Soviet game shows who defected to the U.S. back in the '70s is now paving the way for what could become the first national cable network in his homeland.

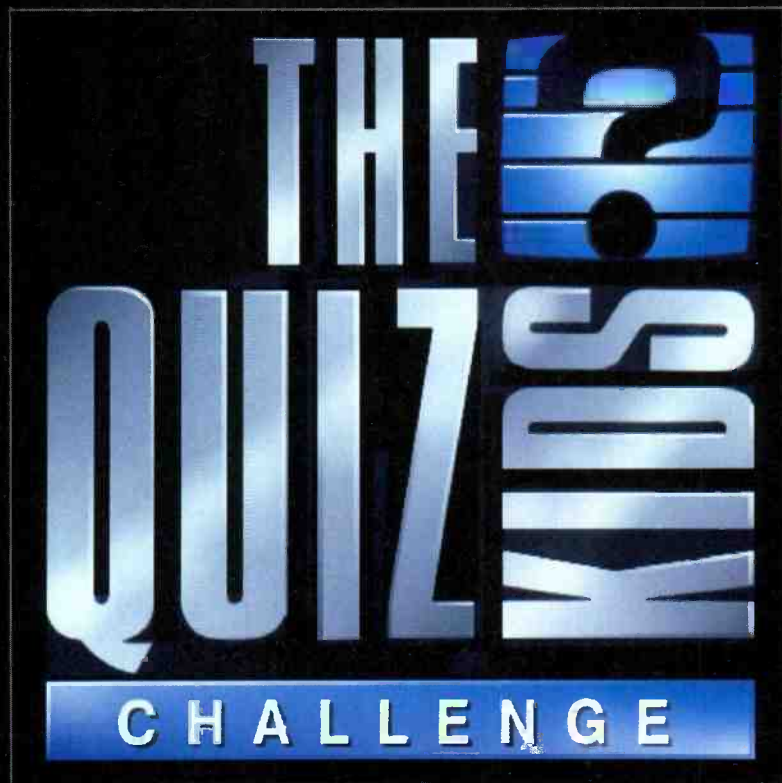
Taking a short breather in

his posh Upper West Side apartment after an extended stay in Moscow, Yuri Radzievsky says that his consulting and investment firm, YAR Communications, has a minority stake in the Soviet company Interbyte, which is launching a new



Yuri Radzievsky is show-stopping for a Soviet cable network.

IT'S A "GO"!



From GUBER-PETERS Television

Max and Helen

“...MAY WELL BE THE
BEST PROGRAM OF 1990.”

The first original premiere of the 90's has set a quality standard other networks can only hope for. Starring Martin Landau, Treat Williams and Alice Krige, MAX AND HELEN drew unqualified raves from the critics:

“It shows us a world of stirring passions and shattered lives... The performances, aided by the spare words of screenwriter Corey Blechman and the neatly paced directing of Philip Saville, are riveting.”

—Chicago Tribune

“... a suspenseful and textured production with a burnished performance by Martin Landau... a powerful story...”

—Los Angeles Times

“... beautifully filmed and effectively acted.”

—The Philadelphia Inquirer

“... a gripping true story... Even if you know the surprise ending, this dramatization is worth watching.”

—The Wall Street Journal

“... the whole cast is superb.”

—New York Daily News

“... a very intimate and poignant love story.”

—New York Post

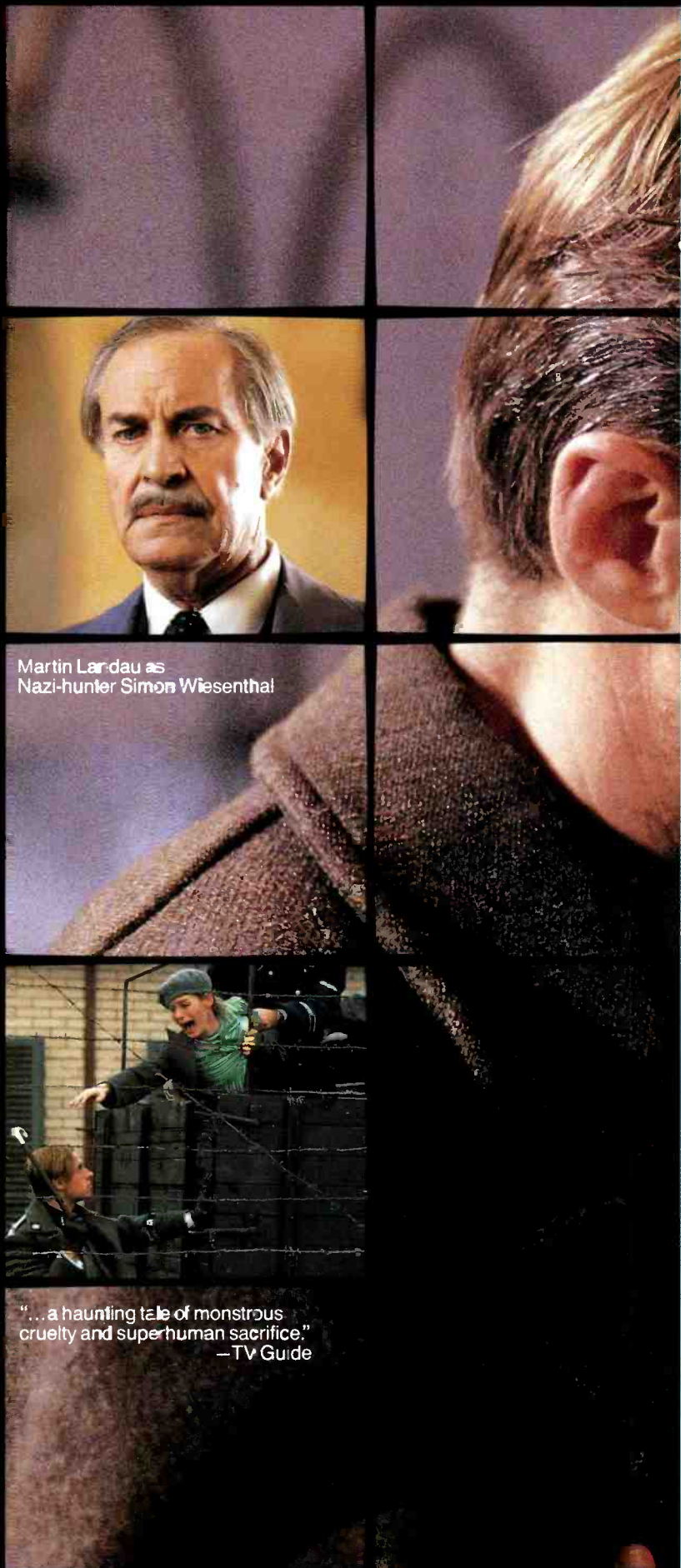
“MAX AND HELEN may well be the best program of 1990, though the year is only in its second week. It's that good.”

—United Media

With at least two dozen premieres set for 1990, TNT original productions continue to create the quality special event impact that attracts viewership and new subscribers to cable.



For details on becoming a TNT affiliate, call your Turner Cable Network Sales representative in Atlanta at (404) 827-2250 or in San Francisco at (415) 495-0170. © 1990 Turner Network Television, Inc.



Martin Landau as
Nazi-hunter Simon Wiesenthal

“... a haunting tale of monstrous
cruelty and superhuman sacrifice.”
—TV Guide

B U I L D I N G



Treat Williams and
Alice Krige as Max and Helen.

C A B L E ' S S H O W C A S E

Soviet cable channel in mid to late 1990. Radziewsky hopes to program that channel, in part, with some U.S. shows. He anticipates a startup cost well in excess of \$100 million.

Interbyte is managed by a group of prominent Russian scientists, according to Radziewsky. In addition to the network, it's offering cable hardware and instal-

lation services to enterprises that are wiring rural areas of the country. Interbyte is in the process of installing some 50 transmitters.

Within three years, the company anticipates "tens of millions" of customers, most of whom currently receive two TV channels—from the state-owned Gosteleradio network.

Interbyte is by no means

the only company trying to take advantage of new Soviet regulations allowing private enterprises into the TV business. "Right now there are about 300 people in Russia coming out of the woodwork" looking for American alliances on broadcast projects, says Herb Granath, who keeps track of overseas investment and program sales opportu-

nities as president of Capital Cities/ABC Video Enterprises Inc. Both he and Radziewsky claim, however, that Interbyte is the only organization they are aware of that is attempting a national cable network.

One of Interbyte's backers, the state-owned bank Zhilsotzbank, has deep pockets. But because the ruble is not convertible currency on the world market and its buying power is extremely weak, Radziewsky is looking for inexpensive programming here and in some Western European countries to fill roughly three or four hours of the daily schedule. Barter advertising is another bargaining chip, as is the possibility of swaps for Soviet programs.

Radziewsky says that vintage comedy series and films, along with such sports fare as Muhammad Ali bouts, are all possible fodder for the new network.

Starting from scratch is nothing new to Radziewsky. He and his family came to New York with only \$200 in their pockets in 1973, and he built an international advertising/public relations firm, Euramerica, which was eventually merged with Berlitz International.

Radziewsky got his first taste of the Soviet TV biz in the 1960s, when he hosted the still-popular Soviet game show, *What, Where, When*. He describes the program as a cross between *Saturday Night Live* and *The College Bowl*.

Though he left the series about 20 years ago, he's still recognized on the streets of Moscow. And coming back to Soviet TV, albeit behind the scenes, is exciting.

"Previously, no one would dream of being owners of stations," says Radziewsky. "Even now, all the programs have to be screened, and they cannot be live broadcasts. But the audience is so starving for any kind of shows . . . that no matter what we buy they will be very appreciative."

JANET STILSON

This announcement appears as a matter of record only.

January, 1990

United International Holdings, Inc.

and certain Swedish investors have acquired the majority interest in

Seth's Kabelvision KB

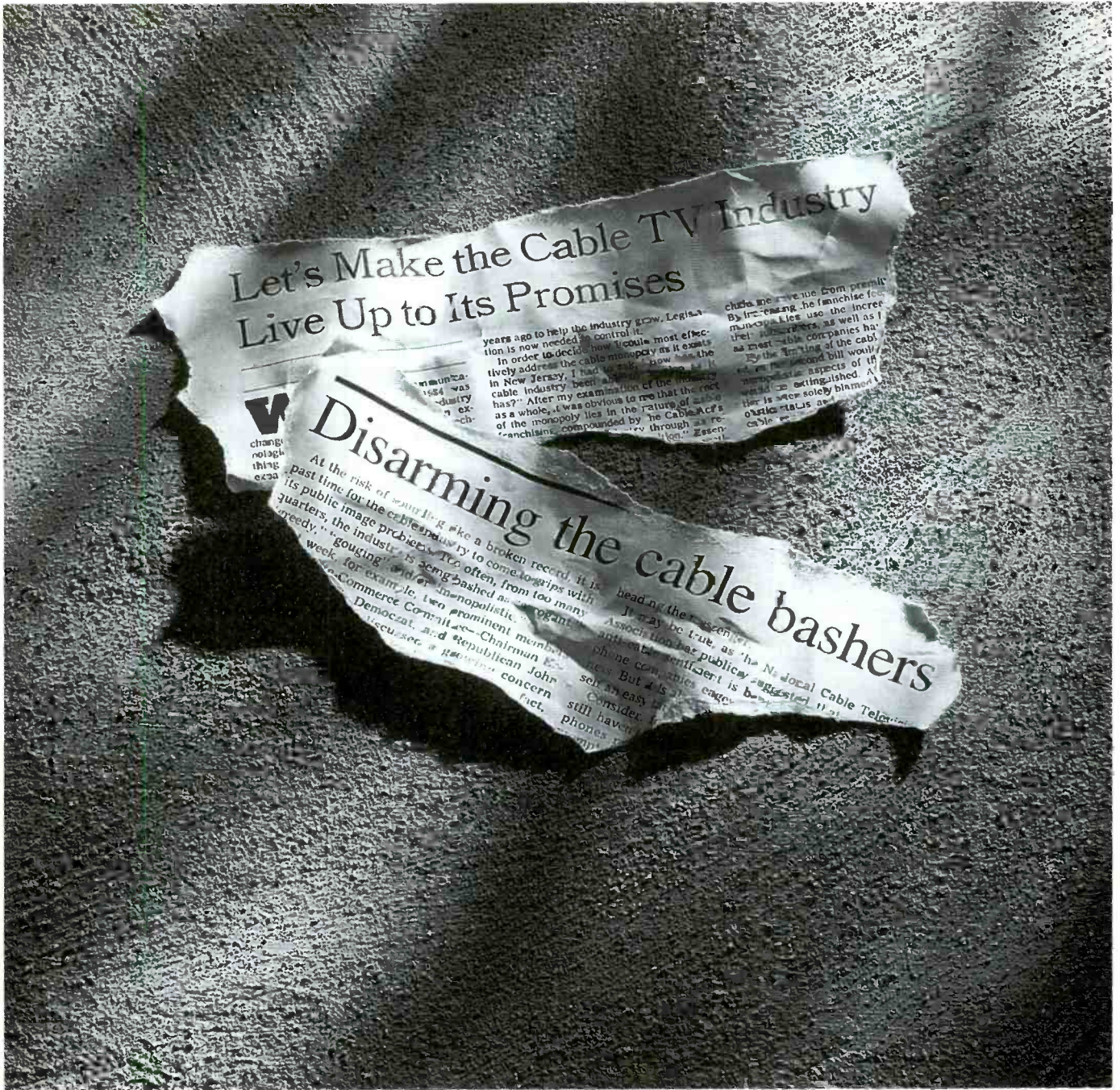
which operates cable television systems in the Kingdom of Sweden

from

United Artists Entertainment Company

The undersigned acted as financial advisor to United International Holdings, Inc. in this transaction.

PaineWebber Incorporated



SILENCE THE CRITICS

When cable bashers accuse our industry of being anti-consumer, fight back. Point to CNBC.

CNBC was created to be a champion for consumers. Only CNBC delivers a prime-time lineup that addresses the issues consumers care about most: health, family, finances and

buying power.

How can cable be "anti-consumer" when it offers the public the only network dedicated to consumers?

Call Caroline Vanderlip, VP Affiliate Relations, at (201) 585-6425. Isn't it time we talked?

cnbc
 Consumer News & Business Channel
WATCH IT. USE IT.

\$30 Billion in Media

A wholly owned subsidiary of
Warner Communications Inc.
 has merged with
Lorimar Telepictures Corporation
The undersigned acted as financial advisor to Warner Communications Inc. in this transaction.
 January, 1989

\$675,000,000

Tribune Company
 Employee Stock Ownership Plan
 Guaranteed ESOP Notes due 2003
 guaranteed by
Tribune Company
The undersigned acted as financial advisor to Tribune Company and co-placement agent of the Notes.
 May, 1989

\$345,000,000

Jack Kent Cooke Incorporated
 has sold the assets of
Cooke CableVision Inc.
 and
1st CableVision Inc.
The undersigned acted as financial advisor to Jack Kent Cooke Incorporated.
 Pending

Undisclosed

Comcast Corporation
 7% Convertible Subordinated Debentures
 November, 1989

\$100,000,000

J. J. Kenny Co., Inc.
 has been acquired by
McGraw-Hill, Inc.
The undersigned acted as financial advisor to J. J. Kenny Co., Inc.
 Pending

Undisclosed

Boone/Narragansett Publishing of the Southwest, Inc.
 has acquired
Woodson Newspapers, Inc.
The undersigned acted as financial advisor to Boone/Narragansett Publishing of the Southwest, Inc.
 July, 1989

Undisclosed

Narragansett Television, L.P.
 has acquired
WPRI-TV
 (Providence, RI)
WTKR-TV
 (Norfolk, VA)
The undersigned acted as financial advisor to Narragansett Television, L.P.
 July, 1989

\$167,000,000

Narragansett Television, L.P.
 \$35,000,000 Revolving Notes
 \$65,000,000 Senior Notes
 \$32,000,000 Subordinated Notes
 6,250 Class A Limited Partnership Units
 6,250 Class B Limited Partnership Units
 July, 1989

\$144,500,000

Transactions in 1989

<p>Continental Cablevision, Inc.</p> <p>12⁷/₈% Senior Subordinated Debentures Due November 1, 2004</p> <p><i>October, 1989</i></p>	<p>Continental Cablevision, Inc.</p> <p>Senior Subordinated Floating Rate Debentures Due November 1, 2004</p> <p><i>October, 1989</i></p>	<p>Paramount Communications Inc.</p> <p>has sold its wholly owned subsidiary Associates First Capital Corporation</p> <p><i>The undersigned assisted Paramount Communications Inc. in this transaction.</i></p> <p><i>November, 1989</i></p>
\$350,000,000	\$100,000,000	\$3,350,000,000

<p>McCaw Cellular Communications, Inc.</p> <p>has acquired LIN Broadcasting Corporation</p> <p><i>The undersigned acted as financial advisor to McCaw Cellular Communications, Inc.</i></p> <p><i>Pending</i></p>	<p>Warner Communications Inc.</p> <p>has merged with Time Warner Inc.</p> <p>formerly Time Incorporated</p> <p><i>The undersigned acted as financial advisor to Warner Communications Inc.</i></p> <p><i>Pending</i></p>
\$6,900,000,000	\$14,900,000,000

LAZARD FRÈRES & Co.

One Rockefeller Plaza
New York, New York 10020
(212) 632-6154

Play Ball!

BY RICHARD KATZ

MARCH 20: The **Nashville Network** begins scrambling its satellite signal, forcing dish owners who want to keep viewing the country music service to subscribe to one of the eight national program packagers that distribute TNN. **Harry Thibedeau**, director of broadcasting and media sales of the **Satellite Broadcasting and Communications Association of America**, the national trade organization for dish dealers, says that scrambling is no longer a sore point for his constituents due to the numerous cable channel packages being offered. He also suggests that scrambling could positively affect TNN's ad sales rates. "It's always been a problem for cable services to include dish owners in their sub counts because they're hard to prove," says Thibedeau, "but now TNN can back it up by saying there are X number of VideoCipher IIs that are authorized to view their programming." The dish business is very bullish of late; the industry shipped 42,000 dishes last October, its best month since scrambling began in January 1986, expanding the U.S. home-dish universe to more than 2.7 million.

MARCH 22: The 48,000-member **American Advertising Federation** inducts three new members into its **Advertising Hall of Fame** in a luncheon at New York's Waldorf-Astoria Hotel. **James Burke**, former chairman and CEO of **Johnson & Johnson**, **Raymond Mithun**, founder of **Campbell-Mithun Advertising**, and **Jean Wade Rindlaub**, former director and copy group head of **BBDO**, join the 109 advertising legends elected to the Hall since it was established in 1949. The Hall of Fame is currently homeless; but AAF spokesperson **Julie Dolan** says the addresses under consideration are the **Smithsonian**, the **Advertising Museum** in Portland, Ore., and AAF headquarters in Washington, D.C.

MARCH 31-APRIL 3: The **National Association of Broadcasters** commands the Georgia World Congress Center in Atlanta for its 68th annual convention, billed as "NAB '90." The importance of sports programming, especially on the local level, is one of this year's hot topics; the NAB has commissioned **Paul Bortz** of analysts **Bortz & Co.** to research the how-to of negotiating TV

sports rights. "I'll be talking about how the different pro leagues are structured in terms of their rights, some of the major college conferences, territorial restrictions and different ways of setting value," says Bortz, who will introduce the panel on sports programming. Despite the controversy over the issue, "the one thing that we are not researching and specifically excluding," stresses Bortz, "is any consideration of siphoning [of sports by cable]."

April 1: **CNBC** airs its first in a series of six hour-long Sunday night specials produced in conjunction with special editions of **U.S. News & World Report**, which will hit news-stands the next morning. According to *U.S. News* spokesperson **Carol Welsh**, print advertisers in the special issues, the first of which shares the title "The 1990 Homeowner's Guide" with the CNBC telecast, will be eligible for spots on the cable special at no additional charge. *U.S. News* retains 18 30-second spots per hour to offer its advertisers. "This is truly value-added advertising," says Welsh.

APRIL 2: After ten spring training games, ESPN's four-year/\$400-million contract with **Major League Baseball** kicks in with the opening game of the 1990 season, the **Kansas City Royals** at the **Baltimore Orioles**. The cable network will carry 171 games this year and, as of late December, only the Sunday night announcing team of **Jon Miller** and **Joe Morgan** had been finalized. Sponsors include **Parts Plus**, **Thrifty Car Rental**, **Daihatsu Auto**, **Sears** and **Mitsubishi**. **Parts Plus**, a Memphis-based auto aftermarket manufacturer, is a first-time ESPN advertiser. **Jack Schroeder**, media director of **Marketing Resources Inc.**, the company that made the ESPN buy for the 2,300-outlet auto-parts supplier, explains that this first foray into national television is for image purposes. "The people who own **Parts Plus** outlets retain their own names—one might be called 'Sam's Auto Outlet,'" says Schroeder, "and they want people to understand that . . . they are part of a national chain." Schroeder says another reason for choosing ESPN was that baseball is a natural for local tie-ins across the country. For example, its annual "Repair American Sweepstakes" utilizes local newspaper ads; this spring the ads will have a tagline about the company's sponsorship of Major League Baseball on ESPN.

CALENDAR

March 14-17: American Association of Advertising Agencies annual meeting. Marriott Desert Springs, Palm Springs, Calif. Contact: Tony Gruber or Karen Walker, (212) 667-3468.

March 15: National Association of Black Owned Broadcasters sixth annual communications awards dinner. Sheraton Washington Hotel, Washington, D.C. Contact: Ava Sanders, (202) 463-8970.

March 15: American Women in Radio and Television 15th Annual National Commendation Awards luncheon. Waldorf-Astoria Hotel, New York City. Contact: Diane Walden, (202) 429-5102.

March 26-28: North Central Television Association annual trade show and convention. Hyatt Regency, Minneapolis. Contact: Mike Martin, (612) 641-0268.

March 29-31: Broadcast Education Association convention. Georgia World Congress Center, Atlanta. Contact: Louisa Nielsen, (202) 429-5355.

April 1-3: Cabletelevision Advertising Bureau annual conference. New York Marriott Marquis, New York City. Contact: Vince Fazio, (212) 751-7770, ext. 16.

April 12: Federal Communications Bar Association luncheon, with speaker Andrew Barrett, FCC member. Washington Marriott, Washington, D.C. Contact: Michelle Plotkin, (202) 775-3530.

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Spot TV's Paper Chase

Paper is choking the \$7 billion spot business. If only computers could talk to each other . . .

BY JACK LOFTUS

Agencies, reps and stations may all have excellent relationships with their advertisers, but their computers aren't on speaking terms. Electronic Document Interchange, or EDI to computer-literate bill-payers, is revolutionizing every American business except spot television. When it comes to buying and selling spot (non-network) TV, the players—agencies, reps and stations—still plow through mounds of paper.

The American Association of Advertising Agencies, in association with the Television Bureau of Advertising, is trying to bring a \$7 billion industry into the computer age. Analyzing results from last year's test of an Electronic Standard Broadcast Invoice marks the first step toward electronically linking the entire spot television business. The test, completed in December, was jointly conducted by the two heaviest hitters in the broadcast computer software business, Donovan Data Systems and Jefferson-Pilot Data Services. The test linked 30 stations that subscribe to the JDS system and two ad agencies, Foote, Cone & Belding and Ogilvy & Mather, serviced by DDS.

The problem, according to J. Walter Reed, senior vice president for Foote, Cone & Belding, is not that the business is void of computer electronics, "it's that we can't get these computers to talk to each other." The language barrier complicates an already cumbersome process in which a buy order goes from agency to rep to station, then home again. Each order involves several round-trips: requests for avails, program and rating analysis, confirmation, billing and verification. The back-and-forth generates

reams of computer printouts, and requires data reentry at each end.

"We need to be able to match our agency and product codes with the various codes used in the station system," says Reed. "We don't need a single system. We need to have the various computer systems talk to each other. That's where standardization comes in." Beverly Plyer, director of media services for the 4As, hopes the development of a standard ESBI will produce "wonderful sidebars" that will be felt throughout the national spot-buying business.

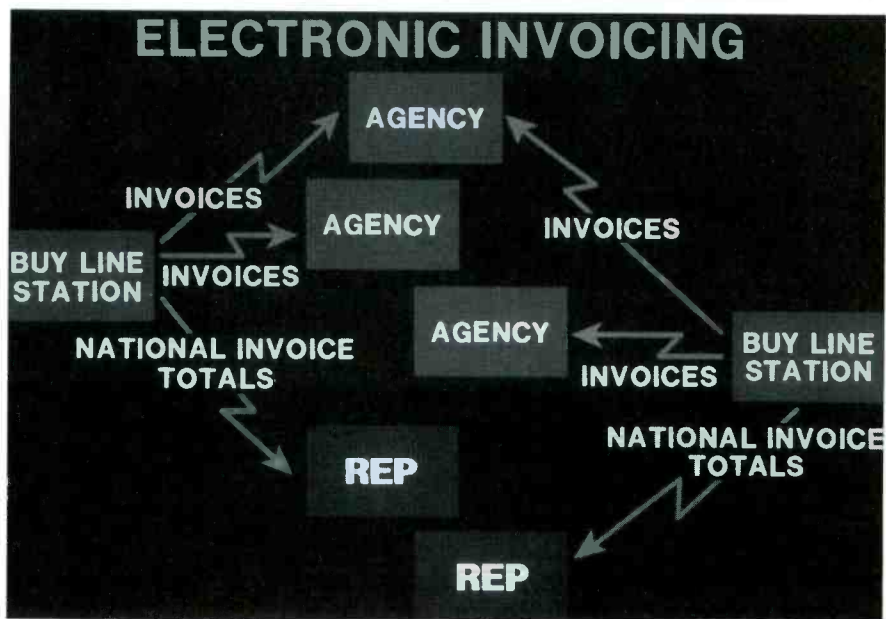
With total spot spending in the \$7 billion range, a savings to the agencies of only 0.1 percent, says Reed, would be

substantial. But would stations get paid sooner? "All these experiments are for the advantage of the agencies, which stand to save a lot of back-room money," says one station source, referring to the billing and verification services provided by DDS and JDS. "Do you really think the agencies are going to pay the stations any earlier?"

Cliff Brown, general manager of WDAM-TV in Hattiesburg, Miss., and chairman of TvB's national sales advisory committee, says the invoice test has been two years in the making, and that its potential use is "somewhat isolated. . . . We've heard about the concept, but we don't have any idea about the impact on the bottom line."

Both JDS and DDS have huge investments to protect. Presently, JDS controls the station side of the equation, while DDS has the agencies locked up. JDS, however, has begun to make a run at the agencies, and the ensuing struggle for dominance could stall any movement towards standardization. There's also the matter of who's footing the bill, the stations or the agencies. For their part, the reps feel threatened by EDI—the middleman begins to seem like a luxury when a prototype of electronic buying becomes a reality. Buyers and sellers could outflank the reps.

Reps who hear footsteps can look to the past for reassurance, however. It's been shown that JDS and DDS can work together, says Reed: "Now if we can just get everyone to sit down together and talk. . ." The last powwow took place in the late '60s and took five years to set up. When it was over, the industry had decided what a standard paper invoice should look like. ●



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are encouraged to carry the teleClinic on their local origination channels due to extraordinary community relations potential for this special (use coupon below).

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for both cable systems and educators. You can hold and replay as often as you'd like!

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- ▶ Ad slicks, outreach opportunities, press release copy are all in our 1990 National Cable Month Kit.
- ▶ National print ads in major cable guides during March.
- ▶ TV spots for cross channel promotion.
- ▶ Personalized letters sent to 37,000 coaches across America from Rick Pitino.

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March 31, 1990
Live 12:30-2:30 PM (ET)

Please send me authorization to carry and/or record the 1990 Converse Basketball teleClinic at no cost. I am presently:

Non-affiliate Affiliate

Name _____ Title _____

Cable System _____

Address _____

City _____ State _____ Zip _____

Send free promotion kit Send free TV spots

Return to:
The Learning Channel 1525 Wilson Blvd. Rosslyn, VA 22209

Keeping His Hands Full

Orbis' David Spiegelman had to learn how to market his shows to both stations and cable.

BY RICHARD KATZ

If Orbis Communications' David Spiegelman is the prototype for the syndication salesman of the '90s, the word "juggler" will be inserted at the top of the job description.

Spiegelman, vice president, domestic and ancillary sales, markets Orbis' series and movies to affiliate and independent stations, pay cable and basic cable; sells parent company Carolco Pictures' titles to pay-per-view; pitches home-video company IVE's movies to pay cable and PPV; and handles all cable business and syndication in Hartford, Conn., Philadelphia and Washington, D.C. He does all of it with product not too many people have heard of.

In the unique position of selling to both broadcast and cable (most companies have separate divisions), Spiegelman, 31, has had to develop different marketing strategies for each. Many times he is responsible for selling the same show to both mediums. "You never lie to them," says Spiegelman, who learned television packaging at William Morris and then network buying at DMB&B, "but you set it up so that it makes sense to the particular customer."

For example, after helping Orbis clear the four one-hour specials *Raising Good Kids in Bad Times* in 98 percent of the country, he then faced the job of selling the repeats to cable. "[The cable people] were saying to me, 'It's already run on broadcast so it doesn't have much value to me,' so I had to come up with a whole new marketing plan," says Spiegelman.

First he sold three of the episodes to A&E, positioning them as adult-ori-

ented programming. The fourth, "The American Dream Contest," is hosted by Michael Landon and consists of short films made from 12 of 3,000 essays by kids around the country delineating their idea of the American dream. Spiegelman marketed it to the Disney Channel as a show with strong kids' appeal. They bought it.

"Basically, I sell the Orbis stuff to



Spiegelman: "Orbis is a little tough guy."

whoever it works for," he says, "so it is very important that I am aware at all times who I'm talking to." And although Orbis does have a strong Carolco I movie package, which includes *Rambo* and *The Terminator*, and the new *Joker's Wild* for 1990, Spiegelman admits that most of his product is not exactly well-known.

"In the middle of '88, I said to people

here, 'Look, we have all this programming sitting on the shelf that is doing nothing, let's go out and try to do some ancillary sales for it,' he reports. By searching for the right outlet for what some syndicators might deem unsalable shows, Spiegelman says he's brought in over \$1.2 million, selling programs such as *Kids Songs*, *War Chronicles* and *Unauthorized Biographies*. In the process Spiegelman established relationships with many basic and pay-cable nets, which he hopes will help the relatively small syndicator grow into coproduction deals in the future.

One new window he had success with was the syndex market. Eastern Microwave, the satellite uplink company for superstation WWOR, bought 110 half-hours of *Comedy Tonight*, which Orbis had previously syndicated from '85 to '87. Spiegelman pitched it as a good replacement for the blacked-out *Arsenio Hall Show*. "You'd think with two comedy channels out there, that show would be a lay-down," he comments, "but for a change I was able to go up against the big boys [MCA, Warner and Paramount] and get some programming done."

The fact that Orbis lacks the big-name off-net series that a Warner or a Paramount has can be frustrating for a salesman, but it has also made Spiegelman a fierce competitor. He is still incensed that he couldn't sell *The Family Channel* on 110 half hours of a youth counseling center sitcom called *Hanging In*, a show he feels was marketed flawlessly. "It's not the funniest show in the world, but it's a complete workhorse," he says. "It can be stripped, done as a vertical program or a weekly half hour. It was perfect for them."

Even though *Hanging In* has been sold to ten stations, Spiegelman's frustration at its lack of a cable sale is representative of the sell-to-everybody-and-anybody mode syndicators must operate in for the '90s. And although cable and broadcast are increasingly making nice in many areas, program acquisition is not one of them. He feels the friction between the two markets when broadcast stations voice their discontent that movies that used to go into syndication are going straight to cable.

While this means Spiegelman has to do a lot of dancing when both cable and broadcast ask for exclusivity, he can look on the bright side, too: Maybe the increased competition from cable will make stations hungrier for his product. The prototypical salesman of the '90s also feels fortunate to hear what's happening in both broadcast and cable directly from the sources. It makes juggling a little bit easier. ●

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Dayton, OH.
East Bay, CA.
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Greenfield/Milwaukee, WI.
Marin, CA.
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Nashville, TN.
Oroville/Paradise, CA.
Petaluma/Healdsburg, CA.
Redding/Red Bluff, CA.
Salem, OR.
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Viacom Networks:
MTV Networks:
MTV: Music Television®
Nickelodeon®/Nick at Nite®
VH-1/Video Hits One®
Showtime Networks Inc.:
Showtime®
The Movie Channel™
Showtime Satellite Networks™
SET™ Pay Per View

Viacom Entertainment:
Viacom Enterprises
Viacom Productions
Viacom MGS

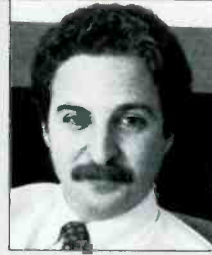
Viacom Broadcasting:
Viacom Television:
KMOV-TV, St. Louis, MO.
KSLA-TV, Shreveport, LA.
WHEC-TV, Rochester, N.Y.
WNYT-TV, Albany, N.Y.
WVIT (TV), Hartford, CT.
Viacom Radio:
KBSG-AM and FM,
Seattle/Tacoma, WA.
KIKK-AM and FM,
Houston, TX.
WLIT-FM, Chicago, IL.
WLTJ-FM, Detroit, MI.
WLTV-FM, New York, N.Y.
WMZQ-AM and FM,
Washington, D.C.

Viacom Pictures:
Viacom Pictures Inc.

Viacom International Inc. will relocate to its new corporate headquarters at 1515 Broadway, New York, N.Y. 10036, beginning April 1990.

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Drug Wars, News Casualties

If, ten years ago, you told the head of a network news operation that his nightly anchor would become an unpaid flack for a troubled federal agency, in programs packaged with and airing immediately after episodes of a made-for-TV movie, he would have laughed, walked out of the room or resigned.

A recent NBC made-for-TV film and the “news” coverage and preview promotions that accompanied it offered those elements. It is a demonstration of how much the television news industry has changed that the recent NBC broadcast of *Drug Wars: The Camarena Story* aroused little controversy. This uneasy hybrid of journalism, advocacy and fiction would’ve been more than surprising a decade ago, commented one former top-level NBC News executive. Had it not already been unthinkable, it would have been unmentionable.

It’s not that *Drug Wars* isn’t a powerful, entertaining, provocative film. Anything that angers the demonstrably

When NBC made anchor Tom Brokaw into a press agent for the “War on Drugs,” news pros were again reminded how things have changed.

corrupt government of Mexico as much as this film surely has a lot going for it. Based on a credible, well-regarded book, the film is clearly sympathetic to the family and friends of a murdered government agent. The Drug Enforcement Agency and other federal officials characterized in *Drug Wars* are dedicated, patriotic and hard-working, as many federal anti-drug crusaders surely are. But there has been significant, relatively widespread corruption within the federal anti-drug apparatus, and considerable debate within the legal community about the tactics regularly used by federal officials. In light of the controversy, the legitimate concerns of a network news division, or any journalist, are whether there really is a “War on Drugs,” how it’s being waged and whether it has any chance of succeeding.

Why then, it’s fair to ask, did NBC News become a guest star in a made-for-television movie? Did the film’s producers feel obligated to include repeated shots of Tom Brokaw reading the latest anti-drug headlines in real *Nightly News* footage? And you might think the news division would have been a bit uncomfortable with movie promotions using news footage from a recent military engagement not unrelated to the subject matter of *Drug*

Wars. Whose idea was it to promote the film with clips from the arraignment of deposed Panamanian dictator Manuel Noriega? The issues are far more complex and the circumstances in Panama and Mexico far different than their linkage in the promotion pieces suggested.

Instead of anchoring a late-night NBC News special assessing the state of the DEA’s worldwide efforts, Tom Brokaw greeted viewers from a DEA laboratory immediately following each of the three *Drug Wars* episodes. The mere use of the setting for NBC’s anti-drug specials was inappropriate. It looked like a propaganda piece. But maybe it shouldn’t have been surprising coming just days after the invasion of Panama—anchors and reporters on NBC, ABC, CBS and CNN seemed addicted to the collective first person when phrasing questions about the military action, as in when will “we” be able to pull the troops from Panama’s front lines.

With the nation’s TV critics ensconced in Los Angeles on one of the annual critics’ tours, the program and its aftermath drew little critical reaction. Or could it be that we’ve become desensitized to the confused state of TV journalism? While CNN reports on “Waging Peace,” suggesting that there really is a legitimate body of U.S. political thought that is anti-peace, other networks become ecological activists, promoting environmental issues with a passion once reserved for genuine investigative reporting. On a day when Eastern Europe is in the midst of revolution and the U.S. Secretary of State is touring that region, erstwhile fourth-estate puritan Dan Rather chooses to open the *CBS Evening News* with extended coverage of Leona Helmsley’s sentencing. The hottest news stories on *The Today Show* set are its internal personality conflicts, while serious news professionals at CBS launch yet another redefinition of the Saturday night news magazine as chit chat on studio sofas.

There’s no reason to single out NBC or any other organization for creating new, lower standards. *Drug Wars* is merely another reminder that news is slowly, but surely, drifting into uncharted territory and away from the standards of the past. Frank Reynolds, Frank McGee and Walter Cronkite might well have agreed to set up their anchor position in a DEA lab, but they would have asked hard questions first. Whatever form it came in, news was news, not entertainment.

Perhaps by the time a new journalistic canon evolves, as it eventually must, NBC News’ enlistment in the “War on Drugs” will be a footnote, a reminder of what networks would do for ratings in the age of eroding shares. For the sake of television news, one hopes its credibility won’t become a historical curiosity as well. ●

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January 11, 1990

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TV COMEDY THAT WORKS.

THE SOUL OF A NEWS MACHINE

By J. Max Robins

.....

Welcome to the news casino on the brink of its second decade. The Cable News Network's Atlanta newsroom never closes. CNN beams out to 90 countries—distinctions between day and night blur. What's a time zone? The only time that truly matters is how long it takes to process the reams of incoming information and get the finished product on the air.

In New York, a CNN crew races to the tiny hamlet of Newburgh, where a tornado ripped through an elementary school, leaving seven children dead in its wake. In San Salvador, the network's correspondent is being chased by government security forces who want her tapes. She needs ten grand quick, and Pampers for her infant son back in Managua. An ocean away, a CNN strike force of 40 is in Eastern Europe to watch the walls come crumbling down. The network spins the globe and tries to crash every big story of the day.

A photographer's bright white umbrella and lights are set up in the middle of the news casino. Ted Turner, the most successful craps shooter in television, the voluble media maverick who has at one time or another allied himself with everybody from Jesse Helms to Fidel Castro, is supposed to have his picture taken for the cover of a book charting the ten-year history of CNN. Makes sense. Without Ted there would be no CNN. No book.

But when Turner enters the newsroom, he decides he doesn't want his picture on "the cover of a damn book." Strange. Turner's face is a newsstand fixture, gracing as many magazine covers as

The future belongs to Ted Turner's news factory, if its leadership can decide how to get there.

CNN's tenth birthday present is an identity crisis.

your average Hollywood superstar. Maybe he's too preoccupied with his news machine's second decade to be a coverboy today.

CNN's tenth anniversary brings with it questions about the network's future direction. Will it expand on its breaking-news roots and move from being a primarily reactive news organization to a proactive one? Can CNN grow from a video Associated Press into a video *New York Times*? Running 1-900 numbers so viewers could cast their votes pro and con on the United States invasion of Panama, while the network covered it live, suggests CNN might aspire to the feel-good infotainment of a *USA Today*. Recent controversial decisions, such as the selection of Catherine Crier, who had no previous journalism experience, to anchor the network's showcase newscast, point to a lack of vision at the top.

A struggle is underway for the soul of Turner's news machine. A passel of top executives is busy lobbying Turner with their visions of the CNN to come. For one, the most immediate priority is adding the kind of ground-breaking investigative reporting and features that the network sorely lacks. Another one sees the future as a simple matter of improving on the hard-news core, adding bureaus here and there. Yet another argues that CNN should be creating news personalities and churning out more infotainment. The cable systems serving the network's 52 million subscribers and the more than 100 stations that buy CNN footage want to know who's in charge and where it's headed.

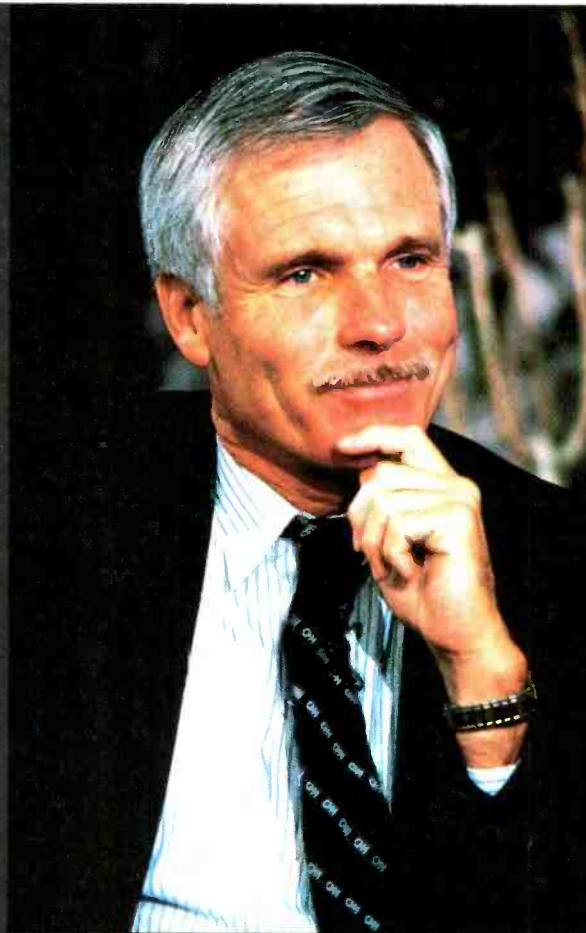
CNN's future may not ultimately be for Captain CNN and his lieutenants to decide. Turner is in command now, but powerful



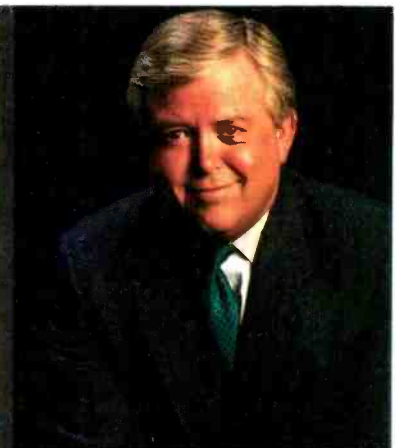
Exec. v.p. for newsgathering Ed Turner: a cagey inside player who believes hard news must remain "the spine of the network."



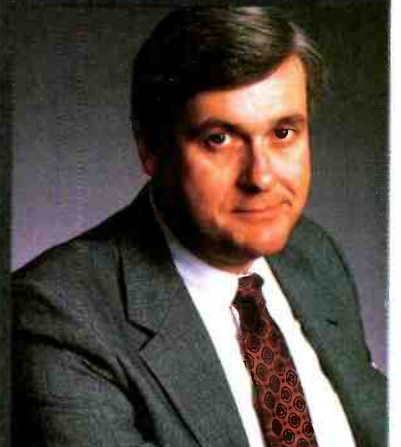
Exec. v.p. for news programming Paul Amos: a "news packager" who thinks more news personalities and feature programming are key.



Ted Turner won't say who will be the next president of CNN, but he wants somebody from the inside. Chances are it will be one of the men who surround him here.



V.P. and managing editor of the Business News Unit Lou Dobbs: bright and volatile, he believes the network needs to break more news.



Exec. v.p. for Headline News Jon Petrsvich: a relative newcomer to the organization, he's considered a dark horse for the presidency.

media sharks would like to wrestle the helm away. Time Warner co-chairman Nick Nicholas, whose company controls three seats on Turner's board, makes no secret of coveting CNN and assures intimates it will one day be part of his empire.

And NBC, backed by corporate big daddy General Electric, has made more than one attempt to gain a controlling interest. CNN's ability last year to embarrass NBC News with its superior coverage of the early hours of the San Francisco earthquake further stoked the Peacock Network's desire for Turner's news factory. According to sources at both organizations, high-level talks between the two networks have explored a news-gathering partnership. Discussions have CNN supplementing or even replacing NBC's affiliate news feed. In return CNN would have access to NBC's domestic bureaus and VisNews (an international video news service partly owned by NBC). The VisNews connection is particularly attractive because CNN's contract with WTN (an international video news service, partly owned by Capital Cities/ABC) runs out this year. There are stumbling blocks, such as the impact an agreement would have on TV stations that pay dearly to receive CNN's news feed and are not NBC affiliates. How NBC's sister cable service, CNBC, which competes with CNN, would fit into the picture also makes negotiations tricky. But it's clear the San Francisco quake caused tremors of a different sort that were felt on the other side of the country.

The San Francisco earthquake. Hurricane Hugo. Eastern

Europe, Panama and Tianamen Square gone wild. Each time, CNN proved it was as good at covering a breaking news story as anyone in the business. CNN's performance during last year's news maelstrom hardly went unnoticed. Typical of the reviews was the *Los Angeles Times*, which called CNN "America's indispensable observer." Commenting on the network's clout, *The Wall Street Journal* wrote of how CNN's live summit coverage was fed out to the boats where Bush and Gorbachev powwowed, and how each of the world leaders watched the reaction to their statements, then adjusted their performances accordingly.

The media attention CNN has been receiving lately couldn't be better if it had been turned out by the network's own p.r. department. But the media lovefest blurs the full CNN picture. It will be ten years this June since the all-news network took to the air. And while it's long past "the little network that could" stage, CNN still has a way to go to live up to either its reviews or the influence it enjoys. Ratings have stagnated at around 0.7. Turner and company have yet to decide if they are willing to make the investment needed to create a world-class news machine.

CNN has grown by extending its global reach. In the last year alone the network added 3 bureaus, for a total of 23 worldwide. Its international broadcast now airs in 15 countries. In the same period, however, several top journalists left the organization because the resources didn't exist for them to do the kind of comprehensive reporting they thought was needed. "I wanted to do

The World Today got plenty of ink when Catherine Crier (r.), who had no journalism experience, was selected to cohost with CNN's premier anchor Bernard Shaw (l.).



more long, in-depth pieces," says John Donovan, who was one of CNN's most highly touted journalists until he left last April to join ABC's London bureau. "But in Europe, where I was based, CNN is pretty lean and mean, and what I wanted to do just didn't fit into their plans." It's exactly that kind of work, however, that CNN needs to lift it beyond TV wire-service status. It's time for Turner's news machine to put the same emphasis on the depth of its reporting as the breadth of it.

"[CNN] may do breaking news better than anyone else, but its features are crappy," says a CNN veteran, who left for a job with one of the Big Three news divisions. "There's a real contrast between what goes on inside a [Big Three] network news division and what goes on at CNN. Sure there are top-flight people at CNN, but there's a real lack of vision in top news management. The focus is still getting material on the air as quickly and cheaply as possible, and quality suffers. There's no debate on how to best cover a story—it's throw what resources you have at it and hope for the best."

Certainly there's more to CNN than breaking news. There's no shortage of programs of the *Larry King Live*, *Crossfire* mold, or of sports, financial and entertainment news. Weekends are filled with news roundups and a smattering of special-interest shows ranging from *Japan This Week* to *Style with Elsa Klensch*. What these shows have in common is relatively low production cost. In contrast, despite all the cutbacks at the Big Three news divisions, their feature packages and in-depth reports consistently exceed CNN's offerings in both substance and style.

There are exceptions. CNN's *Moneyline* provides first-rate business news, bolstered by such seasoned financial commentators as Dan Dorfman and Myron Kandel. The network's *Inside Politics*, which covered the '88 presidential campaign from the first caucuses, was a gutsy, well-produced series. But CNN seems reluctant to commit the resources required for the type of innovative regularly scheduled news programming that came out of the Big Three news divisions in the '80s. Turner's news machine has yet to offer a program of *Nightline* caliber.

Instead, CNN serves up *The World Today*, the network's attempt to go head-to-head with the Big Three's nightly newscasts. *The World Today's* debut got plenty of ink, but not because there was anything innovative about it beyond its hour length. The program made headlines because CNN's star anchor, Bernard Shaw, shared *The World Today* spotlight with journalism novice Catherine Crier, a former judge. The narrowcast network's attempt to drive up its ratings brought charges that it had hired a news spokesmodel.

The decision to put Crier at the

anchor desk was made by CNN's president, Burt Reinhardt. In Crier, Reinhardt thought he had found the next Mary Alice Williams, who had reached star status at CNN and left the network last April for NBC. He reasoned that putting the blonde Texas judge on the network's showcase show would generate all sorts of free publicity.

Reinhardt was right. But the publicity generated did not enhance the network's image. It brought attention to a broadcast that was simply a longer version of what the Big Three already do. It also damaged news department morale.

"What does Crier's appointment say to the people who have made this their career?" asks a top CNN reporter, whose comments mirror those of a lot of his colleagues on the frontlines. "The cliché has always been that news is the star here. But when management makes that kind of decision it causes you to question where their commitment really is. It's plain insulting."

The World Today was a missed opportunity. CNN had a chance to snare viewers who had grown to trust the network in an incredible year for breaking news. But instead of putting on a polished, more in-depth analytical alternative to the Big Three, the powers that be designed to launch a newscast that, save for serving as a training ground for a rookie anchor, looks much like CNN's other news hours. *The World Today's* troubled launch is indicative of the struggle underway within the network. "There are lots of us here," says a veteran CNN producer, "who are afraid we might be getting mired in mediocrity."

Even Ted Turner admits *The World Today* looks "pretty much like the other [general news shows on CNN]." But that doesn't seem to faze the man who will determine CNN's future. Turner sits calmly in a wingback chair in his sumptuous neo-colonial, award-laden lair atop the news casino. This is his fortress and the place where he has had his share of last laughs.

Ted Turner is well-practiced at blithely dismissing the competition. Does he see any threat from the Big Three? "When we started they all put on overnight newscasts," he says. "Now it's back down to only CBS's [*Nightwatch*], which has a very low budget." Any thoughts on local news and the syndicated magazine shows?

"They usually go for the lurid, the lowest common denominator," Turner says with a dismissive wave of his hand. "We're going for the top end of the audience." It's a well-practiced drill. The responses are rote.

Even the looming specter of Time Warner doesn't give Turner pause. He readily concedes Time Warner, among others, would like to control CNN, but Turner has a powerful ally in John Malone, the president of Tele-Communications Inc., and that diminishes any takeover threat. The chief of cable's largest multiple system operator, Malone also sits on Turner's

The Specs of a News Machine

SUBSCRIBERS (Millions):										
	1982	1983	1984	1985	1986	1987	1988	1989	1990*	
CNN	14.3	21.2	28.4	33.0	34.6	41.0	44.6	52.0	53.2	
HEADLINE NA	NA	12.5	16.5	20.0	26.6	32.4	37.4	42.7		
AVERAGE RATING:										
	1982	1983	1984	1985	1986	1987	1988	1989		
CNN	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.6	0.7	
HEADLINE NA	NA	NA	0.4	0.4	0.5	0.4	0.4	0.4		
COMBINED SUBSCRIBER FEE REVENUES (\$ Million):										
1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990*
3.0	11.7	21.0	26.6	29.4	48.3	70.2	88.2	108.5	154.5	170.0
COMBINED ADVERTISING REVENUES (\$ Million):										
1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990*
4.2	16.0	28.7	38.6	52.2	70.2	91.3	111.2	142.6	157.1	207.6

Source: Turner Broadcasting System Inc. except *, which are Paul Kagan Associates Inc. projections. CNN signed on June 1, 1980; Headline News signed on January 1, 1982. NA: Not Available.

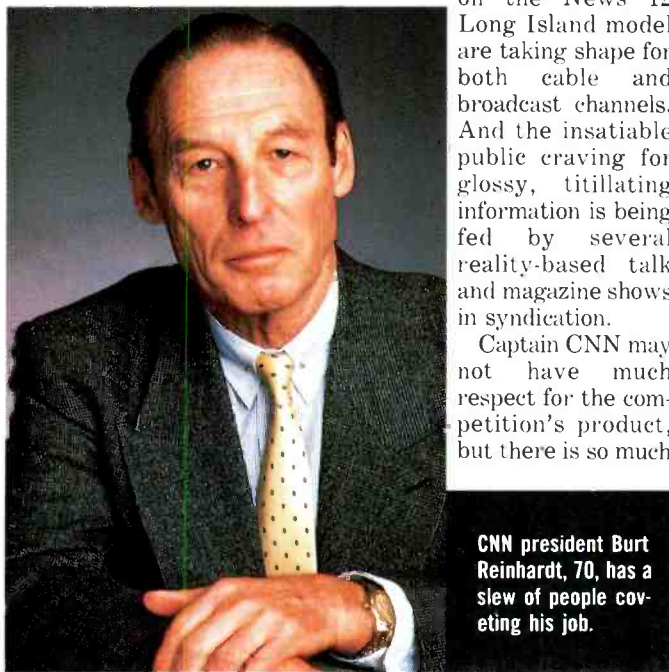
board, and believes keeping Turner independent holds Time Warner in check.

These days CNN's corporate parent, Turner Broadcasting, in which Turner holds a 43 percent stake, seems more secure than ever in its history. Turner Network Television (the most successful new channel launch in cable history), SuperStation TBS and the news channels will this year approach \$1 billion in sales. For the first three quarters of 1989, CNN and Headline News reported \$243.8 million in revenues and operating profits of \$94.4 million. The news division continues to succeed in selling subsidiary services, such as its news feed NewsSource, which goes out to 133 affiliates. Wall Street analysts have estimated the value of Turner's news operation alone at upwards of \$1.5 billion.

CNN seems well-positioned for the information decade, but there is growing competition for its audience. The Big Three continue to plan more news-based programming. NBC has its fledgling CNBC stalking the cable landscape. Cable's Financial News Network has also beefed up its programming. In a joint venture Viacom and Conus launched the All News Channel, a 24-hour news service for the home satellite dish market. Local stations continue to expand their news wells. Plans for "regional CNNs"

on the News 12 Long Island model are taking shape for both cable and broadcast channels. And the insatiable public craving for glossy, titillating information is being fed by several reality-based talk and magazine shows in syndication.

Captain CNN may not have much respect for the competition's product, but there is so much



CNN president Burt Reinhardt, 70, has a slew of people coveting his job.

out there on the dial that it's made him unsure if his news networks can bolster their stagnant ratings. "It depends on how much more news is put on," reasons Turner. "If there's more news on TV stations and cable, the audience has got to come from somewhere."

Turner believes part of the solution in attracting more viewers lies in shoring up CNN's ability to do in-depth investigative pieces, which he admits has traditionally been a weakness. "It's our most glaring need," he says.

Last August, Turner directed his lieutenants at CNN to put together a first-class investigative unit. The unit is still being assembled, but already a slew of top-flight people have been brought in, including Pam Hill, the former head of the ABC News documentary unit, award-winning investigative reporter John Camp, plus veterans of *60 Minutes*, *20/20* and *The New York Times*. This kind of talent does not come cheap—the unit is rumored to have a \$4 million budget, big money by CNN standards. The forming of such a blue-chip unit marks a new direction for the news organization that anchorman Bernard Shaw says "could squeeze Lincoln off a penny."

Investigative units take a lot of time and money to produce results, and despite Ted's imprimatur there are those inside the organization who doubt the news chiefs running CNN day-to-day

will give it their full support. An earlier attempt at an investigative unit at CNN failed when news management reportedly was more concerned with quantity than quality. "I know what I'd do with that \$4 million if it was my call," says a harried CNN producer, offering a typical corridor talk soundbite from an organization where breaking news has always ruled the roost. "I'd hire an additional producer for every bureau we got."

"I hired Pam Hill," says Robert Wussler, who was senior vice president of Turner Broadcasting until he left last September to become CEO and president of COMSAT Video Enterprises Inc. "I warned her that she was going to have to do some trailblazing."

The kind of role Hill and company will be able to play in beefing up CNN in the '90s depends on who's in charge in the news casino. This is transition time at CNN. Reinhardt, who guided the operation into the black, is 70 years old. With Reinhardt near retirement as CNN's first decade comes to a close, CNN is rife with speculation as to who will lead the network into the next one. That fact has not escaped Ted Turner. "It will almost certainly be someone who is at CNN now," Turner says, then adds with obvious contempt, "I mean, I'm not going to go out and hire Michael Gartner [whose first job in TV was president of NBC News], a newspaperman, to run my news networks."

Four names come up when a successor to Reinhardt is discussed: Ed Turner, for whom "no relation to Ted" has almost become a middle name, CNN's executive vice president for news; Paul Amos, executive vice president for programming; Jon Petrovich, exec. v.p. of Headline News; and Lou Dobbs, vice president and managing editor of financial news.

Nobody on the list is a clear frontrunner. Petrovich is handicapped because he is a relative newcomer to the organization, having joined in 1986, whereas all the others have been at CNN since it went on the air. Insiders say Ed Turner's clout has always rested on "having Reinhardt's ear," but his chances faded when Ted Turner elevated Amos to the same management level to develop the network's programming. Dobbs has been the brashest in his pursuit of the job. Amos likes to joke about having "Dobbs for President" buttons punched out.

One flight up from the news casino, blond and bearded Amos, 36, a tousle-haired yuppie fighting a losing waistline battle, sits in the comfortable clutter of his office. He diplomatically declines discussion about any desire for higher office. But Amos is glad to talk about how CNN has been revamping its look, from building new sets to the rumored movement of *Sonya Live* from Los Angeles to New York. There will be new programs, he promises, but not a much talked-about game show, which failed in market tests.

When he was appointed to his current slot, Amos was given the mandate to shore up the network's ratings. Amos had a successful run at Headline News, getting it up and running and making it a viable operation. But if his program noodling delivers big numbers for CNN, he will really have proven he can run with the big boys.

Amos is convinced that part of the secret in luring more viewers to CNN lies in creating more household names. "CNN needs more Larry Kings, *Crossfire*, Sonya personalities," he says. "Look at Bernie Shaw or Mary Alice Williams. Anchorpeople aren't just part of the background. The very nature of the beast defines that for you. I don't see any conflict—it's all geared toward good journalism."

Even the decision to put Crier on *The World Today*, insists Amos, was journalisticly sound, because a judge, like a reporter, must be objective, a good listener and know what questions to ask. "It wasn't just that she looked good and could read. Her hiring in no way, shape or form was pandering to the cosmetic values of television." Amos gives company cant on Crier, but plays fast and loose with the "at CNN news is the star" party line toed by Reinhardt, Ed Turner and other CNN tradi-



Larry King Live.
Some CNN execs
want to see more
programs like it.

tionalists. "Paul is a news packager," sums up a CNN veteran, "trying to operate with a bunch of breaking-news guys."

In his office down the hall from Amos, Ed Turner sits back in his chair, taking the occasional glance at the two TV screens in his office. Unlike the high-tech monitors that grace most network news execs' offices, these are more like the ones consumer electronic stores sell as \$79 loss leaders. "Journalists could bankrupt Switzerland given the opportunity," says Turner, in flawless CNNspeak. Executives at the network never miss an opportunity to take a jab at the "limousine journalism" of the Big Three.

Fifty-four and bespectacled, with the luxuriant Beatlesque haircut of a younger man, Turner has a reputation as a cagey inside company player. Politic to the extreme, up until Amos's promotion Turner had been the one to speak for CNN to the outside world, serving as a doppelganger for press-shy Reinhardt. Turner is a hands-on manager who is all over the newsroom, commanding the network's coverage.

"[Hard news] will have to remain the spine of the network," says Turner. "The programming will have to remain in the news-hour producing mode, otherwise we will look like a Lifetime or USA Network." This is a none-too-subtle swipe at Amos, who has championed the network's move into feature-oriented programming.

"It seems unlikely to me that we are going to have to start dancing with tarts to capture a bigger audience," Turner adds. "That, along with spending money, is the easiest thing to do. Put bells and whistles, boots and tight skirts on the product and waltz it around on the tube. In the long run it's self-defeating in attracting the audience you want."

CNN may lighten up its programming a tad with the softcore infotainment of *Larry King*, *Sonya* and *Showbiz Today*. But there's a given at CNN that pyrotechnics of the Geraldo Rivera school have no place in the network's future. When top management talks about the future, it's usually in terms of the organization doing what it does now, only better. Discussion revolves around improving CNN's capability to go live from anywhere in the world, adding more bureaus and staffing up the Washington, D.C., operation. But if there's some broader vision beyond that, it's rarely alluded to. "Five years from now," says Ted Turner, "I don't anticipate CNN will look appreciably different than it does now."

If that's what Ted says, that's probably what will be. While Ted Turner usually keeps hands off the day-to-day operations of CNN, he runs the show. When CNN's schedule was being juggled to make room for *The World Today*, it was Ted's decision to put *Showbiz Today* on at 5:30 P.M., even though research showed it would do better at 11 P.M. "Ted just had a gut feeling that's where it should go," says Amos.

This is nothing new. Early CNN innovations, such as the nightly prime-time business newscast, happened because Turner insisted on it. The drive in the last few years to take the network

international and the formation of the investigative unit all came from the very top. "Ted Turner is the CNN Strategic Planning Department, period," says Lou Dobbs.

Dobbs is lavish in his praise of the man who holds his fate. "I cover the best and brightest on Wall Street and in business worldwide," he says. "And I'll take Ted Turner over them every time." Dobbs also has kind words for the man he would like to succeed. "Reinhardt," says Dobbs, "is the best bottom-line manager in TV."

Dobbs talks like a man running for office. Informed that Amos joked about distributing "Dobbs for President" buttons, he says with the slightest grin: "I welcome his support." More than a tad hefty, his sandy-gray hair meticulously lacquered into place, Dobbs has the well-fed, well-bred look of one of the politicians or CEOs he interviews on *Moneyline*. Bright, opinionated and volatile, Dobbs, say his loyalists, has the vision to lead the organization. His detractors say his temper is too hot and his ego too grand for the job.

But both sides agree Dobbs has created quite a fiefdom for himself in CNN's New York bureau. *Moneyline* commands the highest advertising rate on the network, and that fact has given Dobbs clout. The Business News staff he directs is only 70-strong, but, he likes to boast, it's responsible for 15 percent of CNN and Headline's programming.

Dobbs is not shy about offering his vision of CNN's future. Where Ed Turner wants CNN to stay close by its hard-news roots and Paul Amos wants it to develop programs and talent with distinct personalities, Lou Dobbs is ready for the sun, the moon and the stars. "I'd like for people in the 1990s to be saying not only, 'Did you see how well CNN covered that hurricane or shuttle launch?'" says Dobbs, "but, 'Did you see that story on pollution in the factories outside Dresden?' I want our editorial content to be compellingly fresh, so that all those stories, whether live or in-depth reports, will be talked about all over the world the next day. That means taking risks, like the investigative team. It's committing tremendous resources to story development, to research, to travel." Make no doubt about it.



Crossfire hosts
Michael Kinsley
and Pat Buchanan.
Talk is cheap.

This is a stump speech.

But the only man whose vote counts doesn't seem ready to make a decision. "Ted knows Burt [Reinhardt] is 70 years old and [Ted] doesn't know what to do," says a business associate of many years. "He's not a man of vision, but Burt may be able to burrow in for a couple more years. Ted hates to make a change. He hates confrontation."

Staying the course seems to be what Ted Turner has in mind for the immediate future of his news machine. Staying the course is also the formula for missed opportunity. With the money rolling in and the world tuned in, CNN has the potential to be the best television-news operation going. But it will take more than an investigative unit. It will take more than spanning the globe and crashing the big story of the day. ●

PUT MORE BITE IN YOUR BARKER.

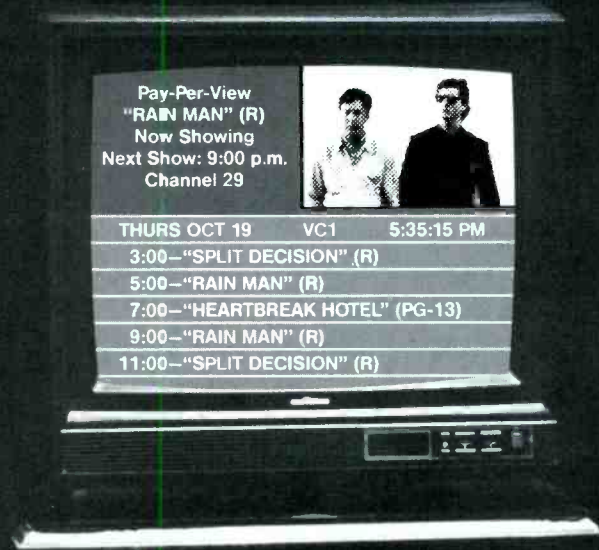
In the dog-eat-dog world of pay-per-view, you need a barker that will tame your savage subs. Get The Prevue Guide Channel and put the bite on your subscribers to buy.

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Americans at their best.

A Race Down To The Wire

When cable was young, networks had a common enemy: broadcasting. As the struggle for channel space and ad revenue intensifies, competition between cable networks is heating up.

It's no longer us against them. Cable programmers are diverting their attention from their traditional enemy, broadcast television, to concentrate on an internecine battle for channel space and advertising dollars. Every other programming niche is the scene of a multi-service narrowcasting war: The Cowboy Network versus The Nashville Network versus Country Music Television; the Comedy Channel versus HA! The TV Comedy Network; and Financial News Network versus Consumer News and Business Channel. On the local level, competing regional sports nets extend the rivalry further.

It's enough to make established basic cable channels rethink their strategies, and several have hired new programming executives with fresh perspectives. "Recasting Their Nets" spotlights three who have entered the cable industry from other media sectors.

Janet Stilson leads with a profile of Robert Regan, who used to oversee production of *All New Let's Make a Deal*, among other shows, and is now making the pro-

gramming deals at Financial News Network, a service fighting to keep its niche. Next, Steven Beschloss sketches a thumbnail of one of the cable industry's more unlikely programmers, former Viacom Cable COO Ed Bennett, who's trying to inject VH-1 with attitude and launch HA! at the same time. Stilson follows with a report on an ex-WABC-TV programmer, Brooke Bailey Johnson, who's raising the profile of the Arts & Entertainment Network by strengthening its commitment to signature programming.

For such network babes in cableland as HA! and The Comedy Channel, the next few years hold the promise of a respite from the carriage battles of 1990, as Harvey Solomon relates in his article on channel capacity. Today, the dial may seem too crowded to welcome new channels, but network executives say they're launching now to get in line for a wave of system rebuilds that is expected to break within two years. Such issues as tiering and program costs, however, could make the promised land ahead a troubled land as well. ●

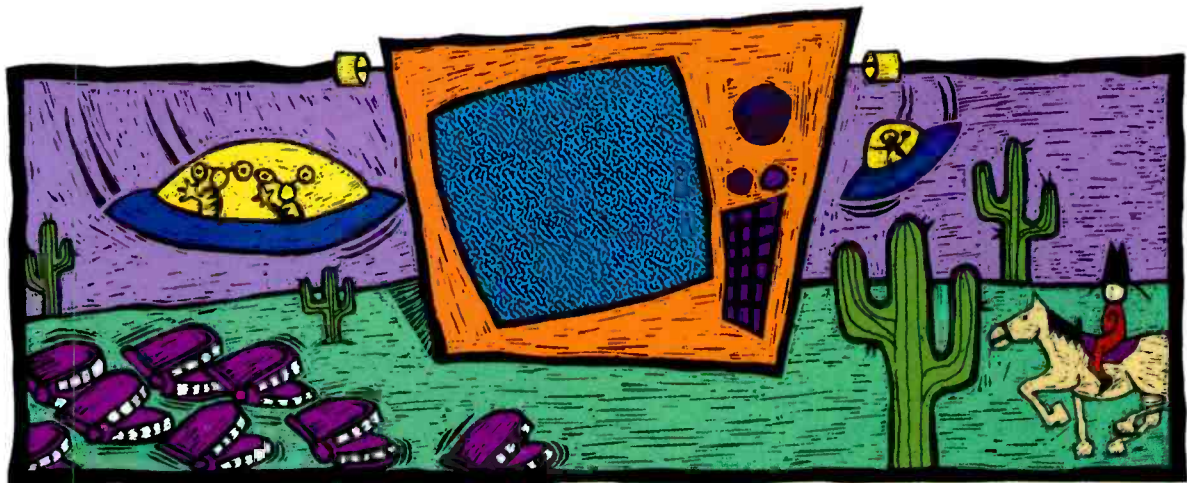
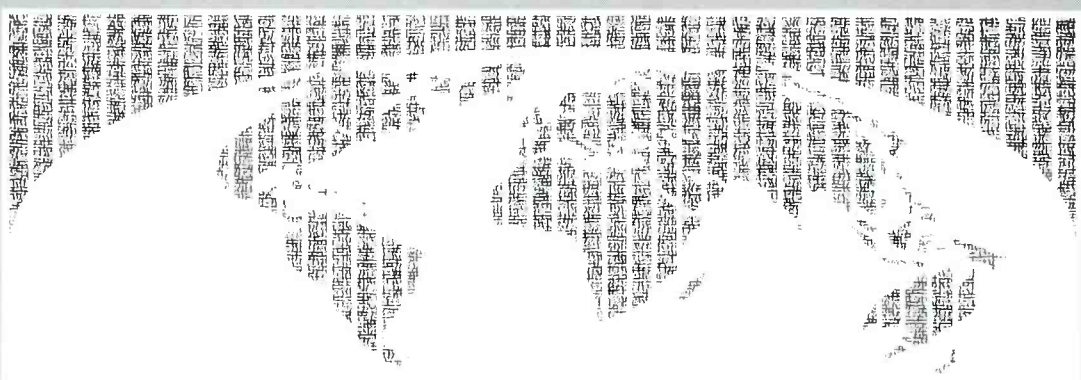


ILLUSTRATION BY RICCO FASSONE



One Investment Bank Sends a Clear Signal throughout the Communications Spectrum.

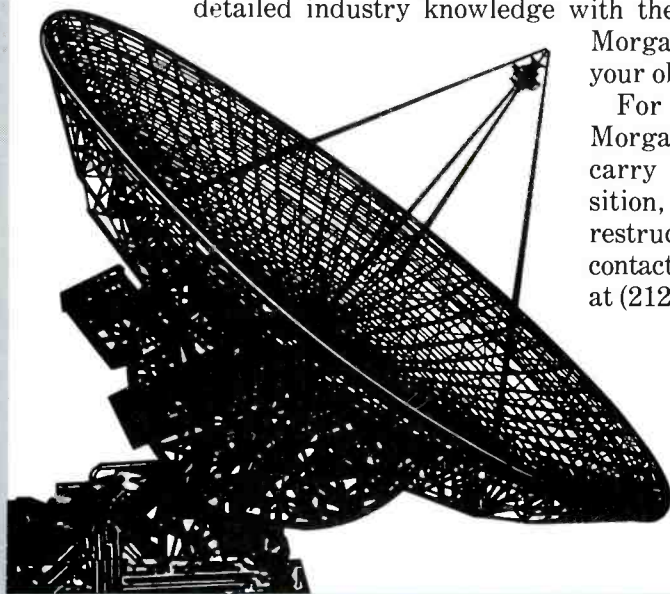
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MORGAN STANLEY

\$16.7 Billion in 1989

MERGERS & ACQUISITIONS

McCaw Cellular Communications, Inc.

pending acquisition of
LIN Broadcasting Corporation
\$6,900,000,000

Rogers U.S. Holdings Limited

acquired by
KBL Cable, Inc.
\$1,365,000,000

The Thomson Corporation

acquired
The Lawyers Co-operative Publishing
Company
\$810,000,000

Investor Group led by Marvin Davis

acquired
Spectradyne Inc.
(controlled by SPI Holding Inc.)
\$635,000,000

Continental Cablevision, Inc.

recapitalization
\$493,000,000

R.R. Donnelly & Sons Company

pending acquisition of
The Meredith/Burda Companies
\$487,500,000

Management Science America, Inc.

pending acquisition by
The Dun & Bradstreet Corporation
\$393,000,000

The Illinois Operating Group

of Centel Cable Television Company
(subsidiary of Centel Corporation)

acquired by
Jones Intercable Inc.
\$340,000,000

The Southeastern Florida

Operating Group of

Centel Cable Television Company

(subsidiary of Centel Corporation)
acquired by
Adelphia Communications Corporation
\$310,000,000

The Central Florida Operating Group

of Centel Cable Television Company

(subsidiary of Centel Corporation)

acquired by
American Television and
Communications Corporation
\$251,000,000

Independent Television Publications

(owned by the Independent Television Companies)

acquired by
Reed International P.L.C.
\$235,000,000

The Ohio Operating Group

of Centel Cable Television Company

(subsidiary of Centel Corporation)

acquired by
Warner Cable Communications Inc.
\$211,000,000

The Michigan Operating Group

of Centel Cable Television Company

(subsidiary of Centel Corporation)

acquired by
C-TEC Corporation
\$210,000,000

Omnicom Group Inc.

acquired
Boase Massimi Pollitt PLC
\$202,000,000

The Kentucky Operating Group

of Centel Cable Television Company

(subsidiary of Centel Corporation)

acquired by
Simmons Communications
\$110,000,000

Television Station WPGH-TV

(subsidiary of Lorimar Telepictures Corporation)

acquired by
Renaissance Communications Corporation
\$32,000,000

Michigan Cable Associates

Limited Partnership

acquired by
DF Cablevision Limited Partnership
Price not disclosed

Rifkin/Jacksonville Associates, Ltd.

acquired by
Continental Cablevision, Inc.
Price not disclosed

Rifkin/Michigan City Associates, Ltd.

acquired by
US Cable of Northern Indiana
Price not disclosed

Cineplex Odeon Corporation
representation of the Special Committee

The Field Corporation

acquisition of a minority interest in

Heritage Media Corporation

Price not disclosed

McGraw-Hill, Inc.

acquired
MMS International, Inc.

Price not disclosed

McGraw-Hill, Inc.

and
Macmillan, Inc.

(subsidiary of Maxwell Communication Corporation plc)

have formed a joint venture called

Macmillan/McGraw-Hill School

Publishing Company

Price not disclosed

Grolier Incorporated

sale of
Mystic Color Lab, Inc.

to
Fotolabo Club S.A.

Price not disclosed

Prentice Hall Information Services

and Prentice Hall Information Network

(subsidiaries of Paramount Communications Inc.)

acquired by
Macmillan, Inc.

(subsidiary of Maxwell Communication Corporation plc)

Price not disclosed

Seattle Baseball, L.P.

acquired
The Seattle Mariners Professional

Baseball Team

Price not disclosed

FINANCINGS

Polygram N.V.

14,000,000 Shares

Common Stock

Continental Cablevision, Inc.

12% Senior Subordinated Debentures due 2004

\$350,000,000

Senior Subordinated Floating Rate Debentures due 2004

\$100,000,000

Rifkin Acquisition Partners, L.P.

financing for the acquisitions of cable television systems in

Georgia, Illinois, Michigan and Tennessee

\$211,451,200

Omnicom Group Inc.

6% Convertible Subordinated Debentures due 2004

\$100,000,000

The Times Mirror Company

10.20% Notes due 1991

\$100,000,000

MORGAN STANLEY

Bold face denotes Morgan Stanley client.

Recasting Their Nets

Transplanted from the station, syndication and cable system worlds, three program execs rewrite the scripts for some established cable networks.

ROBERT REGAN

Julie Minsky is the one with the road map. The associate producer is front and center in a Financial News Network meeting, using a pointer to plot out a six-month path across the U.S. for the field crew producing *American Entrepreneur*. The cable network's recent prime-time addition profiles business people whose companies have mushroomed: The Bill Daniels, the Ben and Jerry's, the Malcolm Forbes of the world, as well as some lesser-knowns.

But Robert Regan's map is bigger. In his new role as senior vice president of programming, news and operations, he's plotting a course not just for one program, but for the network's entire schedule. And he gets a little anxious, somewhere between the plans for New Orleans and St. Croix. More stories need to be sniffed out. *Entrepreneur* is his baby, and crucial to his strategy of creating a new, compelling prime time.

Business can be exciting to a much broader audience than the one FNN currently attracts, asserts Regan. "*American Entrepreneur* is the first test of that, but there are a lot of other things we're going to do."

Later, driving through Los Angeles in a Subaru jeep with a pronounced knock, the affable Irish Catholic with the brown specks in his green eyes expounds on his latest brainstorm. It's a game show—sort of a cross between *Jeopardy* and *Family Feud*—with teams from universities and corporations competing to answer business trivia questions.

"Five years from now, FNN will do more risk-taking things in our format," he says, hastening to add that the network has no intention of addressing the general consumer public the way its competitor, the Consumer News and Business Channel, does.

Regan got his first crack at providing FNN with a new programming vision last May, a month after the debut of CNBC. FNN had decided to strengthen its business lineup. The late-night shop-at-home program block Regan had headed, FNN: Telshop, was killed, along with the network's infomercial programming. Sports programming was shifted from weeknight prime-time to the weekends. Regan then set about retooling the prime-time lineup as vice president of long-form programming.

By the end of 1989, Regan's boss, Mike Wheeler, had ascended to the president's seat and tapped Regan to take charge of

had an all-news radio background, so we looked like all-news radio with pictures. Or they had a business background, so we looked like a business channel that was trying to do television. But now we have someone who's able to bring those elements together, and give us a prime-time look."

Regan's revamping plans come none too soon. Although the threat of long-term subscriber depletion from CNBC is apparently past and programming improvements are already in place, Ken Goldman, an analyst at Hanifen Imhoff, says that "it's essential that the network upgrade its programming look. It needs to be more entertaining, and not just a talking-heads channel."

With that in mind, Regan has reduced some of the hour-length evening business shows to a half-hour format, and introduced what he deems "evergreen" programs. The evergreens are produced on a 26-week cycle, rather than FNN's traditional 52, and can be repeated with updated segments *60 Minutes*-style. Among the new breed are *Entrepreneur*, the investigative series *The Insiders With Jack Anderson*; and the investment program *Autotrends*.

Programming budgets for prime-time shows have doubled from a year ago,



Robert Regan with *American Entrepreneur's* \$500,000 touring bus: trying to drive ratings north.

FNN's entire schedule.

Before Regan took on his present programming role, "it was difficult trying to decide what FNN was and who we were trying to program to," says FNN anchor Bill Griffith. "In the past [those in charge of FNN's programming were] people who

though they're still only a relatively paltry \$5,000 to \$10,000 per half hour; the repeatability factor adds some cost-efficiency. Regan won't speculate on whether FNN will also double its prime-time ratings, equally thin at .2.

Gambling on ratings is an old game for

the 35-year-old Regan. After graduating from Boston University with a master's in communications in '79, a year producing WCVB's long-running *Sunday Open House* and a brief teaching stint, Regan joined Boston's WNAC-TV and produced the morning show *Weekday*. When the station was sold and redubbed WNEV, Regan went on to produce *Look*, an ambitious, two-hour weekday magazine. The series cost WNEV about \$2 million before it crashed and died a year after its debut, according to Seltel v.p. and director of programming Janeen Bjork.

Before *Look's* demise, Regan moved to Telepictures in Los Angeles, becoming the national coordinating producer for the short-lived daily series *Newscope*. He followed that stint with a director of production job at Telepictures, at a time when the syndicator added *All New Let's Make a Deal* to its repertoire. Regan joined FNN in 1986 as Telshop's vice president of programming.

While not all of the series Regan has been involved with have aged gracefully, Wheeler says that Regan was hired because of his experience with a range of program formats. Quality is no guarantee of longevity, says Wheeler, "and the programs he had been involved with were quality programs."

Regan says he's thrived in the unstable career path he's chosen because he's challenged when people tell him he can't do something. It all started when his high school guidance counselor in Lowell, Mass., tried to dissuade him from pursuing a TV career.

The only problem now, he says with a wild look in his eyes, is that no one begs to differ with the path he's mapped out for FNN. "Everything I've wanted to do, I'm doing," he says.

JANET STILSON

ED BENNETT

Clad in green shirt, flowered tie and rumpled trousers, VH-1 and HA! The TV Comedy Network president Ed Bennett jumps into a limo headed for rented studios near Times Square. Passing by the derelicts, the dealers and the ladies of the evening, Bennett and VH-1 chief programmer Jeff Rowe talk about whether the world is really a kinder, gentler place. No idle chatter this, for such socially minded matters are increasingly spicing up the programming mix of the baby-boomer channel Bennett took over last May.

"I'm trying to reinvent music television for an adult audience," says Bennett,

who is learning the cable programming business almost from scratch after a seven-year stint as chief operating officer of Viacom Cable.

Named president in January of MTV Networks' planned comedy outlet, Bennett now has the chance to prove that he can juggle the administrative demands of two fledgling channels. At HA!, which launches next month, he is concentrating on selling the new service to cable operators and leaving the programming decisions to the staff previously put in place.

While orchestrating the new channel will test Bennett's administrative acumen, the more-established VH-1 is far



Ed Bennett's VH-1 has a point of view.

from an easy ride. Bennett is faced with moving the 35 million-subscriber network out of the .2 overall rating quagmire it's inhabited for years. VH-1 has struggled to shed the ghost of Julio Iglesias past for three full years now with programming and graphics revamps. And although its subscriber count jumped by 4.2 million in '89, it was one of the networks hardest hit by switchouts when the Consumer News and Business Channel signed on last year. Subscribers of at least one cable operator have ranked it near the bottom of the channel list in customer appeal.

Bennett is betting that he can silence rumors of VH-1's imminent demise and sharpen its attitude by infusing it with his own marketing prowess and deep interest in global matters, particularly the environment. At the risk of alienating more conservative, mainstream subscribers, he and his staff believe they can connect with a substantial subset of spirited boomers looking for programming unlike other television fare.

He's already pushed the channel's half-hour artist specials a step beyond the

usual celebrity posing to explore serious issues. By inking financing deals with record companies, he's upped the frequency of specials from 15 in '88 to nearly 100 this year. The channel has also tested an ideologically oriented game show that pits people of opposing persuasions and backgrounds against each other.

The most explicitly politicized programming on the channel, however, is interstitial. VH-1's *World Alerts*, sharply crafted 90-second segments that use performers to warn of planet-threatening dangers, urge association with the environmental group Greenpeace.

"We're going a little left of the mainstream," acknowledges Norman Schoenfeld, director of talent and artist relations. "[But] we want to be seen as a distinct network. We don't want to be seen as MTV-2."

Adds Bennett, a long-time member of Greenpeace and the Sierra Club, "If VH-1 were a person, what kind of person would it be? Would we want it to be a yuppie or a socially concerned intellectual?" He answers his own questions: "If you're no longer learning and discovering, if you're stuck, a grownup, then go watch hard news or mindless television. This is for grownups still growing up." And that includes this network president in the corner office.

Bennett came to New York from San Francisco, giving up his hot tub and rose garden for a mid-Manhattan loft with terrace and gas grill. He forsook the mellower West Coast lifestyle for what he terms "urban survival," but he gained the chance to turn his passion for music into full-time work.

Bennett wasn't the obvious choice to revitalize the network, having spent seven years in a "fiercely administrative" job at VH-1's corporate cousin, Viacom Cable, an MSO with 2,400 employees and about 1 million basic subscribers. "This business is mature and predictable," notes John Goddard, chief executive of the Viacom International cable unit. "It doesn't represent the challenge or the risk/reward you would see in VH-1, where there is much greater need for creativity and originality."

It's not that Bennett was unhappy at Viacom Cable. But when MTV Networks chairman and chief executive Tom Freston sidled up to him at the company's annual ski fling last February in Vail, he was open to suggestion. Freston was angling to add a new top gun for a reconstituted VH-1, which was about to become a separate operating unit with its

own president and budget. He was also looking for a kindred spirit.

In Bennett he got a musician with a great record collection, an unusually low-pressure manager and a full-fledged baby-boomer. He also found a cable executive hungry to get into programming and eager to refine the network's identity.

After arriving in New York, Bennett quickly grasped that managing the star culture of a music channel demanded that he follow the vagaries of show biz. It's a life that this former professional musician—he toured the Boston college circuit as a drummer in a band dubbed *The Pilgrims*—clearly relishes.

He's hitting the music and comedy clubs almost nightly; he's fielding as many calls in a day as he used to get all week, and he's exchanged his Bay-Area drum skins for an electric guitar that he keeps in his 20th-floor office.

All of this, his colleagues insist, is heating up the enthusiasm of the record companies and their musicians. Not long ago Shawn Colvin, a new CBS recording artist, learned during a visit to VH-1 that the network president had not only listened to her new album, but could play some of the songs. Soon an impromptu office jam session, initiated by Bennett, had attracted a crowd.

Over the next year, Bennett will learn whether his revamped channel will attract the crowd that he wants. In the meantime, count on Bennett to encourage his staff to take risks: "Some people say, 'Follow your heart and the rest will follow.' In some ways, that's what I'm trying to do here." STEVEN BESCHLOSS

BROOKE JOHNSON

Those who've worked with Brooke Bailey Johnson describe her as a woman with a "golden gut" for programming. Her new employer is giving that instinct a workout. Johnson has made a 180-degree switch from scheduling *Sally Jessy Raphael* at WABC-TV New York to programming *Madama Butterfly* at the Arts & Entertainment Network.

Over the next year and a half, Johnson, who joined A&E as vice president of programming and production last March, wants to double the .6 prime-time rating the network received (according to preliminary Nielsen data) in fourth quarter '89. "I still think there are some viewers in our target demo who would enjoy our programming and don't think to include us on the wheel of channels they look at," says Johnson. "Not everyone [in the TV industry] agrees with me on that."

Johnson doesn't think the ratings push should involve a shift from attracting better-educated, upscale viewers to programming for a more mainstream crowd. She expects big numbers growth to come instead from the creation of more "signature" programming—shows that can't be found anywhere else. The most ambitious to date will debut next month: a Friday-night series with the working title *A&E Magazine*. The weekly review/preview of the entertainment and cultural world is being coproduced with King World Productions.

Creating signature programs is nothing new to Johnson. As director of pro-



Johnson: From Kathie Lee to *Madama Butterfly*.

gramming at WABC, Johnson helped develop *The Morning Show*, which was renamed *Live With Regis and Kathie Lee* when it went into national syndication.

"WABC had local talk shows for years before Regis came on board, but with the *Morning Show* format and Regis and Cindy Garvey, and later Kathie Lee Gifford, it enjoyed the highest ratings WABC has seen in that time period," says Mitchell Praver, vice president and director of programming at Katz Continental Television.

Neither of the other shows Johnson was involved in creating at WABC can compare with *Live With Regis'* seven-year track record (to date), yet both are notable. *New York Style*, which only survived part of 1984, was an ambitious, five-day-a-week series on the local entertainment scene. And the music video show *New York Hot Tracks*, which was eventually syndicated and had a four-year run ending in 1987, "featured black videos at a time when MTV did not, and it competed effectively in late fringe," Praver says.

Syndicators who have done business with Johnson describe her as a woman with strong opinions. A similar view is expressed by Michael Katz, who was executive producer of programming at WABC before following Johnson to A&E. Katz's new mission: to beef up the network's daytime fare as director of daytime programming. "Brooke is probably the most straightforward, no-holds-barred person I've encountered in this industry," he says.

What Johnson brings A&E, according to network chief executive Nickolas Davatzes, is "a clear understanding of the California and New York creative communities. A&E was always strong internationally. And we now have an ability to deal more easily with the world creative community." That's a capability of particular importance as the network strives to raise the amount of original programming above 50 percent in prime time.

Johnson's roots in the California creative community actually date back to birth. Her father, Ed Bailey, produced the game show *Truth or Consequences*, and her uncle and grandparents were actors.

Johnson claims that her mother's was the dominant side of the family, "and they were all doctors and dentists from Milwaukee." But an old college chum at Northwestern University, Delia Fine—now a senior producer at *Geraldo*—says Johnson's ties to the entertainment world were always in evidence. The future programmer already knew a lot about television back in college, recalls Fine, who also has a very distinct memory of Johnson's wedding reception—the bride started off the dancing by strapping on a guitar and launching into *Start Me Up*.

Post-college, and a "miserable" attempt at anchoring the morning news for KGUN-TV Tucson, Johnson moved into programming at WLS-TV Chicago in 1977, shifting to WABC four years later.

The subsequent shift to a narrowcast cable service has been a welcome challenge. "In broadcasting, most people know the answers to the questions because they've been asked for 40 years," she observes. For example, she says, TV stations have answered the question of how to attract local audiences by creating community-oriented programming. "It's just an issue of how you execute the answers, which is no easy trick.

"In cable," Johnson concludes, "the answers are much less clear, because the questions haven't been asked before."

JANET STILSON

1990 Texas Cable Pathfinder

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Raising the Cap On Capacity

A wave of rebuilds promises relief to cable networks thirsty for carriage. But do systems really want all those channels?
BY HARVEY SOLOMON

Two years ago, when MTV Networks chairman and chief executive Tom Freston was tossing around the idea of launching another basic cable channel, he had his mind set on the early 1990s. By then, he said, a surge of cable system rebuilds would ease the channel capacity constraints that have stymied the growth of networks. In order to ride the wave, new services would need to queue up around 1990. Considering the number of recent launches, including MTVN's own HA! The TV Comedy Network, Freston must not have been alone in his thinking.

"The channel capacity situation is obviously so ugly right now that if you didn't have confidence it was going to change, it wouldn't be prudent to go ahead," comments Dick Behrs, president of Home Box Office's nascent Comedy Channel, which will have more competition for existing channel space when HA! debuts next month.

Statistics reveal the speed with which channel capacity has grown: Five years ago, only 30 percent of U.S. cable systems had 30 to 52 channels, covering a frequency spectrum of 300 to 400 MHz, according to the *Television & Cable Factbook*. Since then, the number of cable systems with more than 30 channels has risen to account for more than half of all systems and eight out of nine cable subscribers.

Today's rebuilds aim still higher, targeting a minimum of 60 channels (450 MHz), with many in the high 70s (550 MHz). In fact, more than half of the system representatives attending a National Cable Television Association engineering committee meeting in Boulder last November indicated that 550 MHz was their new goal, and several are planning even higher capabilities.

Leading the charge are such top-10 MSOs as Cablevision Systems, Jones Intercable, Continental Cablesystems and Cox Cable Communications. (Jones is actively considering 1 GHz—1,000 MHz—technology, possible with fiber optics.)

While increased channel space is only one factor affecting a new network's prognosis, the importance of distribution can't be underestimated. Whether the networks now launching can survive the wait is questionable.

Conservative estimates of three to four years for rebuilding's big bang come from Behrs and Mitchell Rubenstein, founder of The Sci-Fi Channel, a

new basic that expects to beam down in December 1990. Other, more optimistic executives think the wave will reach its peak in about two years. Among them is Jon Steinlauf, executive v.p. of Mizlou's Sports News Network (SNN), which launched in February with approximately 5 million subscribers. "Our philosophy is to concentrate on the product and develop it professionally on-air to get the right look," he says. "Hopefully it will perform well enough so that when channels become available, we're in a good position to get them."

Even more optimistically, many see additional channel capacity within the year. "It will be much sooner than many expect," says Dennis McAlpine, senior vice president at Oppenheimer Inc. "There's an awful lot of rebuilding going on now, which means that over the next year or so capacity will get expanded dramatically, with most systems going from 30 to 50 channels."

The timetable for a system rebuild and the scope of the overall construction hinges on several variables, such as existing capacity and architecture. But for the vast majority, when it's time to renegotiate franchise renewals with local governments, it's time to rebuild. A rebuild proposal provides a system with more than just a carrot to brandish at politicians—the raised rates that often accompany renewals can subsidize construction.

The cost of that construction needn't be as high as "rebuilding" implies. Systems have several options when it comes to adding channel space. Rather than completely rebuilding systems, many operators have expanded their capacity with the insertion of new electronics into existing coaxial cable.

"The majority of our rebuilds could be described as retrofits," says Del Heller, vice president of engineering at Viacom Cable, which has about 1 million subscribers. Viacom is upgrading its systems from 300 MHz (37 channels) to 450 MHz, with a completion deadline of 1993. And its method involves dropping



The Comedy Channel's comics aren't joking about channel space.

new amplifiers and fiber optic trunks.

There's a limit to the number of channels an upgrade can add, however, as well as a limit to the number of systems that can add enough channels with an upgrade to make it cost-effective. For many operators, retro-

fitting has given way to total rebuilding. "Like a lot of the industry, [Tele-Communications Inc.] first went in and did upgrades because they're less expensive," says Larry Carleton, vice president of operating divisions for TCI, the country's largest MSO. "Now we're

going back, even in some cases to those plants where we upgraded, and we're doing total rebuilds." He cites a minimum 2-to-1 ratio in rebuilds to upgrades at TCI.

Capacity has also been propelled by fiber technology. The proposition pre-

Fears for Tiers

If any word sets a cable network executive's teeth on edge right now, it's "tiering." At the same time cable networks are spotting a channel capacity boom up ahead, they're plagued with a fear that multiple system operators will shrink audiences by moving some services into higher-priced packages.

Two MSOs known as trendsetters, Cablevision Systems and Tele-Communications Inc., have returned to the tiering mode widely used by systems prior to cable deregulation in 1986. And other companies are considering similar moves.

"I suspect there's going to be some blood in the streets before too much longer," says Ted Livingston, senior vice president of marketing at Continental Cablesystems.

One MSO considering such a move is Jones Intercable, according to the company's chairman and chief executive, Glenn Jones. "I sense a lot of [operator] sentiment towards TCI's plan," he says. "There has to be some kind of resolution to the problem . . . as far as our financial ability to sustain [cable networks]."

Fresh on the heels of Jones' decision to drop the USA Network after it raised its rates came last year's Cablevision/Madison Square Garden Network imbroglio. A fee increase was one of the reasons the Long Island-based MSO balked at renewing MSG's carriage contract.

Cablevision's solution to the general cost problem was to move both MSG and some other networks, including ESPN, to a higher-priced tier on its Brooklyn/Bronx system, a precursor to similar moves planned for its other systems. ESPN responded by taking legal action.

Tiering is one response to the intense pressure operators feel from consumers and politicians to keep rate increases to a minimum. "We're getting

to a point where, both politically and economically, we can't charge more and more for basic service," says Livingston. "I think there needs to be some sort of way in which we can break down basic, and I'm not sure exactly how that can be done."

Roger Williams, senior vice president of affiliate sales at ESPN, maintains that neither TCI nor Cablevision's tiering plans are in the best interest of the networks or the public: "Networks



Is pay on the way? ESPN's heavy spending on sports has some MSOs talking about tiering.

that go on an optional level incur significant marketing and promotional expenses, and at the same time, they've lost households." Both advertising and subscriber revenue suffer, says Williams. "The bottom line is the consumer is asked to pay a larger burden."

Operators claim the tiers allow them to pass on programming costs to those consumers willing to pay extra for networks with hefty rates or limited viewership. Increased costs are most apparent in the bidding wars that have driven prices for sports rights to levels that would have been unthinkable just a few years ago. SportsChannel paid \$50 million to wrest NHL rights away from ESPN. Turner Network Television has committed \$275 million to renew its NBA coverage for four sea-

sons, almost three times the NBA's current price.

ESPN spent \$153 million for NFL rights for three seasons, and it also shelled out \$400 million for four seasons of Major League Baseball. Some operators privately fear that ESPN's rate card, already topping all other basics at \$.32 per month (excluding discounts and a surcharge for NFL game carriage), could double over the next several years to pay for its high-profile events.

One veteran speculates that with a glut of baseball games available on independent TV stations, regional sports networks and CBS, ESPN's ratings could fall far below the network's optimistic projections. If that happens, ad revenues might tumble, and ESPN could look to operators to help recoup their investment.

Counters Williams: "Our pricing has always followed a strict price/value relationship. We want to make sure the operators get a lot of value for their product." Value or not, Cablevision's tiering plan makes sports one of a series of a la carte tiers. TCI's proposition shifts ESPN and regional sports services, along with USA, TNT and American Movie Classics, to higher-priced packages.

Not all tiers are premium—rising sentiment in Washington for the reregulation of rates has prompted some operators to reintroduce "lifeline" services, low-priced tiers consisting of local broadcast and cable access signals. But similar offerings available prior to deregulation invariably attracted few takers.

The drastic nature of tiering isn't lost on operators, nor is the possibility of legal wars. In an age when better programming is touted as the key to increasing cable penetration, tiering may not be worth the financial blow it deals programmers.

H.S.

ceding fiber is now "when," not "if." Manufacturers like C-COR, Jerrold, Scientific-Atlanta and Magnavox are developing FM, AM and hybrid fiber-coaxial systems. Replacing coaxial cable plant with fiber allows operators to limit the length of coaxial runs and decrease the number of amplifiers.

"We plan to have a lot of capacity," says Glenn Jones, chairman and chief executive of Jones. "We like fiber very much and are quickly building many fiber hybrids."

Fiber's many benefits include cost efficiency. Mark Bowers, vice president of engineering at Warner Cable, reports, "We're finding that fiber not only doesn't cost us money, it saves. In Columbus [Ohio], for example, we're going to save around a million dollars over the original projections even though we're using more hubs." That system, which gave birth to cable interactivity in the form of QUBE technology, will increase its capacity to 77 channels.

Another major fiber-backed rebuild involves the nation's second largest system, Cox's 310,000-subscriber San Diego operation. This four-year, \$60 million rebuild will upgrade channel capacity from 36 to 62.

Though customers presumably prefer more channels to fewer, increased channel capacity is just one of the reasons why systems drive up their megahertz levels. Other equally significant, consumer-friendly benefits include improved picture quality, reduced outages and improved service.

"MSOs that are planning to keep, rather than trade, their systems, are getting quite aggressive not so much for capacity but for better quality and reliability," according to Nick Hamilton-Piercy, v.p. of engineering and technical services at the Canadian-based MSO Rogers Communications Inc.

Fiber, in particular, enhances the signal quality, and the results don't go unnoticed. "The reaction we get when we do nothing but cut down the [amplifier] cascade substantially by putting in fiber is absolutely amazing," says TCI's Carleton.

"Without telling people we get phone calls asking, 'Wow, what happened? Why is the picture so good?' I think it's a technology that's really being utilized well in the industry. . . . It will save a lot of capital dollars and do a much better job for the customer."

Improvements in quality and quantity, however cost-effective, still

cost money. "With each increment in bandwidth, there's a price to be paid," says Jim Chiddix, American Television & Communications' senior vice president of engineering and technology. The same could be said for each additional program service. Combined programmer license fees are becoming increasingly onerous, and that limits the number of networks operators can add, even with expanded capacity. Exactly how many channels an average system will offer a few years from now is difficult to ascertain, with program philosophies running the gamut.

For example, at Cox Cable, senior vice president of marketing and programming Ajit Dalvi says there's no

the fray in February '90 with 5 million; and in December '89 the Comedy Channel signed on with 4 million.

The survival tactics necessary to sit out the current squeeze are in evidence at MTV Networks, one of the largest cable network companies in the industry. In addition to offering systems equity, Freston is allowing operators to preempt the company's VH-1 service with HA! 12 hours daily, including prime time. "It's a last option, and we'll only allow it very temporarily," he says. "We're looking at it as a way to ramp up distribution quickly in this environment with very few channels available." Helping matters somewhat, notes Debby Beece, senior vice president of



HA! hopes to snag channel space for its blend of old sitcoms and newer material by permitting preemption of VH-1.

perceivable limit to the number of channels a system should make available to customers, although the cost still is a factor. "The more channels you have, the better off you are," he says. "There may be some upper limit, but we don't know what that is."

A contrary view holds sway at TCI. Peter Barton, the company's senior vice president of programming, says, "We're adding services by culling from the bottom of the popularity list. I call it channel husbandry: improve the breed."

Oppenheimer's McAlpine comments, "A lot of cable operators feel they've gotten to the point where they don't need a lot more product, and in particular they don't want to pay for a lot more product. As a consequence, it's going to be difficult for a lot of these [new] channels to make it."

The difficulties operators face at present are revealed in the initial subscriber figures for networks that have debuted recently. In April '89, CNBC launched with 9 million; SNN entered

programming at HA!, are systems dropping distant signals to avoid syndex blackouts.

Once a network has convinced a system to carry it, the next battle for acceptance is with the viewer. Will viewers have too many options in a rebuilt cable universe? "I think there's also a concern over cannibalizing networks," says Larry Gerbrandt, senior analyst at Paul Kagan Associates. "You reach a point of diminishing returns where every network rates a .7. There's a finite amount of viewing available in the home, and you can slice that only so many ways." Slicing viewership too thin threatens advertising revenues, which, with basic-rate increases sputtering and few unwired areas remaining, are supposed to represent much of cable's future revenue growth. Any network hoping to make advertising a viable revenue stream has to keep a sharp eye on the distribution ball. As networks proliferate, concern over license fees is only part of the story. ●

Sony Runs for First

by Neal Koch

Columbia's new owners target new markets, altering the studio's strategies.

Sony's purchase of Columbia Pictures Entertainment may mean big changes—and big new risks—for the studio's domestic television syndication division. Columbia officials have been drafting plans for the studio's entry into the first-run sitcom market. It's a move that would not only mean changes in the marketplace, but big changes in the way Columbia runs its day-to-day business. While Columbia declined to make top officials available for comment, "It's going to happen," claims one source close to the situation. "It's just a matter of how big."

"It" could be very big, as in a full-fledged competitor with the Fox network. Sony has the deep pockets needed to fund such a risky enterprise and many observers say top management is anxious to make its mark. A "Sony Night" would provide physical proof of the wisdom of the Columbia acquisition. In one scenario, Columbia could add muscle by hooking up with another studio, perhaps Warner Bros., and offer a complete night of programming to Fox affiliates.

Paramount and MCA tried a similar foray with two nights of programming last fall, but Fox's Barry Diller managed to beat back that attempt. Paramount and MCA told some of the few stations initially approached that they had just 72 hours to grab the opportunity. Diller threatened to strip the stations of their Fox affiliations if they supplemented their three nights of Fox network programming with any of the Paramount-MCA fare. The stations decided to stand pat. There's no guarantee, however, that Paramount and MCA won't try again, or that Sony's Columbia won't make its own stab. "There'll be a Sony night in 1991 or so," insists a source. "It's done."

Since the Sony purchase, Columbia has already considered two sitcoms and one game show for first-run; the studio has reportedly decided to stay out of the crowded talk-show market. Any first-run Columbia products would



probably air no earlier than fall 1991.

All this first-run talk comes as something of a surprise, because Gary Lieberthal, chairman and chief executive officer of Columbia Pictures Television, hasn't exactly embraced the first-run market—and perhaps with good reason. First-run may be the most difficult market in television. The industry-wide failure rate for new programs is 95 percent, according to Michael Mellon, vice president for media strategy at Disney's Buena Vista Television. That compares with the somewhat more favorable failure rate in network production of 85 percent. Network production has the added incentive of license fees, which leave a



Domestic syndication president Barry Thurston.

studio to deficit-finance one third or less of production costs. In first-run, the studio pays for everything.

But first-run hater Lieberthal is now dealing with new bosses. As a result, corrects a source, "Gary hated first run." Now, the source says, it's a way for Lieberthal to prove he can open up new markets for Sony at a time when off-network syndication is glutted with sitcoms. Independent stations' desirable time periods are generally full and their managements have grown cautious in spending. First-run production would give Columbia a shot at producing for the crucial prime-time access period on network affiliates in the country's largest markets. Regulations prohibit those stations from airing off-net sitcoms in that time period, 7 to 8 P.M. on the East and West coasts and 6 to 7 P.M. in the Central and Mountain time zones.

Of course, Columbia has actually been in first-run since 1986, when it purchased Merv Griffin Enterprises, producers of *Wheel of Fortune*, *Jeopardy* and the new *Monopoly*, but all three are syndicated by King World. Columbia's new plan would mean producing and syndicating its own first-run shows. The purchase of Guber-Peters Entertainment, also in first-run, makes Columbia's entry a sticking point.

The opportunity CPT's entry represents, however, doesn't necessarily give all of Columbia's top officials goosebumps. For Barry Thurston, president of Columbia's domestic syndication arm, according to an authoritative source, it means a dramatic shift to short-term concerns and short-term deadlines. It means scouring overnight ratings books each day and making rapid changes in studio product as a result. Toiling over such minutiae may be exhausting, but that's how another newcomer, King World, became the industry leader. And with the nearly \$5 billion Sony spent for Columbia, Thurston's new bosses will certainly want to pass "GO" and collect their \$200 million as well.

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TOP NETWORK SERIES

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SERIES / NETWORK	RATING / SHARE
1 <i>Roseanne</i> / ABC	25.0 / 38
2 <i>The Cosby Show</i> / NBC	24.5 / 41
3 <i>Cheers</i> / NBC	23.5 / 38
4 <i>A Different World</i> / NBC	22.4 / 36
5 <i>Golden Girls</i> / NBC	20.9 / 36
6 <i>60 Minutes</i> / CBS	20.0 / 33
7 <i>The Wonder Years</i> / ABC	20.0 / 30
8 <i>Empty Nest</i> / NBC	19.7 / 34
9 <i>Dear John</i> / NBC	19.7 / 32
10 <i>Murder, She Wrote</i> / CBS	19.6 / 30

TOP BARTER SERIES

First 11 weeks of season, Sept. 18, 1989, through Dec. 3, 1989

SERIES / SYNDICATOR	RATING
1 <i>Wheel of Fortune</i> / King World	13.8
2 <i>Jeopardy!</i> / King World	12.2
3 <i>Universal Pictures Debut Network</i> / MCA TV	10.8 #
4 <i>Star Trek: The Next Generation</i> / Paramount	10.1 #
5 <i>Oprah Winfrey</i> / King World	9.7
6 <i>The Cosby Show</i> / Viacom	9.6 #
7 <i>Tri-Star Showcase</i> / TeleVentures	8.5
8 <i>A Current Affair</i> / 20th Century Fox	8.4
9 <i>Wheel of Fortune</i> (weekend) / King World	8.1
10 <i>Entertainment Tonight</i> / Paramount	8.0

TOP CABLE NETWORKS

Average ratings / projected households, November 1989.

NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1 TBS	2.1 / 1,080,000	2.7 / 1,389,000
2 ESPN	1.3 / 702,000	3.1 / 1,675,000
3 USA	1.4 / 698,000	2.3 / 1,147,000
4 Nickelodeon	1.1 / 537,000	.9 / 440,000
5 TNT	1.1 / 380,000	1.4 / 484,000
6 CNN	.7 / 371,000	1.2 / 636,000
7 MTV	.7 / 340,000	.7 / 340,000
8 Family Ch.	.7 / 331,000	.8 / 378,000
9 TNN	.5 / 258,000*	.9 / 449,000
10 Discovery	.4 / 184,000*	.7 / 323,000

Includes multiple exposures.

*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 Med a Research data.

HOME VIDEO

Top Videocassettes / Rentals

November 1989

TITLE / PUBLISHER	% TOP 50*
1 <i>Batman</i> / Warner	5.1
2 <i>Working Girl</i> / CBS / Fox	4.5
3 <i>Who Framed Roger Rabbit?</i> / Touchstone	4.3
4 <i>Rain Man</i> / MGM / UA	4.2
5 <i>Scrooged</i> / Paramount	3.8
6 <i>Major League</i> / Paramount	3.8
7 <i>Three Fugitives</i> / Touchstone	3.7
8 <i>Pet Sematary</i> / Paramount	3.3
9 <i>The Dream Team</i> / MCA	3.1
10 <i>Beaches</i> / Touchstone	2.7
11 <i>Leviathan</i> / MGM / UA	2.6
12 <i>The Naked Gun</i> / Paramount	2.5
13 <i>Say Anything</i> / CBS / Fox	2.3
14 <i>Bill & Ted's Excellent Adventure</i> / Nelson Ent.	2.3
15 <i>Dead Calm</i> / Warner	2.2
16 <i>Tequila Sunrise</i> / Warner	2.2
17 <i>Dead Bang</i> / Warner	2.2
18 <i>Criminal Law</i> / HBO	2.1
19 <i>Chances Are</i> / RCA / Columbia	2.1
20 <i>K-9</i> / MCA	2.1

Top Videocassettes / Sales

Last week of November, 1989

TITLE / PUBLISHER
1 <i>Who Framed Roger Rabbit?</i> / Touchstone
2 <i>Bambi</i> / Disney
3 <i>The Land Before Time</i> / MCA
4 <i>The Wizard of Oz</i> / MGM / UA
5 <i>Best of Eddie Murphy</i> / Paramount
6 <i>New Kids on the Block</i> / CMV
7 <i>Lawrence of Arabia</i> / RCA / Columbia
8 <i>Beetlejuice</i> / Warner
9 <i>Batman</i> / Warner
10 <i>Lethal Weapon</i> / Warner
11 <i>Def Leppard: In the Round in Your Face</i> / Polygram
12 <i>Janet Jackson: Rhythm Nation 1814</i> / A&M
13 <i>Teenage Mutant Ninja Turtles: Killer Pizza</i> / FHE
14 <i>RoboCop</i> / Orion
15 <i>Pink Floyd: Delicate Sound of Thunder</i> / CMV
16 <i>Cinderella</i> / Disney
17 <i>Batman: The Movie</i> / CBS / Fox
18 <i>Dirty Dancing</i> / Vestron
19 <i>Jane Fonda's Complete Workout</i> / Lorimar
20 <i>White Christmas</i> / Paramount

Source: rentals: Videadame Enterprises, Dallas; sales: compiled from various rankings. *Title as percentage of top-50 tapes total volume, not available for sales in November.

THE MAGID NUGGET

The Whos and Whens of Local News

In a research study conducted in 1989 for the newsletter *Rundown*, Frank N. Magid Associates uncovered some interesting facts on who watches local news and in which dayparts. Sixty-four percent of Hispanics, not shown below, watch news five days a week, illustrating that minorities are becoming heavier news viewers. As for local news dayparts, morning news is making the jump in interest, when compared with a Magid study conducted four years ago that indicated morning news viewership at only 1 or 2 percent.

WHO?	Five days	Four days	Three days	Two days	One day	Never
Socio-economic status						
Lower SES	74%	6%	7%	4%	3%	4%
Middle SES	56	15	15	7	3	2
Upper SES	48	18	17	6	5	5
Race						
White	59	14	13	6	4	3
Black	68	13	6	7	2	2

WHEN?	Early morning	Midday	Late afternoon	Early evening	Late evening
Total	13%	6%	18%	44%	27%
Sex					
Male	12	4	18	43	29
Female	14	8	18	45	26
Age					
18-24	11	3	11	43	31
25-34	11	4	16	40	27
35-49	12	2	17	40	31
50-64	15	8	25	51	27
65+	18	17	23	49	17

Source: Frank N. Magid Associates.

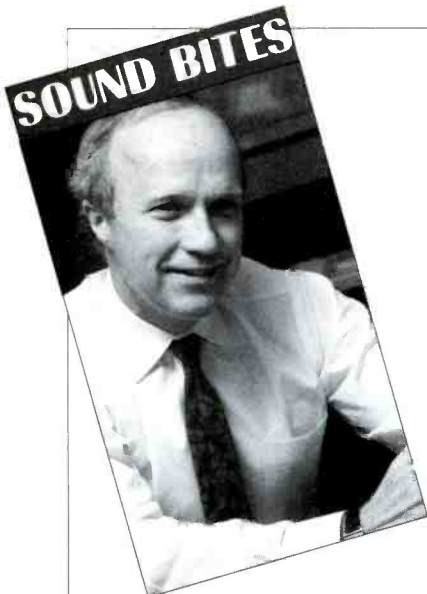
Top TV and Cable Brokers of 1989

With mega-mergers taking place in 1989 (e.g. Time-Warner, Sony-Columbia), it's not surprising that the top two brokers were those involved in the Time Warner merger. The list includes TV, cable and diversified deals for the year, but leaves out financing and deals pending at the end of December.

BROKER	NUMBER OF DEALS CLOSED IN 1989	AMOUNT (MIL)
1. Lazard Freres	3	\$14,775
2. Shearson Lehman Hutton	3	14,411
3. Morgan Stanley	12	3,322*
4. Drexel Burnham Lambert	7	2,574
5. Daniels & Assoc.	55	1,931
6. Waller Capital	22	1,399
7. First Boston	8	1,066*
8. CEA	53	775
9. Goldman Sachs	14	627*
10. Salomon Brothers	6	360

*Value not disclosed for all deals. Source: companies.

DEALS



Washing The Gray Out Of Pay TV

Showtime Networks' Tony Cox wants to make pay cable—movie services, PPV and TVRO alike—feel young again.

In August 1987, Winston H. (Tony) Cox set an example that other HBO executives would soon follow when he crossed the street. The v.p. of corporate planning and president of Time Inc.'s HBO Network group became chairman and CEO of Viacom's Showtime Networks Inc. Cox oversees the movie services Showtime and The Movie Channel, plus Viacom Satellite Networks Inc., which markets a package of cable services to home-satellite dish owners, and Showtime Event Television, which distributes pay-per-view events. He recently talked with Channels editors John Flinn and Janet Stilson.

TCI's Piece of Showtime

The Time-Warner merger changed everything. I don't think I was the only one, but I was certainly saying, "They can't allow this. These guys have the power to kill us 52 times, and now by merging with Warner, put a factor of 10 on that. It shouldn't be allowed."

It was allowed. But it also created a lot of concern in the cable industry as to the amount of leverage and power that was aggregating at Time Inc. And there was a feeling that HBO was now really owned by a movie studio.

At the same time, as a result of Time Warner, you were hearing an awful lot of conversation about Viacom merging with Paramount or MCA or Disney. That is a natural spillover of what I think a lot of people believe, that by the year 2000 there will be six giant media companies in the world: two Japanese, two European, two American. The first American giant media company had just been created with Time Warner.

So every other media company said, "Who are we going to align ourselves with so we can be the second big media company in the United States?"

Spending It All in One Place

The purchase price will go right to Viacom; it will probably be used to reduce some debt. The combined entity will then, essentially, jointly finance any of the cash needs of Showtime going forward. Instead of Viacom funding us, Viacom and TCI will fund us.

Basically, I report to [Viacom International Inc. president and CEO Frank] Biondi. I go see Frank and tell him, "Hey, this is what's happening," or, "I want to do something; what do you think? Does this have an impact on Viacom?" We have a pretty loose relationship in that regard. And I hope that would continue. I would just add John Malone to that [process].

Luring Hollywood to Pay TV

All of cable, in particular pay, can offer a lot more creative freedom to a producer. And that means a great deal to them. We don't have to worry about content, if you will, to a great extent, either because of the mass audience or advertiser concern. We don't have to worry about a story in which you have to build in natural breaks every six or eight minutes for advertising. . . . So the pay networks really offer the ideal in creative expression for television, and that means a lot.

On the other hand, one of the things that kind of has us looking over our shoulder is the rapid improvement in basic cable programming. They're putting more money into it. So the pay TV

networks aren't the only games in the cable business that offer fairly good original programming. Some of the basic networks are doing it, and that will compete with us for viewership.

Still the Home Box Office

The one thing that people continue to say motivates them to buy and keep pay TV is movies. I think that's where I depart somewhat from the sentiments of the people at HBO: I don't think we are ever going to get ourselves fully away or even greatly away from depending upon motion pictures to be the core of our business. I would not want to build a Showtime or an HBO on the back of original programming. There are too many other networks out there doing the same thing.

Graying Pay or New Potential?

I don't conclude that because [pay subscriber growth] has tapered off it's a mature business. The reason it tapered off is because cable operators have refocused for a while now on basic. Rate deregulation, when it kicked in in January of 1987, was like the kid in the candy store. Cable operators have spent the last two years chasing basic growth, re-adjusting their rates, and focusing 96 percent of their energies on basic. And they've taken their eye off the ball when it comes to pay. I think I would have done the same thing, because there was so much opportunity on the basic front.

Now, cable [will soon be in] the throes of being reregulated. Guess what will happen when basic rates get reregulated. Cable operators are going to look around and say, "Where's our revenue growth for the next five years?"

Pay TV! Where have you been?" A lot of people believe, as I do, that one of the consequences of the likely reregulation in some fashion of cable will be a renewed focus on pay—getting back on the growth curve, if you will.

Catching Up with HBO

We do research quarterly in which we keep asking the same questions again and again. And the percentage of responses where people say, "Showtime has movies different than HBO" keeps growing. So five years from now, you'll see Showtime with a bigger market share of the pay TV category and HBO with a smaller market share.

If you're asking whether I think we'll ever reach parity, that's not a goal of ours, because I think it's somewhat unrealistic. . . . We don't need to get there in order to have a helluva business. A share shift of ten points would make us a *helluva* business.

People still generalize that HBO stands for all of cable. It's a very generic term. It's tough to beat that in a marketing sense. They have an enormously strong franchise with the consumer, and a lot of that comes as a result of the lead time they had in the marketplace.

Reviving The Movie Channel

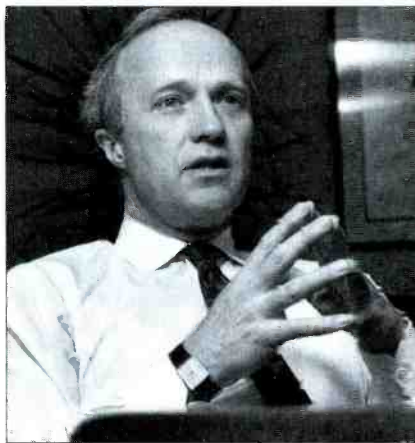
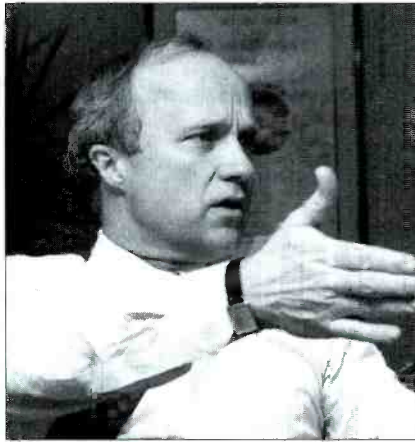
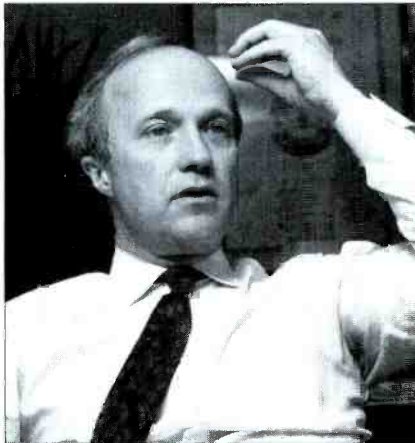
We put together an internal task force and said, "We've got to fix this thing up and do something with it." We relaunched The Movie Channel in May [of '88]. It worked. There was a lot of positive feedback on it. We added more movies; we increased the movies by about 20 percent. We overhauled the on-air look. We put some marketing dollars out there. But it was a very limited amount of dollars that we committed. We just didn't have the money.

The Movie Channel had gone from, like, 27 straight months of subscriber declines to about 16 straight months of subscriber growth. It has now flattened out. We want to kick it off again. And we've been working since the summer, again with a team of people, to play around more with it. It's a wonderful franchise.

The Other Pay TV

I am very bullish on pay-per-view, and it's going to happen. But the problem is, it has to happen through the cable industry, and these people have a lot of challenges. And pay-per-view is quite marketing-intensive, and that's an area where I don't think cable is at its strongest, particularly at the local level. The number of addressable homes keeps growing by 2 million to 3 million a year. So there is a gradual ratcheting up in the number of homes that you can deliver pay-per-view into. That's good,

'Cable operators have spent the last two years chasing basic growth, readjusting their rates . . . and they've taken their eye off the ball when it comes to pay.'



because even if we don't market it any better than we do now, a 1 percent buy rate on a much larger base of homes will generate the kind of revenues to make money. The problem is that the buy rates aren't high enough and there aren't enough homes to buy those shows to make this a very exciting business—*yet*. But it's inevitable.

PPV Courting a Bad Reputation

A lot of shows that have gone onto pay-per-view had no place being there. If somebody brought me Ozzy Osbourne, which I think the Request people [picked up], I wouldn't even have put it on Showtime. I'm not sure they would put it on MTV. Why would you go out and charge \$14.95 for a piece of junk? And then there was that *Thunder and Mud* thing, which I think was an embarrassment to the industry.

What's Worth Paying For

Right now it seems that wrestling, boxing, music and sex sell. Frankly, we have had some conversations about sex, about trying to do something that would be fun and interesting and different and pay-per-viewable. . . . There will be new categories.

We do some car races. They don't cost us much to produce, but they don't do much in the way of buy rates. But one of the things we're looking for is franchises. And we have a long-term relationship with this group. If it's going to work in pay-per-view, we've got the franchise for the next five years, and longer if we want it. Part of the strategy is to try and create some franchises.

The Viacom-Conus News Service

We did it to provide a service to the TVRO business. We had been carrying CNN, but we couldn't agree on a renewal of the agreement that was acceptable to both of us. So we said, "Look, that just won't work. You're leaving us no alternative but to try and find another news service."

You know, in several markets stations are working with cable to provide a local news feed. This can [also] do that perfectly. It's very expensive for a local broadcaster to do a 24-hour service, or even a half-hour news show. But they can take this satellite service and lift a show, put in a five to ten minute local news segment several times a day . . . and have that work. And since this is built with Conus, which is a station group, it's logical that Conus members will take this service, and maybe they'll build a relationship with cable.

I don't see us competing with CNN on this. But I think it can be an attractive, interesting little niche business that could grow. ●

RUNNING THE NUMBERS

Stretched Beyond The Limit

Until 1982, the National Association of Broadcasters recommended limits on the amount of non-programming time each of the three networks could run on the air. When the networks started watchdogging themselves, standards began to slip, especially last season—or so asserts a study commissioned by the American Association of Advertising Agencies and the Association of National Advertisers. All three networks violated their guidelines in various dayparts, particularly during the day, when they air soap operas. Last season also produced the highest totals since the Four A's and ANA started monitoring the networks.

The non-program headings exclude the following: the program, public service announcements, program titles and trailers, announcements advising of delays or preemptions, station IDs or show credits that stayed within guidelines. "Credit overages" refer to show credits that exceed the networks' length limits.

Network Prime-Time Non-Program Time Per Hour

	Tracking time period	Network commercial/billboard	Local commercial/billboard	Network promos	Credit overages	Total non-program
A	Dec. 1983	6:32	1:53	1:39	:01	10:05
	Dec. 1984	6:34	1:52	1:41	:05	10:12
B	Jan. 1986	6:35	1:52	1:44	:02	10:13
C	Nov. 1987	6:58	1:58	1:31	:04	10:31
	Nov. 1988	6:41	2:02	1:33	:02	10:18
1988 ABC network standard: 10:30						
C	Dec. 1983	6:34	1:47	1:18	:07	9:46
	Dec. 1984	6:41	1:51	1:33	:03	10:08
B	Jan. 1986	6:41	1:48	1:42	:04	10:15
S	Nov. 1987	6:51	1:53	1:45	:11	10:40
	Nov. 1988	6:54	2:05	2:00	:07	11:06
1988 CBS network standard: 10:36						
N	Dec. 1983	6:38	1:52	1:11	:04	9:45
	Dec. 1984	6:30	2:01	1:31	:03	10:05
B	Jan. 1986	6:34	2:00	1:38	:01	10:13
C	Nov. 1987	6:51	1:56	1:24	:05	10:16
	Nov. 1988	7:40	2:05	1:36	:04	11:25

1988 NBC network standard: 10:00

Source: American Association of Advertising Agencies, Association of National Advertisers.

ILLUSTRATION BY JIM LUDTKE

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