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June 13, 1988 *Volume XXXV, No. 23*

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Publisher's Letter

Inside books on the industry even scores or gather dust

In the wake of the K&T (Kiss and Tell) books by former White House aides have come an avalanche of behind-the-scenes memoirs of personalities in the broadcast field. These books, mostly anecdotal, have obviously found an audience of those who are curious about what goes on in the booth between those personalities on the air and those behind the cameras. These books, one would assume, would cover the history, the background, the lore of the business. In fact, they are mostly backbiting, petty and for the most part even old scores.

A pretty good example is Jim Spence's book, billed as "the inside story of television sports" and titled *Up Close and Personal.* Personal it is. Up close relegates it to the so-what category.

He takes off with a diatribe on one of the most provocative personalities of the time, Howard Cosell. First, Spence praises Cosell to the skies, and then he proceeds to carve him up: "He took direction well. He had a strong sense of show business plus a superb journalistic ability to ferret out facts, and he always came to the studio well prepared. He also had the knack of threading a storyline through our live telecasts, which made the shows much more interesting and meaningful to the viewers. His tremendous recall—perhaps even a photographic memory—has been widely trumpeted, but that was only part of it. He also brought to sports television a tremendous perspective on life, along with an outstanding historical background on just about any subject we'd cover. Because of these factors, plus his courage, Howard Cosell must be considered the pioneer of true journalism in network television sports."

In his other comments on other sports broadcast personalities Spence is vicious, in bad taste and spiteful, and in some cases irrelevant. It appears that after 28 years he apparently had several scores to settle.

Spence puts into historical perspective the important part Ed Scherick played in organizing ABC Sports. This eventually developed into *Wide World of Sports*, which began in the spring of 1961. Scherick is actually one of the unsung heroes of the early days of ABC—"One of the most brilliant people I have ever known," according to Spence.

Killing CBS. *The New York Times'* Peter Boyer dissects the CBS news operation in its most critical period when Van Gordon Sauter, the colorful, contradictory two-time president of CBS News made sparks fly in the CBS News operation. Under the title of *Who Killed CBS?—The Undoing of America's Number One News Network*, Boyer unveils the personality conflicts behind the grab for power. "Sauter," according to Boyer, "in particular believed in the magic of imagery and marketing. He had no qualms about a little consumer manipulation in the cause of peddling news to viewers: That's what television was about, wasn't it? Hadn't Cronkite's reign itself been a triumph of perfect casting and marketing—the benign godhead as anchor, selling trust to the American news consumer? True, the Cronkite phenomenon hadn't been planned—it had evolved, the product of journalistic instinct and discipline—but Sauter's CBS News had neither the time nor the inclination for evolution. More expedient means were available."

Boyer is a seasoned writer and an excellent reporter. But the episodic reporting is in a sense shortlived even though Boyer's book is certainly the most interesting of the lot. After the initial impact, this kind of book is relegated to the 59-cent table at the rear of the bookstore.

Sol J. Paul

Group TV owners fear fall erosions but will stand by their network

Fox Broadcasting may have a tough time pitching its own network shows to ABC, CBS and NBC affiliates by anticipating massive affiliate preemptions in the fall, judging from comments from several group owners.

"We're in partnership with the network and we'll stay with it," says Roy H. Park, chairman of Park Communications, owner of five CBS affiliates and one each of ABC and NBC. "We're in this business for the long term," he adds.

As the Writers' Guild strike drags on and the networks' schedules slide back even further into the fall, group owners of network affiliates admit they're coming under mounting pressure to find something to stem the tide of anticipated audience defections to independents and cable, and even worse a falloff in fourth quarter station earnings.

"We're just going to have to live with this nightmare," says Group W stations president Tom Goodgame. "There will be a lot of missed budgets. It's not pleasant, but we've got to keep trying to get larger shares of the dollars that are out there."

Tom Goodgame

"We're just going to have to live with this nightmare."

Where things stand. At this point, a sampling of group owners, and even the network stations themselves, the general opinion seems to be:

- Affiliates and O&O stations are just plain stuck with the networks. Massive preemptions probably will not occur.
- Stations are expected to experiment more, particularly with locally-produced news and public affairs. But the danger here is that local specials, just for their own sake, might backfire on the station and even dilute the advertising market.
- Affiliates with game and talk shows on the fall syndication schedule seem to be pretty much immune from the strike, at least that's the way it looks now.
- The hoped for influx of political broadcasting revenues is still an unknown at this point.

At Allbritton Communications, owner of four ABC affiliates and one NBC outlet, president Tom Cookerly admits that if the networks remain mired in reruns in October and November "then the ballgame has changed and it would make sense to do some preemptions."

But Cookerly insists he is not signaling a breakout. "We have a relationship [with the networks], and we can't overdo it," he says.

Yet Cookerly fears that a prolonged writers' strike "could do permanent damage" to the network-affiliated industry, and at the very least "could take years to recover from."

Meanwhile, Cookerly says, "we've got to tighten up on expenses and lower our expectations somewhat."

As for any political broadcast revenues his stations may enjoy, "the situation is unknown at this point, but there could be a heck of a lot of political money around . . . But it will vary by market."

Where's the Titanic? Group W's Goodgame looks at the strike as a no-win situation. "Yes we could preempt the network," he says, "but with what? I don't think we could do better than with a network rerun unless you got something super like a Titanic special."

Tom Cookerly

If the reruns run into November "then the ballgame has changed."

As for buying movie packages—a program strategy that independents surely will employ against affiliates—Goodgame says "that just

(Final Edition continued on page 22)

NBC looks good in pay-cable homes

NBC is about to release a new study detailing how well its primetime series perform in upscale pay-cable households. The network's Nielsen ratings in Home Box Office households are comparable to those in TV households overall, NBC officials said.

NBC has considerable clout in the key demographic ratings breakout, they noted, whereas most basic cable networks have "poor demographics" and the pay services, which are more upscale than the basic nets, do not compete for ad dollars.

Hill Street Blues was the first NBC series to post a higher rating in pay homes than in regular TV homes, thereby becoming "the prototype" for programs that score well among families in upper socioeconomic strata, NBC said.

exacerbates the problem."

Like most other group owners, Goodgame sees the strike as an opportunity for stations to experiment with locally originated programming, "but on a one-time only basis. I sincerely hope for the good of all of us that there will not be broadscale preemptions."

Clearly NBC is in the best overall position to withstand a strike since several of its fall series are not affected by the strike (see separate story), and both network and affiliates are out there selling Olympics and World Series packages for all their worth. The baseball playoffs put ABC only slightly ahead of CBS in the grim predicament department.

The CBS O&O stations themselves, however, could be in even worse shape. The CBS owned stations have not had a particularly good financial year so far, something that's beginning to concern the top brass at CBS and may not bode particularly well for CBS stations president Eric Ober.

Meanwhile, the network-owned stations find themselves in the same predicament as the affiliates.

"There is really very little we can do," says Larry Pollock, president of the Cap Cities/ABC TV stations, east. "We just have to wait and see the lay of the land, to see if any stations have specific problems."

If nothing happens to break the writers' strike by early July, Pollock says, his stations will have to begin making plans. He did not elaborate.

"We're partners with the network; we'll stay with it."

Looking at life in the fast lane from a single-station point of view, Bob Hyland, vice president and general manager at KCBS-TV Los Angeles, admits being caught between a rock and a hard place. "We're at the mercy of the network," he says of the primetime arena.

As for plans to step up KCBS' already heavy emphasis on news in this media intensive market, Hyland admits having his hands full covering earthquakes, so who has time to worry about next fall?—**Jack Loftus**

Murdoch keeps reaching for the sky; plans more TV channels over Europe

Officials of Astra, the medium-powered European satellite set for November launch, finally are popping the corks.

Rupert Murdoch, in a rare press conference, announced that his News International will lease four Astra transponders. (See separate story in our International Report on other European satellite developments.)

At the same news conference, and in its way almost as significant, Amstrad executives announced the development of a low-cost direct broadcast satellite home reception dish. Amstrad has been in the forefront in the U.K. in manufacturing and marketing inexpensive high-quality computers and technical hardware.

Murdoch will add news & film channels to his menu.

In addition to accommodating his existing Sky Channel, Murdoch is ready to start a news service and an ad-supported film channel aimed at the U.K.; the fourth transponder probably will accommodate Eurosport, the sports channel in which Murdoch and a number of European state broadcasters are involved.

Stay on ECS. Although Sky will begin beaming from Astra, it will continue reaching its 12 million cable homes by also remaining on the ECS 1, the low-powered Eutelsat bird, at least for now.

That's not surprising. While contemplating a possible shift to Astra, Sky officials have said all along that for the foreseeable future, until DBS became established in Europe, they wouldn't move to Astra at the expense of their cable homes. Cable operators are extremely reluctant to purchase the equipment necessary to receive Astra. In addition most of the cable services don't have excess capacity to accomodate more channels.

The 24-hour news service that Murdoch plans will be fed by the Fox owned stations, the Fox Television network, Reuters, Visnews and Brightstar, the worldwide satellite transmission network. Murdoch has ownership interests in all, including a newspaper empire.

Rupert Murdoch

The 24-hour London-based news service, of course, puts Murdoch into direct competition with Ted Turner's CNN.

Movie matters. Many films from Murdoch's Twentieth Century Fox library already have appeared on European terrestrial stations and a number more have been sold. To avoid copyright problems associated with a pay-tv service, Murdoch will offer the film channel only to the U.K. as a free, ad-supported service.

BMI suing Bloomington TV

Broadcast Music Inc. has filed a copyright infringement suit against three midwestern TV stations, owned by Bloomington Comco, for allegedly playing 13 BMI-licensed songs without payment of the required performance fees.

The suit, filed early this month in the U.S. District Court, Cincinnati, cites Gerald Robinson and Mark Shoner, president and vice president of Bloomington Comco, Bloomington, Ill., and their three stations, WMCC-TV Marion, Ind., WSMH-TV Flint, Mich., and WYZZ-TV Bloomington.

(Final Edition continued on page 24)

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Hollywood TV screenings a big draw as foreign buyers flock to studios

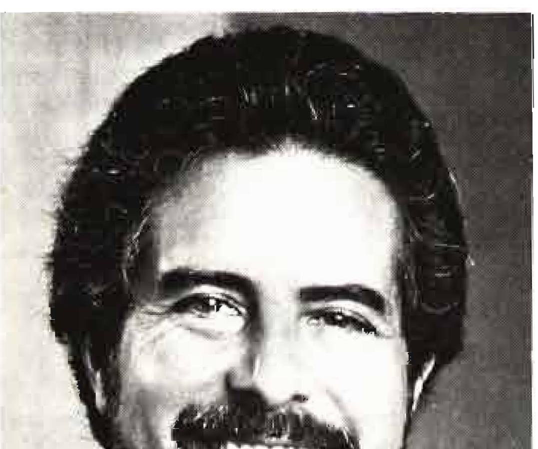
The annual May screenings in Hollywood for overseas buyers have become the May/June screenings. This year's extended screening period, for example, kept Televentures' London headquartered vice president Ray Lewis in the United States three weeks.

Programming executives from all over the globe are returning home now after touring the Hollywood production community to screen new series, telefilms plus anything else they requested in this summer-like domestic link of the screening cycle which began last February in Monte Carlo.

Upward of 600 program buyers and tire kickers visited with U.S. suppliers in their office screening rooms.

Producers cite the writers' strike, which forced the major networks to delay their fall startups, as the main reason why the May screenings ran into June.

Nonetheless, the program suppliers mixed business with pleasure in showcasing new, current and in some cases catalog wares to buyers from Canada, Australia, Italy, Scandinavia, France, Belgium, Denmark, Hong Kong, China, Malaysia, Indonesia, Korea, The Netherlands, Germany, New Zealand, Brunei, Thailand, The Philippines, Taiwan, Sri Lanka, South Africa, Singapore, Brazil, Mexico, Venezuela, Puerto Rico, Columbia, Bolivia, Peru, Chile and Ireland.



Michael Solomon *hosted a Memorial Day bash at his new hilltop home in Beverly Hills.*

Lorimar's London-based senior vice president, Stuart Graber, calls the L.A. screenings "a special time for international distribution," an integral part of the cycle which starts with Monte Carlo and ends with MIPCOM in Cannes in October.

Lorimar's screenings centered around two network shows, *Midnight Caller* (slated for NBC Tuesdays 10–11 p.m.) and *Paradise* (a western for CBS Thursdays 9–10 p.m.), plus such pilots as *Studio 5B* (a midseason hour entry for ABC) and first-run syndicated product like the half-hour *Family Medical Center*.

The British BBC and ITV skipped the screenings, preferring to come in November when they can see all the shows which are on the schedules, Graber points out. "But we're starting to see the development of satellite TV in England," said Graber, adding however that the British DBS satellite company, BSB, also stayed away.

"The Italians take a little longer because politics is intertwined with TV."

The Japanese also were not present, because, Graber explains, "they have essentially a 95% local production capacity and they buy very little product from abroad. Also, U.S. companies have offices and reps there. The large Japanese networks go to Monte Carlo and MIP."

Country by country. What about sales? Explains Graber: "The Latins and Asians make very quick decisions because they come from very competitive commercial TV environments. . . "France is very competitive, and programming sells very quickly. But no buyer will jump up and say, 'This is the greatest thing I've seen.' They don't want to open up their checkbooks just yet.

Ray Lewis *of Televentures likes the informality of the screenings.*

"The Canadians make decisions here because they have to air the shows day and date with the U.S. since our signal goes across their border.

"The Australians make decisions quickly, because it's become a much more competitive market.

"The Italians take a little longer because politics is intertwined with TV."

An opportunity. The screenings have become an opportunity for overseas companies to discuss coproductions with the Americans. "We did a lot of discussing coproduction of a Disney Club style show," says Etienne de Villiers, president of Buena Vista International Television.

"The weekly hour program would be loosely based on the *Mickey Mouse Club* of the 1950s," with a local cast and films from the Disney catalog.

Of a more immediate nature, the studio promoted its upcoming Sunday night *Disney Hour* on NBC, which will have four different concepts repeating every fourth week, plus *Golden Girls*, a half-hour spinoff called *Empty Nest* to follow the girls in NBC; a one-hour pilot for CBS, *Hard Times;* and a CBS midseason series, *Planet Earth*, plus such syndicated shows as *DuckTales* and *Chip 'n' Dale*.

DeVilliers sees a greater interest among South American and Southeast Asian firms in American product, including catalog titles.

In meeting with overseas cus-

tomers, Ray Lewis, Televentures international vice president, likes the informality of the L.A. screenings. "On the Continent, Monte Carlo, MIP and MIPCOM are very formal events," he said. "Here it's a looser arrangement, and that's why it goes on for three weeks. There's no beginning or ending date. By the time I go back to London I will have been in the U.S. three weeks."

The Televentures screenings focused on *Something Is Out There*, one-hour NBC series; *Wiseguy*, CBS one-hour series and *Lame Duck*, one-hour CBS series; telefilms' *Weekend War*, *Higher Ground* (John Denver starrer for CBS); current returning series *Sonny Spoon*, *21 Jump Street*, *My Two Dads* and *Sonny Spoon*.

"Our conversations," continues Lewis, "have been wide-ranging, including the matter of coproductions. Some stations brought their executives who are concerned with this, but the main thrust is to compete for new shows."

The Columbia Studios, headquarters for Columbia and Warner Bros., have hosted most of the same visiting buyers. Susan West, director of client services for Columbia Pictures TV, says the studio has stressed three new made-for-TV movies: *The Taking of Flight 847*, which ran on NBC; *The Caine Mutiny Court Martial*, which ran on CBS; and *Intrigue*, which hasn't shown yet on CBS.

What with the screenings,

Tony Lynn *of MGM/UA thinks there were more buyers at this year's screenings than ever before.*

Etienne de Villiers *of Buena Vista reports a lot of coproduction discussions.*

lunches and dinners, it's been an especially intense period for the studios. Michael Jay Solomon, president of Lorimar, opened his Beverly Hills hilltop home to host overseas visitors on Memorial Day.

In the dark! "I've been in the darkroom for two weeks now," jokes Tony Lynn, MGM/UA's executive vice president for international TV. "And there are a few more days remaining."

Lynn, in the position since November of last year, and before that president of cable, pay TV and home video for Coca Cola Telecommunications, indicates this year's gathering has drawn the most participants ever, upward of 50 from Canada alone.

What's interesting is the presence of cable and pay TV companies like Canal Plus from France and ScanSat from Scandinavia, the 15 year industry veteran says. Besides screening new product, buyers also are discussing other business ventures like TV movie deals and coproductions. "It's become not just a place to screen but where business is also transacted," Lynn says.

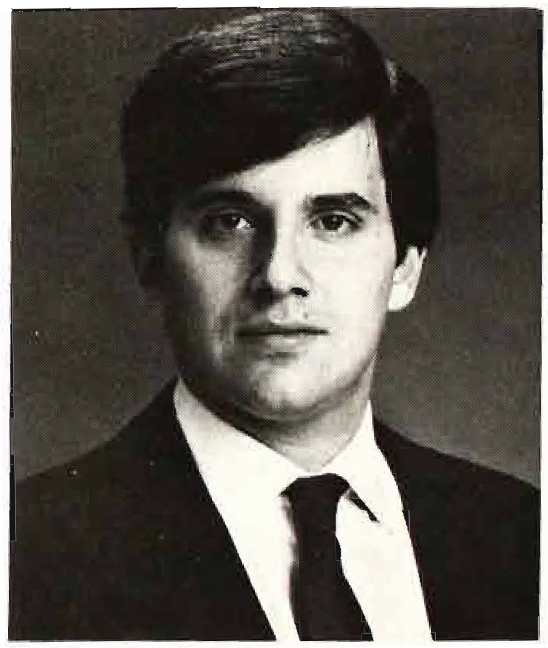
MGM/UA's screenings have centered on two fall shows, *Baby Boom* (half-hour sitcom for NBC) and *Knightwatch* (hour adventure series for ABC). There are midseason replacements, *In the Heat of the Night* (one-hour on NBC), *The Dirty Dozen* (one-hour on Fox Broadcasting) and *thirtysomething* (ABC half-hour) plus *Group One Medical* (domestic syndication) and *Kids Inc.* (weekly half-hour on the Disney Channel. Also shown was the recent CBS movie, *My Father My Son*, as well as the theatrical release, *Willow*, the George Lucas-Ron Howard collaboration.

Lynn says the Canadian contingent of 40–50 was the largest visiting the studio, followed by Australia with 30–35 representatives and France with 25 people.

BSB, England's direct broadcast satellite company, arrived at the tailend of the screenings. It, along with France's Canal Plus and Scandinavia's ScanSat, were the major cable and pay cable firms at the showings.

BSB was represented by Gunnar Rugheimer and Andrew Birchall, who planned to make the rounds of the studios.

Stuart Graber, Lorimar's London-based senior vice president for international, noted that BSB's presence might cause the U.K.'s two major networks, BBC and ITV, "to hop a plane and come over



Stuart Graber *of Lorimar says the British (except the BSB) and Japanese passed up the screenings this year.*

now." Traditionally, the two companies wait until November to visit L.A. and screen the new network shows.

"I'm not sure BSB will be doing any buying," Graber said, adding he thought it was more on a fact-finding mission.—**Eliot Tiegel**

(Final Edition continued on page 28)

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Harry J. Pappas

PAPPAS TELECASTING COMPANIES

The Solution.

ITC staff in west coast migration; top execs faced with August deadline

The ITC Entertainment Group will merge its operations and will move to Los Angeles, effective Sept. 1. The consolidation of finance, administration, business/legal affairs and certain sales operations, affects ITC Entertainment in New York, and ITC Entertainment in London.

According to an ITC spokesman, the merger is designed to enhance expansion in production, acquisitions and distribution. Already scheduled is an ITC miniseries, *People Like Us*, which is due to air on NBC in the coming season. Upcoming and marking a return to first-run syndication series is *Tiko: Pride of the Rockies*, which was originally set for a fall 1988 start.

However, the series start has been postponed because of the Writers Guild strike. A mid-season start is planned. The half-hour program has cleared more than 60% of the U.S. TV homes, according to the spokesman.

Make it easier. The merger will also make the distribution end easier in terms of the company's other product. "We have enough product to release over the next five years, including miniseries, theatricals and made-for-TV movies, that we either have produced or have acquired," said one ITC official.

ITC will keep some sales operations in New York and in London. Armando Nunz, executive vice president, foreign sales, will remain in New York with his staff. Josh Elbaum, vice president, international sales, and Vickie Gubbay, director of sales, eastern hemisphere, will remain in the London office.

ITC will keep some sales people in N.Y. & London

But senior managers from the New York office have been "invited" to California. These include Jim Marrinan, executive vice president, general manager, international; Elliott Abrams, senior executive vice president; Jim Stern, executive vice president, general sales manager; and Murray Horowitz, executive vice president, advertising and public relations.

The execs are weighing the coast offer. Said one, "It's still early for us to make up our minds. We have until August."

Chrysler & Ford big spenders on web TV

Chrysler and Ford quadrupled and quintupled, respectively, their sports advertising expenditures on network TV during the first quarter, data from TvB/BAR show.

Chrysler, the leading sports advertiser on the webs during the January–March period, jumped from $11.8 million last year to $60.2 million this year, a rise of 410.2%. Ford, which ranked fifth in network sports spending, climbed from $3.5 million to $20.7 million, an increase of 491.4%.

The main reason for this growth was the Winter Olympics, of course. Because of the Olympics, overall spending on network TV sports during the first quarter jumped 99.9%, reaching $763.2 million. This was equal to 31.1% of all network ad expenditures during the three-month period.

Chrysler spent 76.0% of its network dollars on sports, while Ford's ratio was 46.5%. Biggest ratio of network dollars spent on sports came from Merrill Lynch, whose $17.2 million expenditure on sports was 93.9% of its network total.

Top 10 cable network clients—March

Parent company	March expenditures	Year-To-date expenditures
Procter & Gamble	1,909,306	6,765,584
General Mills	1,643,997	4,688,460
Philip Morris Cos.	1,612,897	4,351,793
Time	1,314,884	5,848,177
RJR Nabisco	1,291,192	3,308,468
Anheuser-Busch Cos.	1,229,223	3,992,308
Chrysler	934,307	2,605,645
Eastman Kodak	922,361	2,991,572
Wrigley	878,918	1,614,803
Mars	796,319	2,792,684

Networks hope news will ease strike pressure

As the Writers Guild of America strike continues, the Big 3 TV networks are looking earnestly at contingency fall plans—including the use of news specials and series.

Kim LeMasters, CBS Entertainment's president, said he was looking to the CBS News division to "help us out tremendously" should the strike cause a shortage of primetime entertainment fare.

His NBC counterpart Brandon Tartikoff also pointed to NBC News as a resource for summer and fall. That division will supply specials for the Tuesday 10 p.m. slot from July 5 through Aug. 30. Citing the old expression about making lemonade out of lemons, the NBC Entertainment boss said NBC News could produce pilots and a new magazine, "slightly skewed male," if needed.

However, Larry Grossman, NBC News' president, when asked how much in specials, series or news magazines his division may contribute to fall primetime during a prolonged strike, stated his operation already has "plenty on its plate." At this point, he said he does not envision a news magazine for fall.

ABC execs have been mum about their strike-related plans. Thanks to WGA contracts newly signed with independent producers, ABC can begin production of newcomers *Roseanne* and *Incredible Sunday*. In news, ABC is planning a weekly one-hour series but since that is slated for January, is is not related to the strike disruptions.

Stockpiled movies. The peacock network—armed with individual agreements with the producers of such returning hits as *The Cosby Show, A Different World, ALF, Amen* and *Unsolved Mysteries*, plus a stockpile of movies and miniseries—remains in the best shape for fall.

Sophisticated buyers boost cable ads

Cable advertising is benefiting from the growing sophistication of buyers in putting together different combinations of national TV media—including cable, broadcast and syndication networks.

This argument comes from Robert Alter, president of the Cabletelevision Advertising Bureau, in commenting on a recent report on cable's impact on the U.S. economy. Commissioned by Daniels & Associates, the report, titled *Impact '88:*, was prepared by Browne, Bortz and Coddington, Denver. (See also *Washington Report*, page 84)

The study puts total cable ads for 1988 at just under $1.5 billion

"Clients realize that the TV marketplace is changing, is becoming segmented and that they have to exercise more options in the use of TV," commented Alter. "Advertisers now talk about national TV, not network TV. They need more than the networks, they need syndication and cable."

Impact '88:, a 36-page report, includes a short section on cable network advertising (but not regional or local) which shows gross revenues rising from $50 million in 1980 to $1,061 million this year, based on Paul Kagan Associates estimates. Included as part of a section on cable industry financial flows, the BBC report estimates net ad revenues (after agency commissions) at $900 million for 1988.

CBS says Olympic logo restrictions won't have much impact on sales

The new guidelines restricting the use of the Olympic logo will not have a "significant" impact on CBS-TV's ad sales for the 1992 Winter Olympics, according to Neal Pilson, CBS Sports' president.

"We've evaluated all that," he said, and "we don't anticipate significant impact on ad sales."

"On this plus side," Pilson continued, "we think this will enhance Olympics value for official sponsors, who won't have to face the 'ambush advertising' of past Olympics." In 1984, for instance, Fuji Photo Film was the official film sponsor of the Los Angeles Summer Olympics but was overshadowed and outspent by Eastman Kodak, which bought category exclusivity on ABC's coverage.

Neal Pilson

Composite logos. Under the new International Olympic Committee rules, advertisers that are not "official" sponsors cannot use the Olympic logos in their ads. As for the composite logos combining the Olympic and network symbols, Pilson said an IOC or U.S. Olympic Committee sponsor can also use the composite logo on its goods and point of sale promotional materials. If a company is only a TV sponsor but not an "official" sponsor, he said, it cannot use the composite logo on its packaging; it can only feature it in print and TV advertising.

If a marketer is an IOC or USOC sponsor but cannot afford a network TV buy on the CBS telecast of the Games from Albertville, France, "then we can explore other [companies]," Pilson said. However, when asked how long CBS would have to wait before contacting other companies, the CBS exec said, "I don't want to get into specifics."

Crossed the line. Jerome Dominus, CBS' vice president of sales, emphasized that the IOC has simply "restated" already existing restrictions on logo usage because "a couple of companies crossed the line of permissible uses."

These restrictions "will not be a major problem" for his selling efforts, Dominus said. Contacting the official sponsors first is "in our best interest," he felt. "That's my best prospect."

Officials at NBC and ABC have claimed that the new logo restrictions would cost CBS in lost ad revenues. ABC bowed out of the bidding in part due to these strictures and also due to objections to the IOC's proposed bidding setup. NBC bid $175 million plus 50% of ad sales beyond $325 million, an offer similar to its winning bid for the 1988 Seoul Summer Olympics.

CBS, in winning the Albertville rights for $243 million runs the risk of losing money on the deal, according to its rivals. However, Pilson has steadfastly maintained "modest profitability."

Lottery ads pass House

The U.S. House of Representatives gave its approval, finally, to legislation that would allow legal lotteries, bingo or horse races to be advertised on radio and television across state boundaries.

The bill allows individual states to take specific action to prohibit advertising within their own borders, however. The bill, which still needs Senate approval, would impose an 18-month moratorium from time of enactment to allow states to take action to ban the commercials.

The bill had been delayed because some members in opposition successfully got it struck from a legislative hurry-up procedure.

ABC News on top of the world—and the ratings

Buyers and other observers of the network TV evening news scene have lately been echoing the King of Siam in *The King and I*: "It's a puzzlement!"

ABC, which in the past six months or so has seen its *World News Tonight* enjoying second place, this spring has frequently ranked No. 1 in that daypart. CBS' *Evening News*, usually the dinner-time news frontrunner, has lately slipped into second on several weeks. And NBC's *Nightly News*, which a year ago was in the lead, has found itself mired in the also-ran position for most of the last six months, and has been forced to give sponsors more than $7 million in makegoods (TV/RADIO AGE, May 16).

For the week ended May 20 alone, ABC was tops in three important demographic categories: women, men and adults aged 25 to 54. That gave Peter Jennings & Co. a 27% advantage over their CBS counterparts and 14% over NBC just among those women; a 28% lead over CBS' Dan Rather and 17% over NBC's Tom Brokaw among men 25 to 54; and a 17% margin over both CBS and NBC's newscasts among adults 25 to 54.

Ratings gains. For the second quarter, running from April 4 through May 20, ABC's newscast has averaged a 9.9 Nielsen rating and 21 share, up 5% in rating and 11% in share from the corresponding spring 1987 span. A year ago, in fact, ABC's newscast was No. 3, with CBS second to NBC.

ABC's Peter Jennings

Peter Jennings put ABC News in first place in demographics.

CBS remains second in the second quarter data, its 9.6/20 representing a 5% decline in rating and 9% drop in share. CBS, however, ranks No. 1 in the full season numbers.

NBC stands at 8.6/18, a decrease of 18% in both rating and share from the same 1987 second-quarter period.

An ABC first. ABC came on strong enough to rank No. 1 for the four consecutive weeks through May 20. During the week ended May 27, ABC's newscast went on to tally a fifth straight week. That is the first time ABC news has ever kept first place five straight weeks, says Paul Sonkin, ABC's vice president for audience research.

There appears to be no single reason behind the reversal of the evening news order of finish. Several factors appear to be at work. These include:

- The switchover to A. C. Nielsen Co.'s controversial people meter ratings measurement system last fall. The slump suffered by NBC's Tom Brokaw-anchored newscast began about the same time.
- Peter Jennings' *World News Tonight* benefited considerably from the upsurge in viewer sampling that occurred last February, when ABC carried the Calgary Winter Olympics.
- The change to daylight savings time in April seemed to even the ratings battle between ABC and CBS. "Some people left the daypart" around that time, said one agency buyer, who guessed that the time change and the warmer weather caused more people to stay outdoors later.

CBS says that "Wheel of Fortune" and "Jeopardy" are "the single biggest competitive problem" to network news.

That also seems to have been a factor in the slight springtime slippage in NBC's Thursday prime-time leadoff sitcom *The Cosby Show*. During the May sweeps, *Cosby* was edged out of the top rating spot, albeit by a hair, by its leadout *A Different World*. In addition, *Cheers* advanced to tie *Cosby* at No. 2 in terms of household ratings. The Bill Cosby sitcom averaged a 21.9 rating and 40 share

(News About News continued on page 32)

NBC giving more than it gets

NBC may not be getting much of an assist from its affiliates' evening newscasts, but the network is supplying quite a ratings boost to those stations' late news broadcasts.

Pointing to the May sweeps ratings from Nielsen for the 10:30 p.m. to 11 p.m. network half-hour leading into the affiliates' news, Gerald Jaffe, NBC's vice president for research projects, says the network fashioned "a very solid performance," with a margin of more than two rating points over runner-up CBS. Looking at Monday through Friday, NBC in that final primetime half-hour scored a 15.0 rating and 26 share, 15% ahead of CBS in rating and 19% over ABC.

In May '87, CBS led with a 15.9 rating/28 share, ahead of NBC's 13.3/23 and ABC's 11.3/20.

17.1

RATING

The highest ever
for an advertiser
supported movie...
DEATHWISH III
in February!

195

STATIONS

he largest advertiser
upported movie network!

96%

COVERAGE

The widest distribution
nationwide!

hen it comes to advertiser
pported movies, the numbers
eak for themselves!

ow offering the 1988/89 TV NET
ason. For station clearance, contact
ur Viacom representative.
r advertiser sales, call TeleTrib at
12) 750-9190.

urce: Nielsen (Gross Average Audience)

TV NET

A co-venture of Tribune Entertainment
and Viacom Enterprises.

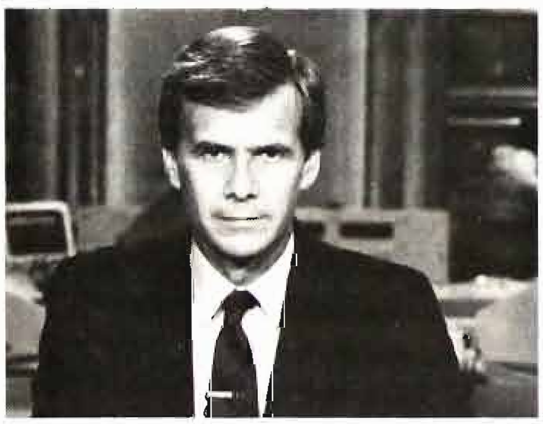
in that rating span to *World's* 22.0/38 and *Cheers'* 21.9/36.

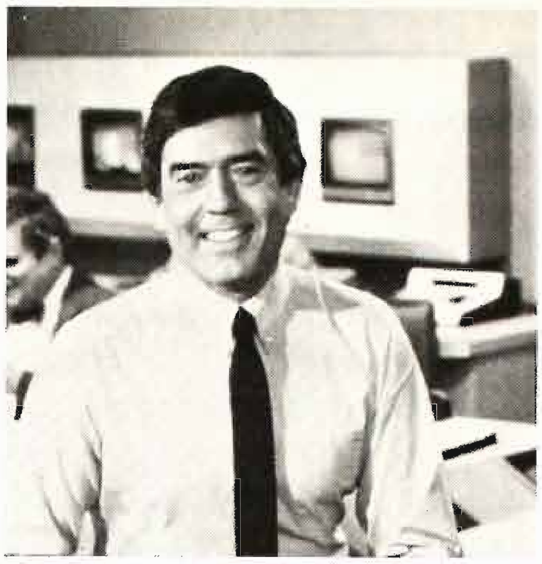
The leadin factor. Another key contributor may be the lackluster ratings generated by major urban affiliates' local newscasts leading into Brokaw, says Tom Winner, senior vice president and director, broadcast media operations at William Esty Co.

ABC's Sonkin did a computer printout on the leadins to the three networks' evening news in the 13 Nielsen overnight markets and finds that to be the case. The data for April 23 through May 20 showed that ABC's local affiliate newscasts supplied No. 1 leadin ratings to *World News Tonight* in 11 of those markets. ABC also was No. 1 in a 12th market, Los Angeles, tied with the NBC station. Rather's newscast was aided by only one top-ranked affiliate news in those 13 markets, Washington.

In six of the 13 Nielsen markets, the ABC affiliate newscast led its nearest competitor by at least three rating points.

NBC's Tom Brokaw





CBS' Dan Rather

NBC's mediocre daytime ratings performance also may be a drag on its dinnertime news viewing levels, say Winner and Paul Schulman, president of Paul Schulman Co., network TV buying subsidiary of Advanswers Media Programming.

Just as a network's primetime ratings can affect tune-in for its affiliates' late news and then that network's late night as well as its early morning show the following day, these admen reasoned that lacking all those afternoon viewers puts NBC's newscast at a significant disadvantage later in the evening.

ABC went from third place in 2nd quarter '87 to No. 1 today.

Network news ratings also are affected by syndicated counterprogramming, says David Poltrack, CBS' vice president of marketing, who cited King World's *Wheel of Fortune* and *Jeopardy* as the strongest competitors. He labels *Jeopardy* "the single biggest competitive problem" to network news, given that game show's upscale adult appeal. Though many independents will be using the offnet *Cosby Show* to counter the networks' newscasts, Poltrack doubts that sitcom will become as big a threat as those King World game shows.

Local news leadin to network news

	ABC station rating	CBS station rating	NBC station rating
New York	9*	8	8
Los Angeles	7*	5	7*
Chicago	10*	7	5
Philadelphia	17*	6	6
San Francisco	9*	8	6
Boston	14*	6	12
Detroit	14*	6	9
Dallas	11*	7	9
Washington	8	13*	8
Houston	12*	8	8
Atlanta	13*	9	10
Miami	13*	9	9
Denver	11*	5	10

Source: NSI April 23–May 20, 1988 for 13 overnight markets. * = No. 1

The networks' ratings leadin to affiliates' late local news

	Mon–Fri Rtg	Mon–Fri Sh	Mon–Sun Rtg	Mon–Sun Sh
NBC	15.0	26	15.3	27
CBS	13.1	23	12.8	22
ABC	12.6	22	12.8	22
NBC±				
CBS	+15%		+19%	
ABC	+19%		+19%	

Source: NSI May sweeps data on the networks' 10:30 to 11 p.m. time period

WRC-TV news updates a first?

WRC-TV, the NBC O&O in Washington, may be the first station in the country to launch local news updates every hour from 9 a.m. to 4 p.m.

"We've been kicking this idea around for a month or so," says general manager Allan Horlick. The station discovered it could make as much or more money selling the time around the news inserts as it could just selling the whole time period.

Rosenthal Automotive has agreed to sponsor all eight news briefs for one year.

WRC news director Bret Marcus says the news updates will be local, not national.

"This service is more like radio than television," says Horlick, and he wants audiences to get used to tuning in to WRC at the top of the hour for a quick news update. And who knows, maybe they'll stick around.

Sidelights

Gauging TV's influence on voters: debates, negative ads & personality

Does television elect the president? That's the question put to panelists at a New York Television Academy forum.

"TV does not elect the president," said pollster Louis Harris. While it is "one of the main vehicles," he said, TV will play a "far less decisive role" in the 1988 campaign. "TV will figure far less than those in TV would like to admit," he said, largely because candidates George Bush and Michael Dukakis are not "mesmerizing personalities."

Former Reagan administration spokesman and kiss-and-tell author Larry Speakes agreed with Harris, adding that 1988 "may be a turning point," because Bush and Dukakis are "not dynamic TV stars."

Geraldine Ferraro, Walter Mondale's running mate in the 1984 campaign, felt that TV "does make a difference" but does not elect a president. Reagan had more going for him than his TV skills, she said. Live debates can be particularly potent, she felt, noting that Mondale won the first one in 1984 but Reagan recovered to take the second, which she described as "the beginning of the end for the Mondale-Ferraro ticket." Yet later in the discussion the former Democratic contender said of debates, "Most people don't watch them."

Do negative ads put the burden on TV news to report the real story?

John Deardourff, chairman of Bailey Deardourff and Associates, felt there should be at least "three or four" debates to be effective. Although he called such encounters "the most important element" in the TV mix and estimated Bush-Dukakis matchups could draw "60–90 million" viewers each night, he doubted that Bush would be willing to debate.

Negotiating on the number of debates and the ground rules can be "as intricate as negotiating for the INF treaty," Ferraro quipped.

Speakes sparked hearty applause when he suggested that the ideal debate format would call for no moderator, no reporters, just two candidates at the mike "and go at it."

Focusing on TV news coverage of the campaign, Speakes maintained that this is "the prime influencer of the electorate." He went on to criticize TV news coverage as "too much cotton candy and not enough meat and potatoes." For one thing, he griped, TV news has become "too compact."

Deardourff, however, felt that the news media "can only devote limited time to any one candidate."

Negative ads. The panel's discussion on TV advertising included some disagreement about the impact of negative political commercials. Harris contended that such advertising is to blame for the deterioration of TV's effectiveness. The negative spots have run in many Senate campaigns since 1980, he said, causing viewers' annoyance levels to soar.

But, Deardourff defended negative spots as "appropriate," as they must emphasize not only the candidate's good points but his opponent's faults. He claimed that a 1956 Adlai Stevenson spot that asked, "Are you nervous about Nixon?" was the first negative commercial.

The use of negative ads, Speakes said, "puts more burden on TV news coverage" to report the real story about the candidates.

Pollster Harris noted that 80% of voters have made up their minds about a presidential candidate by Labor Day. The "most marginal, apathetic" voters wait until the very last minute, he said.

Television and the presidency *was the topic of a New York TV Academy panel featuring, from l., John Deardourff, political consultant; ABC News' Sander Vanocur; pollster Louis Harris; Larry Speakes, former White House press secretary; and Philip Dusenberry of BBDO. Not shown: Geraldine Ferraro, who arrived late.*

Cable at 52%; 42-mil. homes

The latest cable penetration figures from Nielsen, covering the May sweep, show 52% coverage, compared with 51.1% in February '88 and 49.2% in May '87. The number of households with cable was estimated at 46,296,110, including Alaska and Hawaii.

The figures are derived from diary responses gathered in the NSI local market reports. The figures listed three DMAs with more than 80% penetration: Palm Springs, 87.0%; Santa Barbara-Santa Maria-San Luis Obispo, 83.4%, and Victoria, 81.9%.

New York is the biggest cable market by far, with 3,033,940 cable households, topping Los Angeles by more than a million. But the top three DMAs still have less than average cable penetration, viz., New York, 44.1%; Los Angeles, 42.3%, and Chicago, 39.5%.

Identify the famous relatives of these people

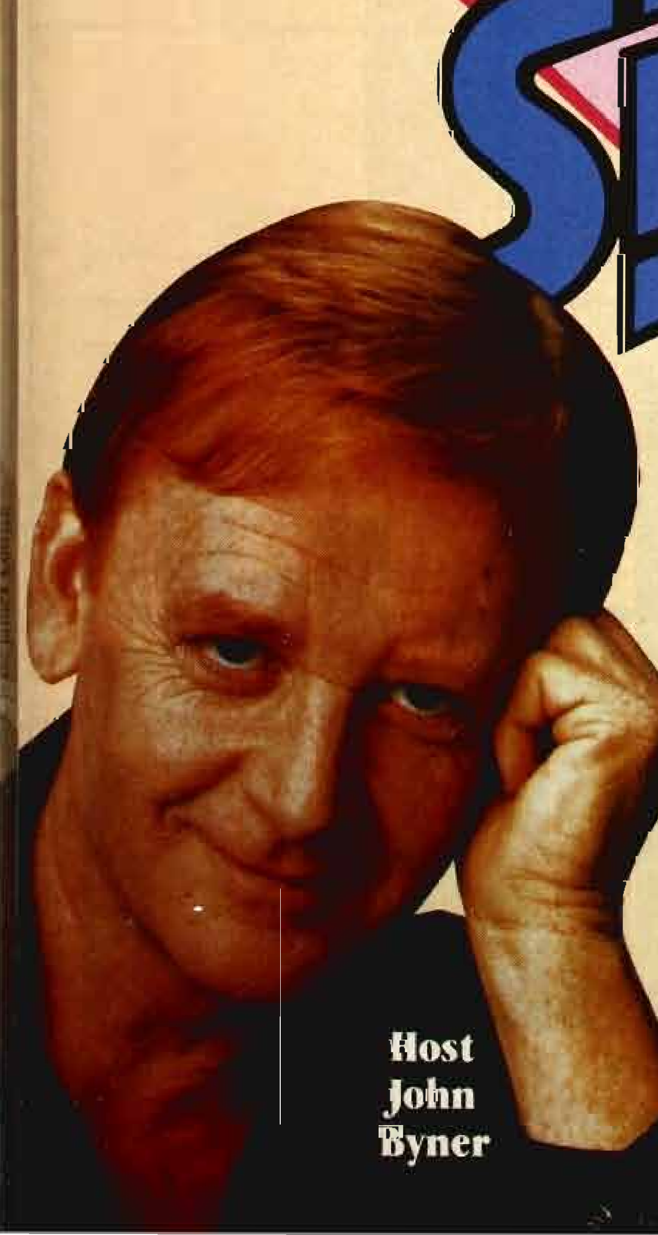


The identities of these people are revealed below.

ALREADY CLEARED IN 62% OF THE U.S.

and you're playing...

RELATIVELY SPEAKING



Host John Byner

All of these people are related to famous celebrities! And television viewers, with their insatiable curiosity about famous people, will find it absolutely irresistible to identify these unknown faces and their well-known relatives. In fact, it'll be habit-forming!

The show is RELATIVELY SPEAKING, an all new game show with lots of laughs, and it will be available as a half-hour strip on a barter basis starting Fall '88.

Experience the fascination we all have with the very famous by calling for a demo today. It's all so easy–relatively speaking!

DISTRIBUTED BY SMC
CALL 212/355-0033
PRODUCED BY
ATLANTIC/KUSHNER-LOCKE, INC.
AND THE MALTESE COMPANIES.

SELECT MEDIA COMMUNICATIONS

TV Business Barometer

Spot business up 5.6% in April

The declining monthly growth rate that set in for spot TV during the first quarter continued in April, suggesting, on the surface, at least, a slowdown that may last. The reps are carefully optimistic, but few are saying that the second quarter will equal or top the first.

The downward slide in the first quarter came after a hefty jump in January, proving again that one can't predict the quarter on the basis of the opening month. January was up 14.9%, followed by a 9.5% increase in February, followed by a 6.3% increase in March.

A strong January hasn't been all that unusual during the past few years. In fact, the first quarter of this year seemed like a reprise of the first quarter of '86. There were also double digit Januarys in '82 and '83, and though every month in '82 was a double digit month, no month topped the January increase of 25.3%.

In the past few years, January has represented about 6.5% of the year's billings, which compares with the average month, which is 8.3. The promising signs of a healthy spot TV for January thus augurs a leveling off of spot expenditures over a year's time.

Whatever the first month of the quarter signifies, the fact remains that spot was up only 5.6% in April, the lowest increase so far this year. However, the dollar increase was on a very high base, so it topped $600 million, the first time spot crossed that line. The actual billings for April, as reported by the *TV Business Barometer* sample of stations, came to $612.9 million.

The national and regional spot total for the first four months of the year comes to $1,880.0 million, up from $1,732.8 million last year. The increase amounts to 8.5%, compared to the increase for the first quarter of 10.0%.

It might also be noted in passing that April of this year and last were both four-week Standard Broadcast Months, thus having a minimal effect on the year-to-year comparisons. However the last six days of April this year fell into the May SBM, thus having a small impact because of the minority of sample stations which report on an SBM basis.

Bracket rankings

For the second month in a row, the bigger billing stations had the biggest percentage increase in April among the three revenue brackets into which *TV Business Barometer* data are divided. In the first two months of the year the top bracket ranked third.

The reverse situation almost applies to the smallest bracket, which ranked first in January and February, third in March and second in April. That leaves the medium-size stations, which showed a medium performance, ranking second during January, February and March and third in April.

As for the rest of the second quarter, a consensus of reps puts the gain for national/regional spot at 6 to 8% over the second quarter of last year (see TV/RADIO AGE, May 16). The factors affecting this, according to the reps, include consistently good auto advertising, weak children's business and not many political dollars.

April

National spot **+5.6%**

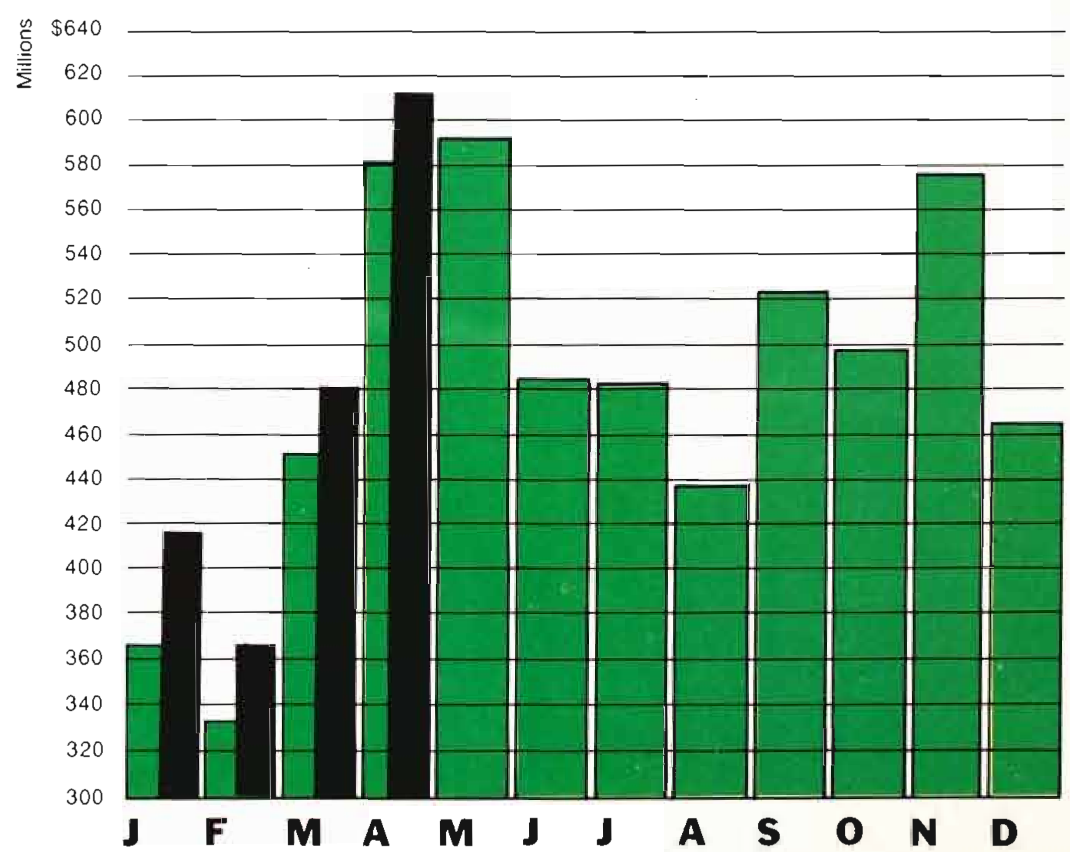
(millions)

1987: $580.4 **1988: $612.9**

Changes by annual station revenue

Under $7 million	+1.7%
$7–15 million	+0.9%
$15 million up	+7.8%

Network (millions $)



Eutelsat, a sleeping gaint, awakes! Begins courting satellite TV users

While officials of Eutelsat, the conglomerate of Western European PTTs, have finally put on their gloves and come out fighting, they seem to wish no one was watching.

Publicly Eutelsat executives are remaining nonchalant about the prospect of Astra's November launch well over a year before their own second generation (medium powered) satellites are airborne. Privately, however, they have dramatically changed their attitude toward television broadcasters.

Satellite operators agree that until recently Eutelsat was slow to respond to their needs. For many years they were ignored while Eutelsat concentrated its efforts on telephony, video conferencing and other non-broadcasting businesses.

"Eutelsat," says Claire Enders, a consultant to Virgin Broadcasting,

"Our multimillion dollar business could stand or fall on a little piece of metal in space."

the principal Super Channel shareholder, "chose to ignore the fact that television was already a major part of the satellite business in the States."

In 1988, however, Eutelsat has changed its tune and is making efforts to both maintain its current TV clients and to woo others.

Originally Astra benefited from Eutelsat's inertia. Enders believes that broadcasters supported and encouraged the Astra project simply to create competition and prevent themselves from being exploited as a captive market. She adds that some of the first clients, including Sky Channel, on Eutelsat's current (low-powered) satellites originally were very nervous because, as TV was such a low Eutelsat priority, they actually were transmitting on a "spare" satellite.

"If any irreparable faults had developed on the other satellites," she explains, "broadcasters could be out of business overnight; insurance against this risk was, of course, prohibitively expensive. It's a dodgy business; our multimillion dollar investment could stand or fall on a little piece of metal in outer space. But, until recently, Eutelsat has been deaf to our cries for help."

Enders says that's all changed now, attributing the new attitude to the amount of interest which Astra has generated in the last six months. She says that it has worked beautifully in forcing Eutelsat to value its TV clients.

Not all agree. Enders' views, however, are not shared by representatives of the carrier itself. One Eutelsat official is disdainful that Eutelsat should have to compete with Astra which is virtually clientless at the moment. "How," this person asks, "can a private company with just one satellite compare with an international organization with four satellites in space, five more planned and 26 member countries to share the risks?"

Claire Enders

Eutelsat claims its members have booked all 32 transponders on the two 1990 birds for TV broadcasters, although none of the transponders actually have been allocated to individual TV operators. Eutelsat is confident its clients will wait for the medium-powered satellites because the company will

Eutelsat scoffs at Astra's challenge. "How can a private company with one satellite compare with a 26-nation consortium of nine satellites?"

have a backup satellite in orbit only six months after the first launch. Both will be in the same orbital position as the low-powered satellites and will cover more of Europe.

In spite of this apparent complacency, W H Smith Television technical manager David Gayler reports that Eutelsat has recently made a pitch to an important group of satellite broadcasters which has been meeting regularly to discuss the merits of moving onto a medium-powered satellite. W H Smith owns Lifestyle and ScreenSport and has a majority shareholding in the Dutch children's channel, Kindernet. The other members of the

Satellite channels powwow

Ten European satellite broadcasters and prospective broadcasters have been holding a series of discussions aimed at finding ways of working together.

The group—which includes, CNN, Sky, Super Channel, ScanSat (TV-3), MTV Europe, Premier, Lifestyle, Screensport, Children's Channel and The Broadcast Company—has been examining the pluses and minuses of all broadcasting on the same medium-powered future satellite. The outcome of their discussions could have a major bearing on which channels buy transponders on ASTRA.

Other topics considered include a joint billing system for subscription services, a joint marketing campaign and a common encryption system.

group are Sky Channel, Super Channel, MTV Europe, Children's Channel, ScanSat, CNN, Premiere and TBC. All are broadcasting on either Eutelsat or Intelsat satellites.

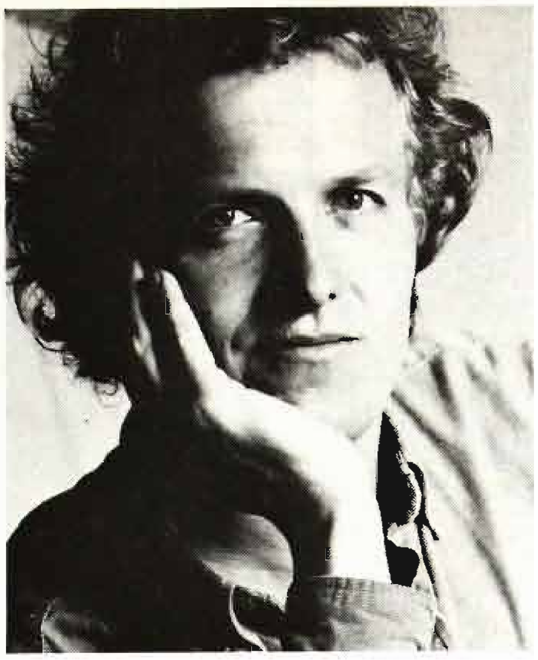
To these companies any kind of presentation from Eutelsat is a dramatic turnabout; perhaps, as Enders suggests, Eutelsat has finally realized that TV broadcasters represent 70% of its revenue which by any standards is worth preserving.

Direct-to-home. For their part, satellite channels are taking the prospect of medium-power very seriously. Premiere chief executive Phillip Nugus, for example, talks of the complete revamping of the Premiere management and says, "It is part of our gearing up process for major expansion into the direct-to-home satellite broadcasting market."

Nugus says that Premiere's recent marketing efforts have resulted in a 30% increase in subscriptions to more than 100,000 in the past three months. He expects to double his subscriber base in the next 18 months.

Super Channel also has become more financially stable recently with a changed shareholder base and Virgin's Robert Devereux taking over as chief executive.

The apparent new aggressive Eutelsat approach, even if the carrier officials themselves don't admit it, is probably causing deep disquiet among Astra executives. Many were convinced that Eutelsat's traditional bureaucratic approach to business would preclude any efforts to try to woo clients actively. Astra had been counting on Eutelsat's lack of enthusiasm for television to further its own interests. Regardless, however, of whether Eutelsat has reacted to the Astra plans, certainly Astra is taking measures to slow down Eutelsat's counterattack. Astra spokesman Carlo Rock says Astra is considering ways of making it financially attractive for current broadcasters to remain on Eutelsat or Intelsat and also to transmit on Astra. Sky Channel's Fiona Waters says Sky is considering being on both low and medium powered satellites at the same time, at least in the early years, while cable is still crucial before the DBS market takes hold.



Robert Devereux

Enders goes even further. "Broadcasters," she says, "should stay on low-powered satellites forever." She believes they should only experiment with DBS if they have extra cash, although she concedes there are fewer risks involved in wating for the second-generation Eutelsat birds.

Enders' views are shared by others. While most broadcasters obviously appreciate the advantages of both Astra and Eutelsat, they are by no means decided on the matter. They recognize that out of self interest Eutelsat is more concerned about broadcasters than it has been but generally agree that it has a long way to go. Smith's Gayler probably sums up their feeling when he says, Eutelsat is still hidebound by the PTT approach."

Broadcasters have supported Astra to create competition and prevent them from being exploited as a captive market.

What it boils down to, says Virgin's Devereux, is finance. Satellite channels, he points out, already are losing too much money to make the wrong decision. Devereux, like Enders, believes it makes more sense to wait for Eutelsat 2.

Others in the group say they would have no tranfer problems with Eutelsat because the new satellites will have an identical orbital position (programmers can therefore be guaranteed the same audience reach), while they could forsee momumental cable linkup problems if they move to Astra. For some time, all agree, satellite channels will be viewed via cable.

German opinion. The German Bundesposte head of the broadcasting division and broadband distribution, Klaus Hommel, says that at the moment cable homes are increasing by one million every year, but he estimates there only will be a 100,000 increase in DBS users per year during the early years of service.

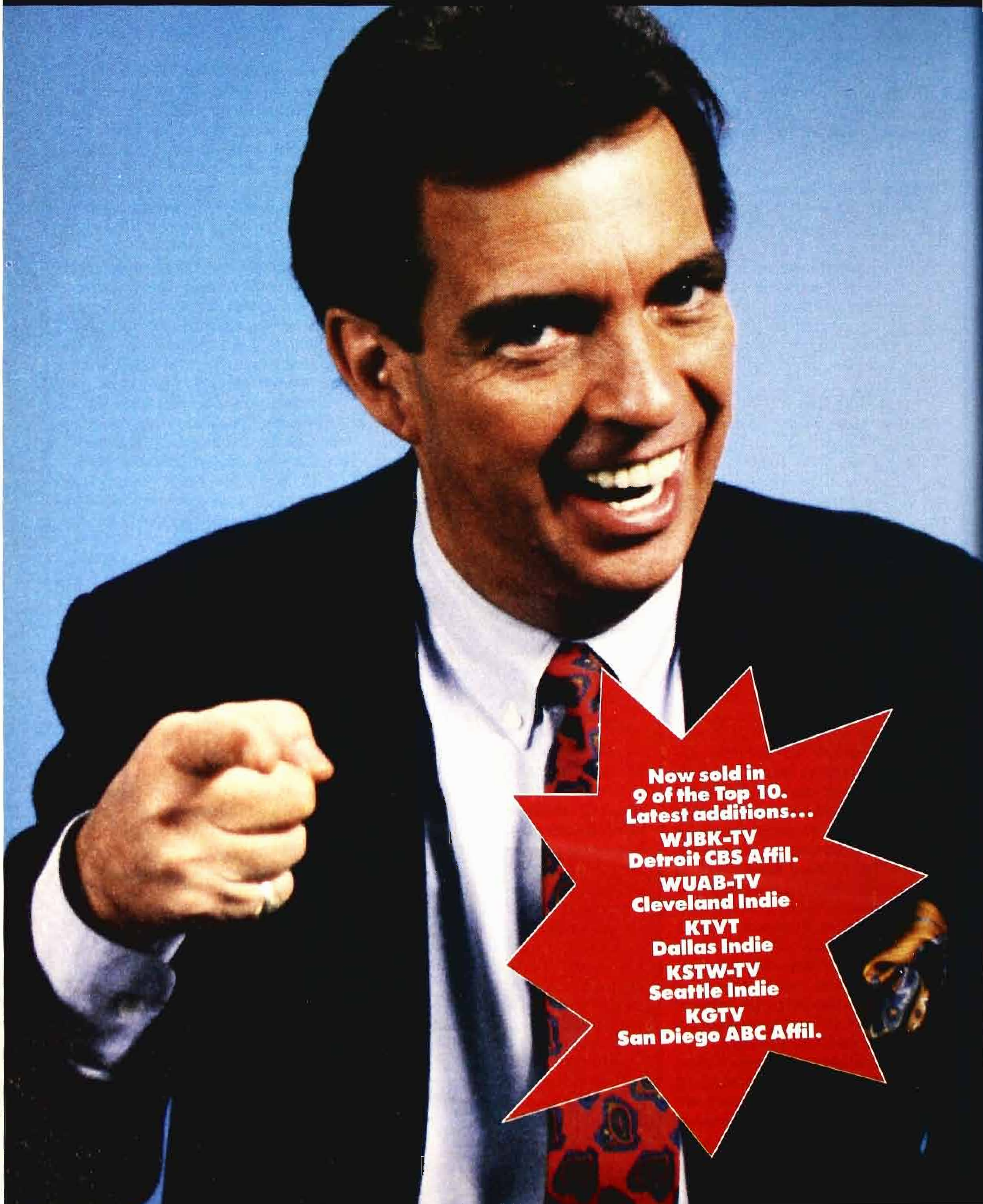
Hommel says Astra faces other problems if it tries to convince cable operators to take its signals. Many companies, he points out, do not have the capacity on their cable systems to take Astra. There is also the problem, says Hommel, of whether cable services would be willing to purchase the receiving equipment. While Astra at various times suggests it might be prepared to help finance the installation of dishes for cable operators, the official Astra position seems to be that it is neither willing or able to cover such costs, feeling that cable companies will pay for the receivers themselves, provided Astra is showing the sort of popular programming they need.

Some prospective clients are concerned by another Astra request. They say Astra is asking for marketing contributions. Broadcasters, however, simply do not have any money to spare.

Astra, of course, still holds a trump card. If all goes as scheduled, its satellite will go up in November, and it is looking forward to signing some important programmers. "We hope to create a snowball effect," says Astra's Rock. "We are trying to get a few of the popular advertising channels first, which will be more cost effective for our viewers, so that others will follow."

With time running out, however, some observers are beginning to wonder whether Astra will even come close to its early pledge of 12 channels on launch without providing massive discounts to prospective clients.—**Irv Margolis**

MEGA STAR, MEGA



Radio Report

Caballero Spanish stations join Interep Network

Interep is back in the Spanish language radio business with the stations represented by Caballero Spanish Radio now affiliated with the Interep Radio Networks, which says it's the biggest nonwired web in the country. Caballero president Eduardo Caballero sees the move making Spanish radio "easier than ever to buy for advertisers and agencies." And Marc Guild, president of Interep Radio Networks, calls it "One more step toward our ability to meet any and all advertisers' needs as they relate to radio."

Previously, Interep's Major Market Radio had formed a Spanish radio division about the same time Katz launched Katz Hispanic Radio Sales, headed by one-time Caballero account exec Gene Bryan. But Major Market bowed out when Raul Alarcon, new owner of WCMQ Miami took it away from Major Market Radio Espanol to serve as the center piece of the new rep firm he has put together with his other owned stations in New York and Los Angeles. Major Market Radio president Warner Rush says WCMQ AM-FM bills around $3 million, adding "It was the jewel in the crown of our Spanish-language station list. When we lost that, we decided to concentrate all our energies and resources on our general market radio stations."

Interep goes Spanish. *Caballero Spanish Radio now is represented by Interep. Pictured, l. to r., Marc Guild, president of Interep Radio Networks; Eduardo Caballero, president of Caballero Spanish Radio; and Ralph Guild, chairman of Interep.*

Triple digits for top spenders

Despite Sears Roebuck's strong Number 1 standing in network radio spending during March, its first quarter expenditures were 6.6% down, according to the latest BAR reports. However, a number of the top 10 spenders for the quarter came up with triple digit percentage increases.

Biggest percentage jump other than the Richards Group (Motel 6) was scored by Triangle Publications (not shown), which ranked 18th in March spending and seventh in first quarter spending. Triangle was up 579.3% to $4,674,110 for the January–March period. Campbell Soup was up 179.1%, AT&T was up 170.8% and Unilever was up 159.5%. The Richards Group had no spending in last year's first quarter.

Biggest drop in first quarter spending was that of Warner-Lambert (not shown), 16th in March spending and eighth in first quarter spending. W-L dropped 44.9% to $4,524,075.

Top 10 web clients—March

Parent company	March expenditures	Year-To-date expenditures
Sears Roebuck	$5,916,217	$11,335,775
General Motors	2,832,975	7,301,955
Campbell Soup	2,702,150	8,960,925
Chrysler	2,367,219	3,322,569
Unilever	2,131,950	5,426,935
AT&T	1,403,950	4,473,630
Procter & Gamble	1,384,735	6,220,917
Bayer	1,331,985	5,761,275
Richard Group	1,316,930	4,445,516
Cotter & Co.	1,073,605	3,524,410

Survey confirms hot pace of change in radio biz

The volatility of today's radio scene and the consolidation of radio sales representation and ownership are spotlighted in a survey of 269 Florida stations by the quarterly publication *Florida Radio*. Editor and publisher Jeff Monda found over half of Florida's commercial radio stations represented by 11 companies, and most of those 11 under the two umbrella rep giants, Interep and Katz Radio Group. Twenty-one stations are represented by McGavren-Guild, 20 by Christal Radio, 17 by Roslin Radio Sales and 16 by Hillier, Newmark, Wechsler & Howard. Banner Radio sells for 15 Florida stations, Torbet for 14, Katz Radio and Eastman Radio represent 12 each, Southern Spot Sales works for 10 and Republic Radio for eight.

Under ownership, 50 companies now own 45% of the state's commercial stations, with Metroplex Communications owning seven, Asterisk Communications owning five and Guy Gannett Broadcasting and Root Communications holding five stations each. Beasley Broadcasting, Jacor Communications, Palmer Communications, Susquehanna Radio and TK Communications own four stations apiece.

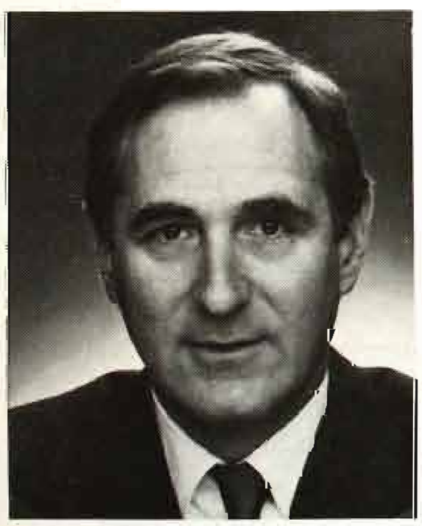
Monda's survey found more than one third of the stations replying reporting changes in call letters, management, format, networks, programming or ownership during the 90 days preceding the survey. During that period, 13 stations were reported sold to new owners. The largest such transaction was Jacor Communications' acquisition of WFLA/WFLZ(FM) Tampa for an estimated $20 million from Sconnix Broadcasting. Next largest sale was that of WWBA(FM), also Tampa, changing hands from Metropolitan Broadcasting to Cox Enterprises for a reported $17.5 million, followed by the sale of WIVY(FM) Jacksonville by Gilmore Broadcasting to J. J. Taylor Companies for $8.1 million.

Multiple affiliations. The survey also found many stations reporting multiple network affiliations, with some taking programming from as many as five different networks. Over 70 stations said they were ABC Radio Network affiliates, 28 belong to the Florida Network, 26 are NBC affiliates and 22 carry CBS. Twenty reported belonging to Mutual, 15 to the Satellite Music Network, 11 to the UPI Networks, and eight each to the Associated Press Network, Sheridan Broadcasting, Sun Radio Network and the Transtar Networks.

Asked about formats, close to 23% of the replying stations reported airing adult contemporary music, 18.5% carry country and 9% offer nostalgic tunes. Eight are CMR stations, 7.9% program news, talk and information, 7% are easy listening stations and 6.4% offer religious programs and/or gospel music.

Jacor's humor mill running overtime

Give credit to Jacor Communications, the Cincinnati based broadcasting company, for one of the most novel press releases announcing the promotion of four key executives—Robert Lawrence and Randy Michaels to executive vice presidents, Jon M. Berry to senior vice president and treasurer and R. Christopher Weber to vice president and controller. At first blush, the release sounds like the four executives were being fired by Frank E. Wood, president of Jacor. But Wood, in a mischievous mood, issued a release which read in part:



The execs issued statements of gratitude and "dog-like loyalty."

Frank E. Wood

Frank E. Wood, President of Jacor Communications, has announced the termination of four high-level positions "in order to improve efficiency" at the Cincinnati-based broadcasting company. Effective immediately, the company will operate without Robert L. Lawrence and Randy Michaels as senior vice presidents, and without Jon M. Berry as vice president and R. Christopher Weber as assistant vice president.

Brushing aside industry speculation that the move was dictated by internal friction, Wood's office insisted that the move really indicates just the opposite. Things are going so smoothly at Jacor, it was explained, that employees now have time to think of little ways to make the jobs of others in the industry more interesting. Press releases about corporate promotions, for instance, are being misleadingly written like announcements of terminations, in the hope that those who wade through stacks of press releases might at least get a little exercise from their raised eyebrows.

The mundane facts are that Robert Lawrence's previous title was terminated because the Jacor Board unanimously elected him to the position of executive vice president. Randy Michaels has also been elected to executive vice president. Jon M. Berry has been elected to the position of senior vice president and treasurer, and R. Christopher Weber has been elected as vice president and controller.

The offices of Michaels, Lawrence, Berry and Weber each issued their conventional statements of gratitude and dog-like loyalty.

Michaels, to no one's surprise, had nothing but kind words for the decision to distort the facts. "I'm glad something's finally being done for the helpless victims of dull, self-serving press releases," he said. "It's about time that radio industry reporters started getting some interesting self-serving press releases." Lawrence welcomed the new opportunities ahead of him, noting the initial challenge of getting new letterheads and business cards. "Anyone who says titles are cheap never got a bill from a printer," he said.

Wood's office apologized for a certain lack of sophistication in this initial press maneuver, noting that it was, after all, only a start. Members of the industry press are invited to send comments and suggestions as to how to make press releases more humane.

Schubert & Nelson form firm to acquire stations

"Medium markets west of the Mississippi" will be the primary target of Nemesis Communications, a new company formed to acquire broadcast properties by Jerry Schubert, former president and CEO of Eastman Radio, and veteran broadcaster Don Nelson. But Schubert adds, "Our goal is a group of solid radio stations in good markets regardless of location." He says Nemesis will start with an initial capitalization of $30 million and is already seeking radio stations in the top 75 markets.

Nelson is general manager of Teleprograms, a Los Angeles based syndication company which produces several weekly radio shows aired in Canada, Japan and China as well as the U.S. His career has included ownership of stations in Iowa, New York and Missouri and management of stations in Indianapolis, San Diego and Los Angeles.

Schubert's career at Eastman Radio spanned 22 years during which he held management posts in Chicago, Los Angeles and New York. He plans to relocate to Denver, where Nemesis will make its headquarters, and Nelson will continue to operate from the Teleprograms offices in Los Angeles.

Radio Business Barometer

Network biz off 1.5% during April

Network radio billings were off a little in April, the third month in a row that minus signs showed up in the Radio Network Association reports of web revenue.

The decline was only 1.5% from the previous year, and it followed a more serious drop in March, when network revenue fell 10.9%. But February's decline was miniscule, amounting to only 0.1%, according to RNA figures.

The network total for April came to $29,522,306, compared with $29,980,511 during April of '87.

April's dip was entirely confined to the New York territory, one of four which RNA breaks out in its revenue reports. Or as RNA prefers to put it, "The good news came from the territories outside New York."

New York accounts for more than half of network radio revenues. Last year, the New York territory accounted for 62.8% of the total. But for the four months through April it accounted for 57.6%, and for April alone the ratio was only 52.5%.

New York was down 23.2% in April, dropping from $20,158,045 last year to $15,488,910. This was offset in part by a high jump in April billings for the Detroit territory. The increase amounted to 185.7%, representing a rise from $1,384,755 to $3,956,530.

Lesser percentage increases were scored in April by the Chicago and Los Angeles territories. The midwest area showed a rise of 22.1%, with revenues climbing from $6,644,811 to $8,112,118. West coast figures were up 9.6%, lifting from $1,792,900 to $1,964,748. RNA calculated that the territories outside New York "posted a most impressive gain of 42.9% over April 1987."

The association reported that there has been some notable new business in the areas outside New York, particularly in the automotive area. Clients include Motel 6, Dodge, Buick, Firestone and Red Roof Inns. Longterm advertisers in this region, according to RNA, are Sears, Anheuser-Busch and Sherwin-Williams.

Also noted by RNA was new network radio money from Volkswagen and the return of Maxwell House coffee after a year's absence, "which will impact third and fourth quarters."

For the year-to-date, network radio was off 0.9% to $110,126,519. New York was off 7.6% for the four months, declining to $65,378,573, but the other territories were up 10.8% during the January–April period.

Top 25 clients

RNA recently announced the top 25 network radio advertisers for last year—but without billings. In rank order, they are: Sears, Ford, Warner-Lambert, Anheuser-Busch, Procter & Gamble, General Motors, AT&T, U.S. Government, Campbell Soup, Cotter & Co. (True Value Hardware), M&M/Mars, IBM, Schering/Plough, Wrigley, Miles Labs, CBS, General Foods, Greyhound, Dow Chemical, Florist Transworld Delivery, K-mart, Chesebrough Ponds, Coca-Cola, Chrysler-Plymouth and Triangle Publications.

Network **−1.5%**

(millions) **1987: $30.0** **1988: $29.5**

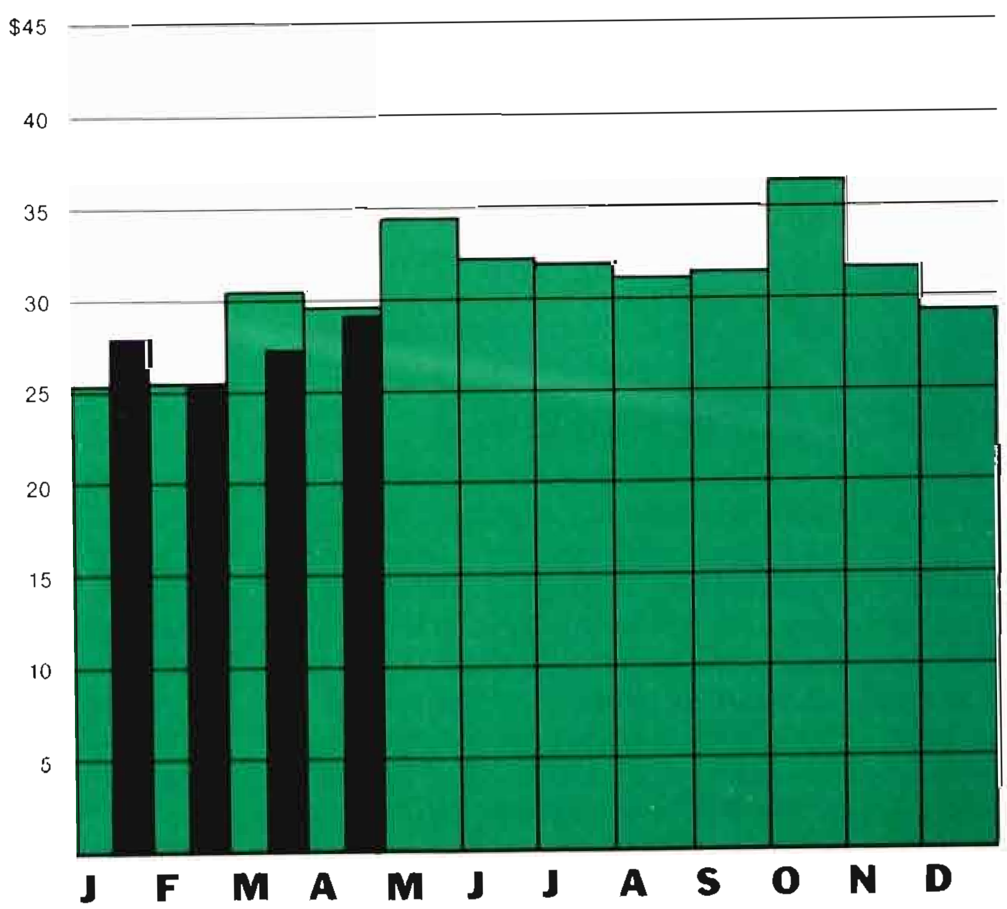
Changes by territories

Territory	Billings (000)	% chg. 88–87
New York	$15,488,910	−23.2 %
Chicago	8,112,118	+22.1
Detroit	3,956,530	+185.7
Los Angeles	1,964,748	−9.6

Source: Radio Network Association

April

Network (millions $)



The New Beaver™ BEATS THE BIGGIES!

THE NEW BEAVER WINS HEAD-TO-HEAD IN ATLANTA!*

Feb. '88, Mondays, 6:30PM	RTG	SHR	WOMEN (000) 18-34	WOMEN (000) 18-49	WOMEN (000) 25-54	MEN (000) 18-34	MEN (000) 18-49	MEN (000) 25-54	T/K
NEW BEAVER (WTBS)	**7**	**10**	**48**	**73**	**71**	**15**	**33**	**43**	**84**
Gimme a Break (WATL)	6	9	18	25	15	11	12	6	86
Wh.Happ.Now (WGNX)	6	9	28	51	42	7	17	11	64

AND THE NEW BEAVER BEAT EVEN MORE BIGGIES WHEN TWO EPISODES RAN AS A 1-HOUR SPECIAL!**

Monday, April 11, 1988, 6:00-7:00PM, Atlanta

AT 6:00PM...	RTG	SHR	...AND AT 6:30PM!	RTG	SHR
NEW BEAVER (WTBS)	**7.4**	**12**	**NEW BEAVER** (WTBS)	**9.4**	**14**
Family Ties (WATL)	4.2	7	Gimme a Break (WATL)	4.6	7
Diff'rent Strokes (WGNX)	5.5	9	Wh.Happ.Now (WGNX)	6.8	10

YEAR TO YEAR, THE NEW BEAVER IMPROVES DRAMATICALLY—OVER ITSELF!*

	RTG	SHR	WOMEN (000) 18-34	WOMEN (000) 18-49	WOMEN (000) 25-54	MEN (000) 18-34	MEN (000) 18-49	MEN (000) 25-54	T/K
			+140%	+181%	+318%	+25%	+50%	+139%	+140%
FEB. '88 NEW BEAVER	7	10	48	73	71	15	33	43	84
FEB. '87 NEW BEAVER	2	3	20	26	17	12	22	18	35

Now, the Beaver and his family are ready to give your families something to laugh about every day of the week. And at last, you can tell your viewers: "We're bringin' back the Beav!"

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First-run barter shows face launching obstacles, but cash prices may rise

Syndicators support syndex but call it double-edged sword

By ROBERT SOBEL

Television/Radio Age

June 13, 1988

While there is a year grace period before the FCC's syndicated exclusivity ruling becomes a law of the syndication and broadcasting land, it has already whipped up spirited reaction to its effect on syndicators. As one syndicator source puts it, "Everything is convoluted at this point, even as we await the final FCC determination of specific language on the syndication rules."

These specifics, which are supposed to be coming down from the FCC in time periods ranging from the next few weeks to six or seven months, may very well determine a new charter for syndicators in the course of conducting business with stations. Also, it has perhaps even more implications for stations, superstations and cable operators, in a complicated number of scenarios that will probably take more than the lead time to sort out. (The impact of the rules on stations and superstations, along with the cable community, will be examined in a future issue of TV/RADIO AGE).

Support in spirit

Most of the syndicators interviewed say they support the spirit of the syndex rules, although some view them as a double-edged sword. On one hand, the first-run barter product may face clearance and ad sales difficulty, goes the consensus, while on the other, cash shows such as off-network product, stand to be the beneficiary of the

"You've got [syndicators that own TV stations] sitting on the fence, which if they take a stand might be the leadership role for others to follow."

Chuck Larson, Republic

rules when it comes to license fees.

Highlights of reports from key syndicators and other sources regarding syndex indicate:

■ Some syndicators may seek an increase in license fees from stations because of exclusivity of the product in a specific market. Others are saying, however, that the marketplace should decide the terms of the prices.

■ Contract chaos looms in the short-term between syndicators and stations.

■ The Advertiser Syndicated Television Association has taken a neutral position, as expected, on syndex, maintaining its membership's interests are too diverse for the organization to take a collective stance.

■ Superstations are seen losing coverage clout but will remain important factors as "ordinary" stations in their respective markets.

ASTA ambivalent

As for ASTA, the organization is ambivalent on syndex because basically it represents syndicators with some different marketing approaches, notes Tim Duncan, executive director. He recalls that ASTA went on record as being neutral as far back as March when syndex was placed on the FCC table.

Says Duncan, "The reason we took that stand then and now as well is because our members are affected differently, depending on whether they have superstations carrying their programs, or whatever. What is true is that on the one hand we had benefitted from nonexclusivity from an advertising perspective in that superstations give us an advantage in selling based on coverage. Also, superstation coverage was useful in terms of achieving higher total ratings. But on the other hand, none of the shows of our distributors have value unless stations accept them. We are strongly committed to the welfare of stations that carry our programs."

The ruling will be "very good for the industry" because it controls programming sold by a supplier and purchased by a station. That's how Michael Lambert, executive vice president at Twentieth Century Fox Television sees the situation.

"Now we'll know exactly what we're selling in each TV market, and the buyers will know what they're buying."

But a source at Group W Productions, who didn't want to be quoted, says the syndex rules have both an upside and a downside. On the downside he agrees with Duncan in that exclusivity may impair national ratings and coverage of a program that no longer will get the benefits of both if it is not carried by a superstation. On the other side of the coin, however, he says, syndex could help a syndicator when it comes to negotiating license fees with a station.

ASTA is ambivalent on syndex because it represents syndicators with different marketing approaches.

"What stations do now is to hammer down prices," he says, on programs carried by superstations by saying that such encroachment decreases the value of the show in the market. But with the syndex rules, the syndicator can now negotiate from a higher base by emphasizing that the station can get the program exclusively in its market.

Dick Robertson, a member of the office of the president at Lorimar Telepictures, believes that stations should pay higher license fees for product because of exclusivity. He says the program will pick up additional ratings from audiences that had been watching the show on the imported signal entity in the market. And with higher ratings, the station should be able to get more advertising revenue, he adds, thus should be able to pay more for the product.

But, he notes, this will not happen overnight, "It will be a slow, gradual growth. But it will have a positive effect on syndication prices, especially on off-network programs, because most are sold for cash."

But other major syndicators do not see themselves using syndication exclusivity as leverage for higher license fees. Norman Horowitz, president of MGM/UA Telecommunications, emphasizes that exclusivity is only one segment of a scenario that develops between the buyer and seller in what he calls a "ritual dance. The buyer will tell the seller all the reasons why the program should not be bought at the asking price, and the seller will tell the buyer why he should get the price." In the final analysis, the sales price is determined from these arguments on both sides, he adds.

"What you have now is another issue to argue about, and there is a continuation of the ritual dance, but the same dynamics are left—a marketplace dynamics of the buyer's willingness to buy at a price and the seller's willingness to sell at a price."

Lambert at Twentieth Century Fox Television believes that prices will not rise automatically because stations will get exclusivity. "Our pricing is always a function of market demand, which, of course, leaves the door open to price increases if the property is in hot demand."

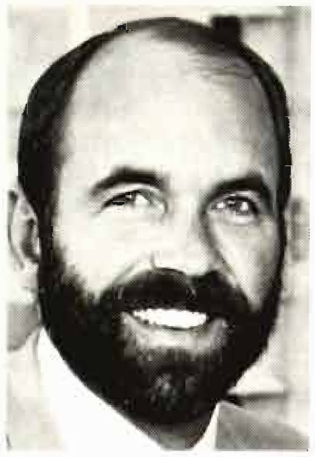
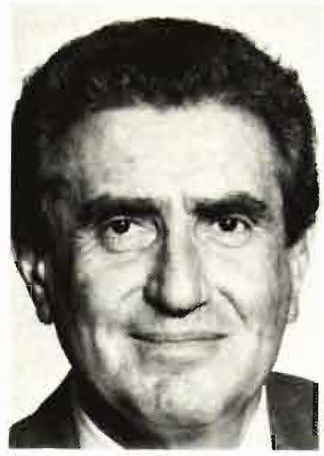
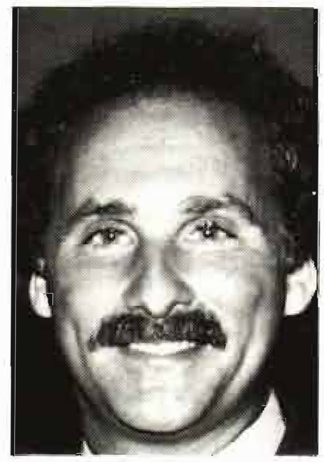
Two-tier pricing

And at Paramount Pictures Television Group, Lucie Salhaney, president, domestic television, whose company has been a proponent of syndication exclusivity, also believes the marketplace should decide how much stations should pay for programs. Dick Block, consultant to Peregrine Entertainment, also sees exclusivity as not translating into higher prices for programs. "There's two-tier pricing anyway. A lot of money is being spent for premiere and blockbuster movies and major off-network sitcoms. After all, it's a get-what-you-can market."

Chuck Larson, president, domestic television at Republic Pictures, says he's undecided on whether he will increase fees as a direct function of the syndex rules. He believes two factors will help determine the way suppliers will distribute product: major studios taking a stand on their contract li-

Where they stand

Michael Lambert, 20th Century Fox / *Dick Robertson, Lorimar Telepictures* / *Norman Horowitz, MGM/UA* / *Paul Siegel, LBS Entertainment*

	Michael Lambert, 20th Century Fox	*Dick Robertson, Lorimar Telepictures*	*Norman Horowitz, MGM/UA*	*Paul Siegel, LBS Entertainment*
How do you feel about syndex?	"It will be very good for the industry."	A non-issue. "The only change is it will change the way distributors work with superstations."	"It will give the salesmen something extra to say, but that's about it."	"Whether we agree with it or not, we will adjust our marketing to it."
Will syndex affect your license fees to stations?	No. "Our pricing is always a function of market demand."	Yes. "Stations should pay higher prices for product" that's now exclusive.	Not really. It is another dynamic in a "ritual dance."	In most cases, not. Most of the company sales are barter.
Are superstations necessary?	"They are important only in that they are in key markets."	No. "Superstations have never been an issue in clearances."	No. "Only the marginal shows may benefit from them."	They help. They give advertisers additional coverage.

cense language, and a pattern he expects to emerge from syndicators that also own TV stations.

According to Larson, "You've got a couple of interesting companies sitting on the fence, which if they take a stand, might be the leadership role for others to follow." These, he adds, include MCA TV, which owns superstation WWOR-TV New York; Tribune Broadcasting, which distributes product through TeleTrib, and owns superstations WGN-TV Chicago and WPIX(TV) New York, along with other outlets; Viacom, which owns several TV stations; and Turner Broadcasting, which owns superstation WTBS-TV Atlanta.

At MCA, calls were referred to an attorney, who chose not to comment, and calls to TeleTrib were not returned.

One sharp example on the side of proponents of the let-the-market-decide theory—superstations, exclusivity or not—is *The Cosby Show*, an observer points out.

The fact that *The Cosby Show* was sold to WWOR apparently didn't deter other stations from shelling out large dollars for the reruns, notes the observer. "That was one of the first markets cleared, and Viacom still got record prices for *Cosby*. That would suggest that the stations bought the show based on the conditions that prevail. If that is true, then it would mean that stations will take a show which they think will do very well, regardless of whether it is also being acquired by a superstation or not."

One of the beefs in Washington by exclusivity lobbyists, he recalls, was that stations were paying a record amount of money for *Cosby* reruns even though it will get duplicate local exposure from WWOR as a superstation. "This now makes that argument moot because stations that wanted *Cosby* simply wanted the show with or without exclusivity. So in this case, the syndex rules don't even matter."

Also, in such other future major off-network product as *The Golden Girls*, being distributed by Buena Vista, the syndex rules will not impact the marketing plan, unveiled a few weeks ago (TV/RADIO AGE, May 2). Originally, this involved making the series available to stations on a cash basis beginning in the fall of 1990 or 1991, depending on the station's option. (See separate story in programming section.)

Meanwhile, Paul Siegel, president of LBS Entertainment, sees the syndex rules having mostly an impact on first-run shows that have been marginally cleared and require a superstation to make the program saleable to an advertiser. The rules, he adds, will have little effect on a program that already has a large station lineup and doesn't need or have a superstation to get it into a launch position.

However, Siegel points out, it's important to sign a superstation in such cities as New York, where there are two, WWOR and WPIX, and in Chicago, where WGN is also a leading independent in the market. "So the point is," he says, "that both New York and Chicago are, obviously, key markets, and advertisers look for a TV station in these markets that is not only strong but one that will give them extra coverage. This is especially true in New York, where most of the ad agencies are based."

But Robertson, who notes there is an extra bonus in signing superstations in the major markets, doesn't believe they are necessary to put a first-run show into orbit. "Only the marginal shows may benefit. But quite frankly only those people who are totally dependent 100% on barter revenue need superstations.

"We are in a different position and have no problems in clearing shows. All of our 14 shows have more than 85% of the country cleared. Basically, the good shows get cleared and the marginal shows don't and squeak by because of superstation coverage, so it's really a non-issue with us."

No short-run impact

At Camelot Entertainment Sales, the barter unit of King World, Steven Hirsch, president, says his company also has had little difficulty in getting large clearances without a superstation in the lineup and sees the syndicated exclusivity rules as having no impact on Camelot's product in the short-run. However, he continues, down the line it could affect Camelot's shows. "I think it could affect us. It could cut somewhat potentially into our coverage, and it may cost us a few percentage points, which will relate to demographic or rating losses."

Also, projecting the clearance thrust on future product, Hirsch doesn't preclude superstation support in the launching of new shows. "In the past we have been successful in getting mostly network affiliates, but it's possible that in the future we would go to superstations."

Also, Dick Cignarelli, MGM/UA's executive vice president, domestic syndication, sees superstation support as not essential in launching barter shows. "We will be able to reach the required 70% margin without superstations. A case in point is *Group One Medical*, which has 70% coverage, and we haven't sold it to any superstation. A superstation is a bonus; it's not calculated into our marketing plans." And Lambert of 20th Fox notes that superstations are only important in that they are in key markets. Horowitz at MGM/UA adds, "Maybe I'm missing something, but superstations have not been an issue in clearances. What we do is not in any way dependent on them. We are dealing with shows which have very big budgets and which require big clearances, so trying to get additional clearances from superstations are not in our consciousness ever.

No impact seen at Camelot, which has had little difficulty getting big clearances without superstations.

"Of course, if you get on a superstation you ought to be happy. That's the other side of the argument because most of the programs contain barter."

All told, Horowitz questions the role of superstations down the road, given syndex. "The beginning of syndex may mark the end of superstations, which, in turn, will result in a reduction of their audience." This would diminish the potential for a new program to be launched with their help, he says.

Meanwhile, in its *Washington Report*, dated May 18, obtained by TV/RADIO AGE, the Association of Independent Stations noted that, according to the syndex rules, the station may enforce exclusivity on existing program contracts "so long as you and the syndicator agree that your contract calls for exclusive local rights." The association also pointed out that the FCC, in future contracts, "will specify the language necessary for inclusion in the contract to insure that you are able to enforce exclusivity."

To one syndicator, who didn't want to be identified, these two elements are the keys in the way the marketplace will respond in the short-term. "What this will mean is that, until the FCC comes through with specific language in both cases, business will stop for a while. Noboby will buy anything. These two points mean you will have to renegotiate the old contracts and to negotiate the future contracts with specific exclusivity language. We ourselves can't make any statements on exclusivity until we see what the FCC has mandated specifically."

He continues that, while most agreements with stations contain riders on exclusivity, they do not specifically identify syndex. "That will have to be done by the FCC and the sooner they do it, the sooner everyone can get on with business."

Answer in marketplace

The distributors queried were unwilling to say they would agree without reservation on a contract that calls for exclusive rights by the station. LBS' Siegel says he's had no feedback as yet from stations requesting local exclusivity. Ultimately, however, Siegel adds, the marketplace will provide the answer. "As we go in with new programming there may be some markets that require local exclusivity. And we will go along with that. Whether or not we agree with the idea, we will adjust our marketing and our sales to the new rules.

"If we feel, on the other hand, there is a show that we also want to use on a superstation, we will tell the local station up front so that it knows what our plans are."

At Lorimar Telepictures, Robertson says the marketing of its shows will depend on negotiations. "We intend to negotiate with our station clients as well as with superstations that may want to have something on an exclusive national basis. The scenario would be strictly economic. If we can make more money selling it city by city, which will be the case on probably on all our product, we will do that." □

It's a market for wheelers and dealers; big public companies wait for sanity

Trading is down, prices are way up on TV web affils

By EDMOND M. ROSENTHAL

So why is everyone making such a big fuss about the sale of a station in Buffalo?

Well, there are two reasons. One: The NBC affiliate in the nation's 38th-ranked market went for a cool $100 million to Tak Communications, representing a $44 million increase over the price WGRZ Television Corp. paid for it two years ago. Two: Where the sale of affiliated TV stations is concerned, there hasn't been anything better to talk about lately.

What this all boils down to is that fewer affiliated stations are going on the block and when they do, fewer prospective buyers are willing or able to pay the price. Some believe, though, that with these stations going for 12 times cash flow and more, things have gotten so out-of-hand that they can only get better.

The WGRZ transaction, the third engineered by broker Howard Stark for the station in five years, is the top single-station sale in a list of 11 station transfers approved by the FCC for the year-to-date, as of presstime (see table). According to analysis of station transaction data supplied by Broadcast Investment Analysts, Washington-based financial consultant and appraiser, this represents continuation of a downward trend in station sales between 1986 and 1987.

The number of affiliated stations sold in '87, according to the data, was down 16% to 56 from 67 in 1986. Eliminating various stock transactions and multiple-station purchases, there were only 20 cash transactions for individual stations in '87, compared with 32 in '86. There were 19 stations acquired in the top 50 markets in '87, compared with 14 in '86, but no real trend can be traced from this. The '87 figure includes the acquisition of Storer Communications stations by Gillett Communications for $1.3 billion. The '86 figure includes five NBC-owned stations handed over to General Electric.

In the big deals department, two individual stations were acquired for over $100 million in '87, compared with three in '86, but both of the '87 buys were for bigger bucks than any of those in '86. In '87, Gillett bought WTVT Tampa for $365 million and NBC/GE bought WTVJ Miami for $270 million. Both are CBS affiliates. The biggest single-station deal in '86 was also in Florida, the purchase of WCPX-TV Orlando (CBS) for $200 million by First Media Corp. In that year, two ABC affiliates went for over $100 million—KSAT-TV San Antonio to H&C Communications for $153 million and KOVR Sacramento-Stockton for $104 million to Narragansett Broadcasting.

Seller's market

"It's very much a seller's market—a little more than it has been in the past," says James Blackburn, president of the Washington-based brokerage firm, Blackburn & Co. Despite all the talk about competition from cable and other media, he asserts, the "smart money" is still willing to pay anything feasible to latch onto network affiliates.

"A lot of knowledgeable people in the industry took notice of the $100 million price tag in Buffalo," Blackburn points out. "It's not exactly a growth market, and that's a strong price, but it's about typical of what affiliates that size are sell-

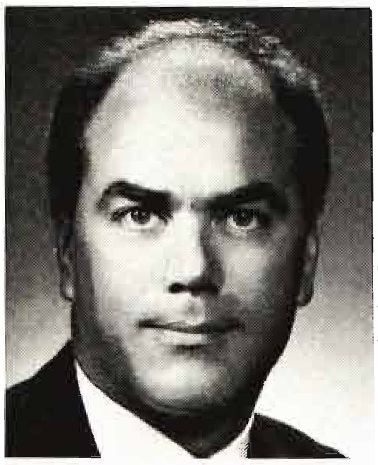
Affiliated TV station sales approved by the FCC, year-to-date

By market rank

Rank	Station	Affil	Buyer	Seller	Price (mil $)	Month
38	WGRZ-TV Buffalo	NBC	Tak Communications	WGRZ Television	$100	May
50	WFMY-TV Greens-W.S.-H.P.	CBS	Gannett Co.	Harte-Hanks	*	Jan.
55	KARK-TV Little Rock	NBC	Morris Network Inc.	United Bcsting	60	Feb.
57	WTLV Jacksonville	ABC	Gannett Co.	Harte-Hanks	*	Jan.
104	KDBC-TV El Paso	CBS	Imes Family	United Bcsting	31.5	March
112	KLFY-TV Lafayette, La.	CBS	Young Bcsting	Texoma Bcsters	51	Feb.
127	KNDO Yakima, Wash.	NBC	Northstar Comms.	Farragut Comms.	13.25	Jan.
142	KSNT Topeka, Kan.	NBC	G. Lilly et al	Kansas St. Net.	12	May
150	WWAY Wilmington, N.C.	ABC	Adams Comms.	Price Comms.	26	May
160	KLAX-TV Alexandria, La.	ABC	Pollack/Belz Comms.	Cypress Comms.	1.1	April
175	WTOK-TV Meridian, Miss.	ABC	Richard A. Benedek	United Bcsting	13.2	May

*Source: Broadcast Investment Analysts, Inc., Washington. * Two-station deal for $155 million*

"Most of the publicly owned broadcasters are not real players when it comes to the high multiples in major markets. They're concerned with diluting their earnings per share."



James Blackburn
President
Blackburn & Co.

ing for." He notes 12 times cash flow is fairly typical. He adds, "When you're talking about buying network affiliates today, you're talking about a cash transaction."

Clyde Haehnle, senior vice president of Cincinnati-based R. C. Crisler & Co., notes that last year was slow by comparison due to "the flurry of tax-motivated sales in '86." But he's been quite active this year, he notes. He recently engineered the sale of ABC-affiliate WWAY(TV) Wilmington, N.C. from Price Communications to Adams Communications for 12 times cash flow for the 12 months prior to closing and a floor of $26 million. He discloses he's about to finalize two more affiliate deals—one of about the same magnitude and another in a smaller market for a slightly higher multiple.

"There are a lot of buyers who are bullish on the outlook for affiliates," Haehnle comments. "They've seen that problems with competition have not materialized. Independents have not been as strong as people thought they would be, with some having gone through Chapter XIs because of the high price of syndicated product.

"People who are looking to buy are concentrating on the top 50 markets, and next they go to the top 100 and look for growth potential. Below the top 100, the buyers are not big companies but individuals."

Ted Hepburn, who heads the Cincinnati-based Ted Hepburn Co., notes that, of 576 network affiliates, "you can probably put almost half of them in the category of never being for sale. At any given time, there's no more than 5% for sale—10 or 20 stations." He sees no change in this.

"One factor that's having an impact," says Tom Buono, president of Broadcast Investment Analysts, "is the cooling off of demand for independents and consequently more demand when affiliates come up. I must get a call a week asking if I know of any affiliates that are available."

Who the players are

There's been a lot of talk about fast-buck artists dominating the marketplace, but whether or not the buyers are veteran broadcasters, "Affiliate TV is still corporate big business," Buono says. "Television has become a business that is not entrepreneurial except for independents in smaller markets or second or third independents in a market. It's not going to people with broadcast experience who want to go out and buy a station. It's going to people with deep pockets, and usually to those who have been in it for a while."

His company's data on group television sales since 1980 spotlights some recurring players. Top of the list is Gillett, which bought the six Storer stations for $1.3 billion in '87, three from Reliance Group for $86 million in '86, two from Times Mirror for more than $200 million in '86, four from Fetzer Communications for $80 million in '85 and five from Post Communications (plus two radio stations) in 1984 for $118.5 million.

Adams Communications and Price Communications are also big players. Adams, which bought a Price station this year (see table with this article), made two group buys in recent years—five stations from Forward Communications in 1987 for $126.5 million and three from Springfield TV in 1984 for $47.3 million. Price, in '87, bought four Clay Communications stations for $60 million and, in '84, bought two Mid-America stations for $28 million.

In line with this, Blackburn observes that most of the deals recently represent trading among operators, often sales by owners who have owned the stations 10 years or less and are taking profits, after building up their stations, and redeploying their assets. He adds, "The buyers are mostly people who've bought and sold other stations for financial reasons. This is viewed as a blue chip investment

"For a $100 million acquisition, a buyer can probably get about $60 million in senior debt from a bank. Then the bank might go for $20 million in subordinated debt at a higher interest."

Clyde Haehnle
Senior vice president
R. C. Crisler & Co.

with heavy cash flow. I don't discount the role of the operator at all, but it's a financially driven business."

Of those who trade in stations, he says, "I'm not sure these people are not simply the new operators—even though they didn't grow up as penniless pioneers in broadcasting. There are a lot of people who would like to own stations but won't pay the prices—but there are others who will buy.

"Most of the publicly owned broadcasters are not real players when it comes to the high multiples in major markets. They're concerned with diluting their earnings per share. If they pay 12–15 times cash flow, that's equivalent to 20–30 times after-tax earnings, and broadcast company stocks are not all selling at 20–30 times earnings, so this just drives their earnings per share down. But most buyers who are private are concerned only with their ability to finance the acquisitions."

The new entrepreneurs

Addressing a lender's point of view, Kevin McGinty, executive vice president of Society National Bank, Cleveland, says, "In my view, we're definitely reentering the age of entrepreneurship, where people are more financially oriented." Similarly to other industries, he notes, "They're looking for a 40–45% compounded increase in rate of return over five to seven years. The professional view of financing is entering the broadcast world. In the past it was a 'good old boy' business. Now its' opening up a whole new generation of MBAs."

But he isn't saying it's all that good: "These people have entered the industry in a period of good times. They've yet to experience an economic downturn. Do they have what it takes to weather that downturn? I think there are going to be some deals that fail."

For that reason, he points out, he tends to put the money on operating ability as first priority, although he considers financial training important. These entrepreneurs must be able to "downsize their views," he notes. "If they're financed on a highly leveraged basis, they have to be able to work with lower budgets and fewer staff resources than they would have as part of a big station group."

Looking ahead, McGinty says affiliates are starting to get too expensive for entrepreneurs to get involved with—and this could cause prices to come down, opening the door again to the big public companies. He adds, "Unless we go back into double-digit inflation, I don't see multiples getting much higher."

Another scenario for the wheeler-dealers is offered by Hepburn, who speculates there could be a return by Congress to the three-year rule, or something like it, to control the brisk station trading.

"I see a significantly larger number of investor groups that are treating stations more as a commodity," he notes. "The reason they have become a significant part of the business is the ease of financing, with big banks loaning on cash flow."

But John Krediet, president of CF Capital Corp. in Connecticut, says it's easiest to obtain financing when the borrowing organization has broadcast expertise—with ability to know when to buy and sell treated as a plus. He adds that lenders have more to go by when they look at people with station operation background. In other industries, they may have only financial performance to go by vs. signs of ability to operate a company for the long haul. But in TV stations, he points out, there are indicators of true performance such as ratings improvement.

As for buying and selling ability, he says, "Most of these transactions are leveraged so high that the

MCA ready to buy—but what?

MCA Broadcasting which purchased WWOR-TV New York for $387 million from RKO General two years ago, is in the market for additional properties.

Lawrence C. Fraiberg, president of the MCA division, says the company's interest in expanding its TV holdings results in properties being offered, but none so far has matched up with MCA's "profile of what we're interested in."

What is that profile? "We'll know it when we see it," Fraiberg answers. Price is definitely a factor, as is its location in a major market, he concedes. VHF or UHF? "We're looking for any station, and we have no set price range, only that the station be worth the price paid."

Fraiberg says there are very few VHF affiliates for sale, "but if you're looking for a UHF, there's quite a few available for sale." MCA has no set timetable for acquisitions nor any specific number of outlets to be purchased. "Those are artificial checks and balances we haven't set. We're reacting to opportunities or not reacting to them." Fraiberg says it seems unlikely MCA will do any buying this year.

"If interest rates increase, we'll see a downward trend in multiples. But overall, we're seeing a consolidation of the industry and a greater maturity of the industry . . ."

Tom Buono
President
Broadcast Investment Analysts

lender is also taking part in the equity. In order to make profits compensating the lender for this risk, you need someone who knows how to buy and sell at the right time."

He has no objection to traders of stations per se: "Most of these deals have a five- or seven-year horizon on them. As long as there's a limited number of TV stations that operators can own, it's natural that people will trade up from time to time."

Since the October stock market crash, observes Haehnle of R. C. Crisler, senior lenders have been plentiful and they've been looking toward taking all three layers of debt—the senior debt, subordinated debt and the "mezzanine money" (venture capital). He elaborates, "For a $100 million acquisition, a buyer can probably get about $60 million in senior debt from a bank. Then the bank might go for $20 million in subordinated debt at a higher interest. The remaining $20 million can be a partial equity contribution by the buyer plus mezzanine money.

"[The new entrepreneurs] have entered the industry in a period of good times. They've yet to experience an economic downturn. Do they have what it takes to weather that downturn?"

Kevin McGinty
Executive vice president
Society National Bank

"This is just for major acquisitions. Major banks are not much willing to look at a senior debt below $5 million—and that means a $10 million acquisition."

McGinty of Society Bank confirms that this is the case for larger banks but notes that, in one instance, his bank is handling a $3 million senior debt: "This is probably as low as we'd like to get, and we're doing it because these people have the financial wherewithal to put together a group; they're people we want to grow with." He says his bank has taken on all three levels of financing in order to expand its own horizons and has formed a venture capital subsidiary.

Krediet of CF Capital says the bigger deals are almost all structured as stock deals vs. asset deals in order to avoid double taxation. He notes the lenders his company works with tend to involve themselves only with transactions above $10 million, and he has seen some instances in which credit companies won't go below $30–40 million.

This appears to rule out the acquisitions providing the greatest tax advantages. Haehnle points out that, in 1988, there is a tax advantage to "C" corporations that sell prior to the close of the year but that the tax advantage is maximized if the sale is at about $5 million: "If you sell for $10 million, there's no relief."

He says this tax advantage is stimulating several sales in the smaller-station category, generating tax savings of about $900,000 on a $5 million sale.

But it's mostly radio stations that are seeing the benefits of the tax law changes, according to Buono of Broadcast Investment Analysts: "You're not going to see that many TV affiliates going for under $10 million."

He adds, "I think we're seeing fewer asset deals and more stock deals because of the tax law change. Because of the uncertainty surrounding the tax law change, people are hesitant to sell if they think they're going to get negative tax treatment."

So it's high multiples that are shaking otherwise reluctant sellers loose. In fact, Buono claims that, when people talk about 12 times cash flow, they're only saying this by way of comparison to a 10-times norm. He says some stations are actually going in the teens and as high as 20 times cash flow.

Pointing, for example, to the Gannett acquisition of two Harte-Hanks stations for $155 million (see table), he says, "This is much higher than 12 times cash flow when there are no adjustments made to operating profits. But Gannett isn't paying too high a multiple for these stations, because the potential of these two stations is very high. If you were bidding 12 times cash flow there, you would have been at the bottom 10% of people making a bid."

He concludes, "If interest rates increase, we'll see a downward trend in multiples. But overall, we're seeing a consolidation of the industry and a greater maturity in the industry, so I don't expect a return to the level of activity in affiliate trading that we've seen earlier in the decade." □

Lots of sellers at Disney's door

Walt Disney Studios receives an offer to buy a TV station about once every two weeks, reveals Richard Nanula, the company's manager of strategic planning. Disney already has one foot in broadcasting with its purchase one year ago of KHJ-TV from RKO General for $320 million. The license transfer, however, has not yet been cleared by the FCC. When will that take place? Nanula can't say.

As for new acquisitions, Disney is seeking VHF independents in major markets. The prices being quoted Disney are "15 to 20 times multiples," Nanula says.

Since he's the official contact for new broadcasting properties, Nanula says the company's public posture "that we are interested in broadcasting" has produced "quite a few approaches."

There is no formal acquisition plan. Explains Nanula, "We bought KHJ on a stand alone basis." If Disney unearths large market indies it likes, it will acquire them, provided the price is right, on an individual basis.

AGB: Does it have a future?

No sign yet agencies will use service for buying, planning

By ALFRED J. JAFFE

In a fateful move, CBS will decide by the end of this month whether to continue its five-year contract with AGB Television Research for the people meter measurement of network TV audiences. CBS is by no means AGB's only subscriber, but it is certainly the most important.

If CBS cancels its contract, the action could be a fatal blow to AGB's chances of remaining a contender with Nielsen's NTI service. But even if CBS renews, AGB would not be out of the woods, since it is still the only major network which has signed with AGB.

AGB is now conducting a major sales push which could well determine its future, since, in addition, CBS's decision to continue will depend, in part, on evidence of wider support of AGB than now exists.

That support essentially consists of eight ad agencies, which account for more than 40% of all TV network billings; two major cable entities; two major advertisers, five program producers and/or distributors and a syndicator association.

The ad agencies are N W Ayer; Backer, Spielvogel, Bates Worldwide; BBDO Worldwide; Leo Burnett; DMB&B; Grey Advertising; Scali, McCabe, Sloves, and Young & Rubicam. The cable entities are the MTV Networks and American Television & Communications. The two clients are RJR Nabisco and Miller Brewing. And the syndicator group consists of Columbia Pictures Television, International Advertising Sales, Lorimar Telepictures, Paramount Television, D. L. Taffner and the Advertiser Syndicated Television Association.

The big challenge

AGB took on a huge challenge when it elected to tangle with the A. C. Nielsen Co. (and its parent, The Dun & Bradstreet Corp.). Nielsen's status as a decades-long supplier of national TV audience numbers was almost engraved in granite. And its powerful parent was said to be strongly determined not only to maintain that status but to enhance Nielsen's position in the broadcast research and marketing domain.

The British-based AGB knew little about U.S. ad practices and broadcast/cable complexities initially. Its executives, for example, thought they could help keep costs way below Nielsen's by supplying time period—rather than program—ratings.

But they learned fast. And they did force Nielsen, which had been dragging its feet, into the People Meter Age. In the process, AGB was able, with some outside financing, to essentially kick off its service pretty much on schedule—not an insignificant accomplishment.

But it is not yet a source by which network buys are made, though it hopes to become so in the coming upfront season. As a going service, Nielsen was able to make the transition last year from a household meter-cum-diary operation to a household and people meter service used by all without too much turmoil, and hardly skipping a beat.

Though the networks remain potent factors in the AGB survival equation, the agencies have the potential to be decisive. That's because if they decide to buy network time and set guarantees on the basis of AGB data, the networks will have to subscribe. But there is no sign yet that agencies are planning to do that.

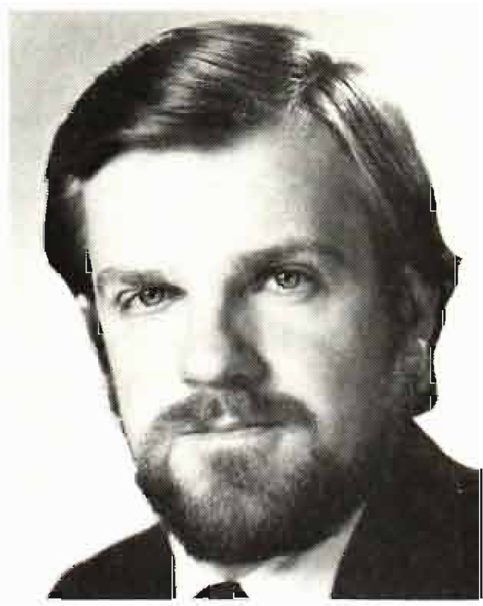
Alec Gerster, executive vice president, media and programming services, at Grey Advertising, reports, "We are looking at it, we're tracking it." But the agency is not using AGB for buying. In fact, he says, Grey is not yet going through a decision procedure on what to do about the service. "There's no gun to my head to decide."

Gerster also makes the point: "It's not easy to switch from one supplier to another." Nor can he say what would be the catalyst that would trigger the change. As to which service has the better, or more accurate, data: "It's a tough question." But, "The game isn't over yet."

At another agency subscriber, Young & Rubicam, generally considered the biggest buyer of net-

Bill Rubens

David Poltrack



Paul Sonkin

Networks hold key to success, but they're hanging onto it tightly

It takes two to tango in the network TV audience measurement business—the seller of time and the buyer. Which is to say AGB needs both to get its service off the ground—the major networks, because they're the single biggest revenues source, and the agencies and advertisers, because they can determine which service will be used to measure their audiences.

Getting all three networks as subscribers would certainly be a coup for AGB and would assure its future given a reasonable number of customers from the other ad sectors, including syndicators and cable networks. But as the situation stood at the beginning of June, AGB was not assured of any of the three, even CBS, which has been a customer during this past season.

David Poltrack, vice president of marketing and research for the CBS/Broadcast Group, told a drop-in luncheon of the New York chapter of the National Academy of Television Arts and Sciences recently, "We very much want to renew AGB." But there's some buts.

Poltrack explained to TV/RADIO AGE what they are. First, CBS would like to see an enlarged AGB subscriber base, building its support among agencies and advertisers. Second, it would like to see AGB's existing agency subscribers "taking AGB into consideration" in their planning and buying.

An important consideration is whether CBS can make hay with AGB's "principal shopper" data, a concept with which AGB has been one-up on Nielsen. Under this concept, each home in the AGB sample has a designated principal shopper and separate data are broken out on this demographic.

'Principal shopper'. CBS has incorporated the principal shopper concept as a strong theme in its "aggressive" daytime presentation, which will be pushed around the time of the daytime Emmys at the end of this month.

CBS would also like to see data from AGB which differentiates it from Nielsen. "AGB has been talking about providing product usage information. That would be a positive," says Poltrack.

The CBS marketing and research chief says AGB's WorkBench system "is not a factor with us, since we have our own software for handling Nielsen." However, he saw WorkBench as a possible way to get agencies into the "planning and buying loop."

As an early subscriber to AGB, CBS paid only $2 million the first season, but the price goes up to $3.5 million annually in succeeding seasons during the five-year contract, Poltrack reports. That's still about $1 million less than Nielsen's current price, though next year the Nielsen rate, with "cost of living adjustments," goes to $4.9 million, he adds. Still, as Poltrack points out, CBS must turn the $3.5 million into a strong marketing plus. Otherwise...

The other networks appear cool to AGB's blandishments. Paul Sonkin, vice president of network audience research for Capital Cities/ABC, says, "We're open to a proposal." But he also says, "We're not actively seeking a proposal."

Side by side. Can two services hack it in the current economic environment? Sonkin is ambivalent about two network services existing side by side. "Two services mean two sets of numbers," he explains, bringing in its trail the problem of deciding which set is correct. On the other hand, two services avoids the disadvantages of monopoly, he adds. "One service can be a check on the other and also a spur to improvement."

As to the differences in the data between the two services, Sonkin's "impression" is that AGB's lower numbers are probably due to its editing rules. By that he means that AGB is rigorous about excluding households from the final tabulations when there is something not according to Hoyle in the people meter data.

NBC's research chief Bill Rubens says the network is waiting for a proposal, but was vague about the degree of interest in subscribing. That depends on the proposal and the negotiations that follow, he explains.

Price is not a factor, Rubens maintains. "In the beginning AGB offered twice the sample at half the cost in comparison with Nielsen," he recalls. "But AGB is not talking price now."

It's a foregone conclusion that Nielsen will be the service of record next season, according to Rubens. "So price is not a big incentive, anyway, if you're not going to use the data." Although AGB has hopes of being a factor in the upcoming upfront market, Rubens feels that "realistically, it's too late for that."

Regarding the practicalities of two services existing side by side, Rubens sees it as a possibility in the short run, but not in the long run.

work TV time, Paul Isacsson, executive vice president, director of broadcast programming and purchasing, says AGB is used by research people for evaluation "but not used in a day-to-day sense for buying." What's occurring at Y&R is precisely AGB's problem, explains Isacsson. "They haven't been able to become a day-to-day standard." But while, he says, AGB's data are often different from Nielsen's, "AGB is as good as Nielsen scientifically."

Room for two

At N W Ayer, which is in the process of gathering points of view about the ultimate future of AGB, senior vice president Howard Nass feels there is room for two services and says the agency has been encouraging AGB to improve. "We realize that it takes time to understand U.S. ways." Nass says the agency feels a competitive environment for audience measurement is a healthy thing and helps to keep prices down.

While agency subscribers pointed out that there have been glitches in the AGB service and that data delivery has not always been on schedule, one agency media executive, who would not speak for the record, took AGB to task seriously for errors in its data. "Its a big problem they have to address," he commented. "They can't survive if they don't mend their [error] problems. Published information seems to come through with errors again and again. The errors may seem small sometimes, but AGB has to have control over it. What they might need are some bright kids who know ratings to go over the numbers."

There was some difference of opinion about the significance of the fact that AGB and Nielsen numbers do not always agree, but none of the agency executives queried said the differences were critical. Jay Schoenfeld, executive vice president and media director at Backer, Spielvogel, Bates noted that while household ratings were about the same, the "usual prime-time demos" showed AGB from 4 to 17% lower than Nielsen when all three networks were combined. "It's unpopular to be low," he commented succinctly. But Schoenfeld added, "That doesn't mean AGB is wrong." Gerster says, "The fact that AGB is lower is not an issue."

Nass has a theory about why AGB's figures are lower than Nielsen's: "My impression is that Nielsen is much more effective in motivating household members to push buttons. That may be why they have higher numbers. I don't think AGB is educating its sample households properly."

Though none of these comments suggests AGB has been making any progress recently, Richard Hamilton, senior vice president, media director, at DMB&B cautions against making any firm inferences. "It's too early to predict who will survive." While refusing to speculate on the outcome, Hamilton did say that in the long run he didn't believe that two services could survive.

In the meantime, the agency is continuing to evaluate the two services in parallel. Says Hamilton, "We do data comparisons, track sample design and sample composition, look at the differences in the people meter and compare AGB and Nielsen ratings with other ratings, such as from diary and telephone." The DMB&B executive notes that AGB had more startup problems than Nielsen but feels these problems are mostly solved. The AGB service, he says, "is fundamentally sound."

An evaluation of both services has begun under the aegis of the Committee on Network Television Audience Measurement (CONTAM). Membership of the committee, whose structure goes back to the '50s, consists of representatives of the three major networks and the NAB. It is chaired by George Hooper, vice president of audience research for NBC.

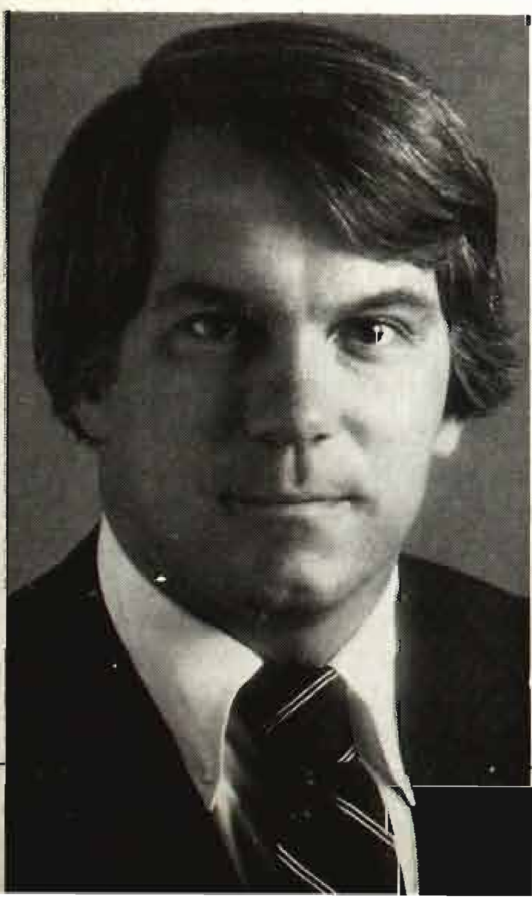
The latest evaluation of people meter measurement by CONTAM—it is not the first—will be a methodological study. This differs from CONTAM's 1987 studies of NTI, which compared the national meter/diary and people meter results with a telephone coincidental study conducted by Statistical Research Inc. (SRI), Westfield, N.J.

SRI, a highly respected research firm, will also conduct the methodological study and Hooper explained that the research house is assembling what is in effect of list of questions to be answered. As an example, he cited cases where some of the NTI sample homes showed a decline in viewing after a VCR was installed. "Since that doesn't sound right, that will be looked into."

CONTAM is not looking to find ways to increase viewing levels, Hooper contends. "The purpose of the study is to make sure that the ratings information is the best possible." To that end, advertiser and agency input has also been sought. NTI will be studied first, with results probably to be distributed by late summer. Hooper expects the AGB part of the study to be completed well before the end of the year.

Grey media chief says agency is tracking but not using AGB and adds, "There's no gun to my head to decide."

Alex Gerster



Howard Nass

Ayer media exec feels there is room for two national rating services and that competition is desirable.

'Media white paper' by DMB&B says AGB has tough battle ahead

The question of whether the ad industry will support two national TV audience measurement services was tackled late last month in a 30-page report by DMB&B. In a "media white paper" entitled *AGB and NTI: A Status Report*, the major agency concluded, "We don't yet know which company will provide the better service in the long run." But it suggested that AGB faces a tough battle to survive.

In a summary of the report, authored by Bruce Goerlich, corporate media research director, and Denman Maroney, managing editor of the agency's media publications, DMB&B noted that the national TV marketplace is "hostile" to AGB because, as currently structured, "it is too small and compact to support two audience research services and NTI is the service of record."

The report went on to say that too few players share the available pool of national ad dollars and "most of those dollars are spent in the brief, frenetic negotiating period known as the upfront market."

May change. In the longterm this situation may change if "emerging networks" like Fox, ESPN, TBS and USA become truly competitive with ABC, CBS and NBC, the agency argued. "Short term, however, only one research service is likely to survive: the one which provides the best quality audience research to its client programmers, advertisers and agencies."

DMB&B believes that the people meter methodology is superior to Nielsen's previous measurement system but finds "it is flawed in some respects." The agency is convinced that the network erosion shown during the current season "is as much real as methodological in origin." But among the flaws it cited the inflation of late night ratings "because respondents tend to fall asleep without logging off," and it considers people meter ratings for children distorted because "young people cannot be counted upon to use the meter properly."

On the question of whether the industry will pay for two services, the agency points out that while there are eight agency AGB subscribers who account for 50% of network billings (AGB itself says over 40%), the bulk of the revenue for a national TV service is paid for by the broadcast networks. And only one—CBS—has signed with AGB.

DMB&B expects CBS to continue its contract with AGB as it gives CBS "slightly more favorable ratings" than NTI does, but the agency believes that the other two networks "are finding it difficult to justify the substantial expense of AGB subscription." In the meantime the agency has learned that both ABC and NBC are evaluating AGB with no completion dates set or in sight.

As for the other subscribers—the six syndication entities and two advertisers—there aren't enough of them to provide AGB with the cash flow that the networks could, according to DMB&B.

The result is that key industry funding for AGB "does not look good for the beginning of the next broadcast season," says the agency report. "This does not mean that funding could not become available some time next season. The problem AGB will face then is agency contract renewal. Agencies with hard-pressed bottom lines will need overpowering reasons to continue paying for both services."

The strongest argument in AGB's favor, says DMB&B, is that the competition between rival suppliers "has raised the quality of television audience research at the national level."

In discussing the question of whether the national marketplace can support two services, the DMB&B report pointed to arguments that there are two services in the spot TV market—Arbitron and NSI. But the report says there are special reasons for this: "(1) The spot market has more than enough players to share the cost. (2) Local stations (for the most part) make enough profit to buy both. (3) The cost to agencies of spot TV research is very reasonable. (4) The players believe competition between rival suppliers assures them better-quality research."

One of the major moves by AGB to get greater acceptance is its new computerized WorkBench system. This gives clients direct, desktop access to the AGB database. The data, which is manipulated off-line, is contained in diskettes, each of which contains five weeks of data—the recent week and the previous four weeks. "It's a complete hardware and software package," says Barry Kaplan, AGB's marketing chief.

Data presently available covers viewing to the major networks. Data from the cable networks will come next and syndication last. "It's a buyer's tool now, but it will be a research and buyer's tool," Kaplan promises. Reach and frequency computations are not now available through WorkBench, but will be this summer. For now they can be ordered through AGB's Columbia, Md., facility.

Difficult access

At Y&R, which is now installing WorkBench, David Marans, vice president, communications information services (media research), says it has been more difficult for researchers to access AGB than Nielsen data. Y&R researchers have been accessing Nielsen data through Donovan Data Service, explains Marans, who adds that DDS has become more popular in recent years for buying purposes also. As for why Donovan has not developed a service for AGB, Marans presumes, "They have been in no hurry to double their work load." Hence, he says WorkBench has been AGB's solution.

Marans notes that AGB had been ahead of Nielsen in developing "fingerprinting" technology (coding) for tapes used in recording programming off the air, but says it looks as if Nielsen has achieved parity in this respect. The ad agencies, in particular, welcome fingerprinting because they want playback counted as viewing, not recording, which is the current procedure. However, Marans points out that neither service will count playback as viewing during next season, a disappointment to the agency. Both services say they are seeking industry consensus on the rules to be applied in measuring playback. □

Networks betting on 'wheel'

Will it land on the right numbers for ABC, NBC?

By JAMES P. FORKAN

Network TV programmers are trying to reinvent "the wheel" concept for prime-time this fall, though it's unclear whether it will roll as well as it did in the 1970s on NBC.

The wheel is an anthology with three or more rotating elements or "spokes." NBC in the past had not only the *Sunday Mystery Movie* but *The Name of the Game*.

Though considered risky by some, this approach strikes others as less so than previous anthologies like ABC's *Disney Sunday Movie*, CBS' *Twilight Zone* and NBC's *Amazing Stories*. Because each week's episode was different and there were therefore no continuing characters with which viewers could become involved, *Zone* and *Stories* fared poorly in the Nielsen household ratings race and *Disney* had mixed results.

NBC confident

NBC remains confident in the anthology idea, having committed early on to *Jim Henson Presents* as a January series entry. This show will include at least one semi-regular segment since *The Storyteller* dramatic specials now will be put under the *Henson Presents* banner.

The ad agency community seems enthused about the potential for the wheel concept, more so about ABC's *Saturday Mystery Movie* than NBC's *The Magical World of Disney*.

At BBDO, Steve Grubbs, senior vice president and director of national TV buying, likes ABC's daring move, though he and John Sisk, senior vice president and director of network negotiating at J. Walter Thompson USA, feel it would work better on Sunday than Saturday. "But maybe ABC didn't want to be seen as copying what NBC did years ago," says Grubbs. Also, he guesses that ABC considers its action/adventure wheel better counterprogramming to NBC's Saturday sitcoms *Golden Girls* and *Empty Nest* than to NBC and CBS Sunday movies.

ABC's *Mystery Movie* "will do very well," predicts JWT's Richard Kostyra, executive vice president and U.S. director of media services, because "the concept is good, the three keys are all strong [stars] and at this point seem to be in strong program roles." Going up against *Girls*, which is "heavy female and old" in skew, and against CBS's *Tour of Duty*, which is heavily male oriented, *Mystery Movie* should lure "a strong dual audience 18 to 49 and run a very strong second to NBC," Kostyra predicts.

At the tail end of the night, CBS' *West 57th* is "not strong competition," and NBC's *Hunter* "could be weakened dramatically" if the anthology takes root during the preceding hour, Kostyra adds.

At William Esty Co., Tom Winner, senior vice president and director, broadcast media operations, calls ABC's rotating mysteries "a brave and interesting idea" and a costly one as well. "Frankly, I hope it works. There's a chance it could make a lot of sense" on Saturday, a big movie night for moviegoers or those who watch the pay cable channels or who rent movie videocassettes. "They're going right after those who rent VCR's" with actors who have star quality, he says. More important than this program's being a wheel concept, he adds, is the execution of each individual series.

As for the *Disney* wheel, Kostyra foresees that doing well because it will draw an alternative audience of families and children who are not attracted to the other shows in that time period, namely CBS's *60 Minutes* and ABC's *Incredible Sunday*. BBDO's Grubbs thinks Sunday 7 to 9 p.m. (ET) will be a key problem area for ABC with *Incredible* and *A Fine Romance*, so NBC's *Disney* should benefit.

A better mousetrap?

Esty's Winner predicts that *Disney* will build beyond its levels on ABC but "not dramatically." The reason has less to do with its wheel format than with the fact that its elements are "not that new or different" to youngsters who have "so many other choices" in that time period.

On NBC, the Disney wheel's spokes will consist of: *The Absent Minded Professor*, starring *Night Court*'s Harry Anderson; *Davy Crockett*; an as yet unnamed action-adventure series, plus a blend of new specials like *Parent Trap III* and classic movies from the Disney archives like *Dumbo*. Disney specials like *Mickey Mouse's 60th Birthday*, due in November, and *Mickey's Christmas Carol* in December could air within the Disney package or in 8 p.m. (ET) slots during the week, various admen guess.

At NBC Entertainment, president Brandon Tartikoff is among those wondering about how the wheel will perform this autumn. While he is predictably confident that NBC can make the *Disney* series click in its revised form, he is,

Brandon Tartikoff

Brandon Stoddard

again predictably, less confident about the outlook for ABC's new version of *Mystery Movie*. The latter series in fact is among the factors that could determine whether ABC stays ahead of CBS in the new season, as he foresees the fall fray.

One of the questions he had, he says only half-jokingly, is, "Will Peter Falk show up for work?" Recalling, "I was here [at NBC] when we had *Columbo*"—with Rock Hudson's *McMillan & Wife* and Dennis Weaver's *McCloud*, the other major spokes for NBC at the time—he called NBC's *Columbo* production "the original *Moonlighting* unit," a reference to the latter series' infamous script and production delays.

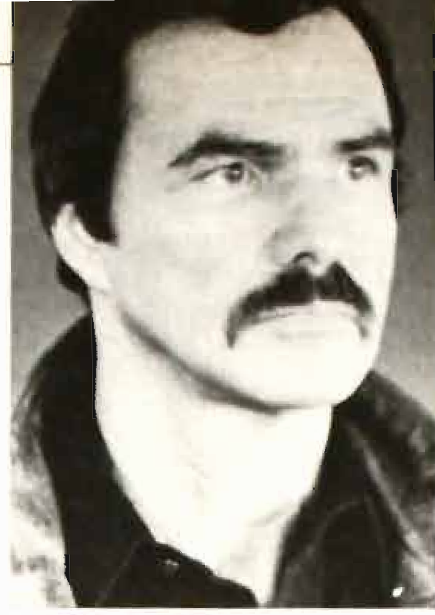
Despite that history, Tartikoff admits to chasing Falk periodically during the past six years without success. NBC's *Mystery Movie* ran from fall 1971 into spring 1977, with the 1972–73 season its best; it averaged a 24.2 Nielsen rating to rank No. 6 for the entire season. It slipped to 22.2 at the end of 1973–74 for 14th place and to a 21.3 average, ranking 24th in the 1974–75 season.

Much of ABC's success will depend on the concept and scripts of all three programs under the *Mystery Movie* umbrella, he and various agency execs agree. Given the writers' strike, however, there is not much script material ready, and Tartikoff contends that the concepts are so vaguely defined as to be "a real white card."

ABC, of course, disagrees. Brandon Stoddard, ABC Entertainment's president, emphasizes that *Columbo*'s original executive producer, William Link, and its original producer/writer Richard Alan Simmons will return on the Universal revival of the rumpled, disarmingly brilliant detective Columbo.

The two new spokes also have premises, with Stoddard noting that Burt Reynolds will portray a retired New York cop who becomes a Palm Beach, Fla., private eye and clashes with the city's powerful, while Lou Gossett, Jr. will be an anthropology professor who quits teaching to travel the globe in search of mystery and adventure.

Stoddard dismisses Saturday night's fare as "mediocre," with the exception of *Golden Girls*.



Burt Reynolds

Harry Anderson goes Disney

Though considered risky by some, new "wheel" approaches are seen as less so than anthologies.

"Jim Henson Presents"

ABC and NBC executives point to CBS's standstill Saturday lineup as the main reason for optimism for ABC's anthology wheel. CBS' low-rated *Tour of Duty* and *West 57th* leave ABC the opportunity to run a strong second, they reason.

Gerald Jaffe, vice president of research projects at NBC, feels CBS' renewal of those Saturday weaklings indicates to him "poor development" at CBS. Tartikoff goes further, stating that CBS is admitting it is "out of the game" on that night. That move, he feels, also is "begging for [audience] erosion to increase."

At CBS, programming boss Kim LeMasters counters that *Tour* and *West 57th* have potential to build gradually on their loyal core audiences and deserve the chance.

David Poltrack, CBS' vice president of marketing, says that the key questions about whether ABC can continue its turnaround at CBS' expense are: "Will the wheel work?" and will *Moonlighting* rebound?

"I think the wheel is basically the highest risk, the biggest gamble" on ABC's schedule. If it works, it will solve a major ABC problem night, he admits, but if it fails, it "could be another *Dolly*" in terms of costs.

As for *Disney*'s wheel, Tartikoff feels that now will form a formidable family-appeal block with *Family Ties*. He chose the same slot ABC had used because, he now admits, *Disney* won there among women 18 to 34, teens and children last season.

Unlike ABC, which was "virtually dark Thursday through Saturday" in terms of having strong-rated vehicles on which to promote its Sunday *Disney* and movie titles, Tartikoff notes, "We've got the promotion power" to call more attention to the Disney series. Moreover, he feels its wheel revamp can build a greater following than did the previous anthology format.

The male-appeal *Crockett* remake and the as yet unnamed action/adventure series probably will be scheduled behind NBC's overtime Sunday National Football League games, he notes, while the more female-oriented shows like *Parent Trap III* will go against CBS's NFL overruns. Tartikoff hopes to offer the two-hour *Davy Crockett* premiere in "late October," leading into the similarly male-skewed movie *The Great Escape: The Final Chapter*. □

Viewpoints

Thomas L. Greenbaum

Managing director, Connecticut Consulting Group, Wilton, Conn., one of the country's largest marketing, promotion and sales consulting firms. Greenbaum is author of "The Practical Handbook and Guide to Focus Group Research" and teaches marketing consulting in the Continuing Education Department of Harvard University.

The annual physical: Radio stations also should be taking them

Thousands of radio station executives throughout America reluctantly set aside one day each year to go through the unpleasant process taking their annual physical.

While it is very commendable to have annual cardiograms, cholesterol checks, chest x-rays and other related elements of the physical exam, few station executives look at their business from the same perspective. Even the best run radio stations develop problems over time, which, if left unchecked, can result in the deterioration of both share and station revenues. Enter the station physical.

Elements of station physical

The specific areas of investigation in a radio station physical exam will vary depending on the size and type of organization being investigated. However, as a general rule, the following represent the elements of such an evaluation that will be a part of most exams:

1. *An assessment of the station programming in terms of how it may have changed when compared to previous years.* This evaluation would include a determination of at least the following:

a. How does the basic program offering (i.e., type of music played, talk features/programs offered, etc.) compare with what the station has offered in the past.

b. How is the station handling ancillary program elements such as news, weather, traffic, time and sports at the current time, compared to the past, and how are these perceived by the listeners.

c. Are station personalities retaining the same level of listener interest and excitement that they have had in the past?

d. What trends are evident in time spent listening to the station relative to the past.

2. *An evaluation of the most significant changes in the competitive marketplace that has impacted on the station in the past year.* This should cover such things as the share changes from FM to AM, new station formats in the market, and major personality shifts.

3. *An assessment of the awareness and image of the radio station and its personalities/programs relative to prior years.* This evaluation would include such things as:

a. A determination of the "top of mind" awareness of the radio station both in the absolute and compared to the major competitors.

b. An assessment of the "top of mind" awareness of the key personalities on the station compared to like figures on competitive properties.

c. An analysis of the image of the station both in the absolute and how it compares with prior years.

4. *An evaluation of the station communications effort.* This part of the program is often called a "communications audit." It includes:

a. An evaluation of the advertising effort, in terms of its ability to generate awareness and to communicate the most important copy points to the primary target audience.

b. An assessment of the station public relations program, in terms of the visibility of the station in the community and the press coverage received by the station in the past year.

c. A review of all printed materials that were developed for exposure to the listener, including such things as program listings, promotional pieces and plastic cards.

5. *An evaluation of the local and national sales effort which the station has mounted in the past year.* This assessment would include an evaluation of at least the following:

a. The relative effectiveness of the past year's sales effort, when compared to prior year's. The evaluations would be made on a variety of measurements, such as closure rates, revenues generated per sales person, call averages, quality of advertisers and length of schedules obtained.

b. The sales procedures employed by the organization to execute its selling effort. This would include such things as the sales call process, the reporting and control system, territory management programs, and sales planning.

c. The use (or lack) of incentives and motivation programs for the sales organization and their effectiveness in achieving the objectives for which they were established.

d. The effectiveness of the promotional materials that have been developed.

6. *An evaluation of station promotion activities over the past year.* The focus of this analysis is to provide an assessment of the relative effectiveness of the promotion that the station has done, both on and off air, to build audience share.

The annual station physical is at least as important to a radio property as the personal physical exam is to an individual. In the case of the station physical, most executives would agree that each new year brings meaningful changes to their radio market which must be considered if the station is to be successful in achieving its longterm share growth and revenue objectives.

Programming

Ad buyers see syndex as opportunity for indies and cable networks in sales

The FCC's reinstitution of syndication exclusivity may cause some additional shifting in buying to indie stations and cable networks by ad agencies and may send up a cautionary red flag to ad buyers of syndicated programs.

Both these projections center on whether the superstation concept becomes a thing of the past, as is speculated, when syndex goes into effect sometime next year. If syndex puts such "passive" program carriers as WPIX(TV) and WWOR-TV, both in New York, and WGN-TV Chicago, into the history books as superstations and returns them to "normal station" status, the results will be twofold, according to

Michael Drexler

Michael Drexler, national media director at Bozell, Jacobs, Kenyon & Eckhardt. These are that the ratings delivery on independent stations will increase and that it will improve the opportunities for cable networks to produce more original programming.

If both hypotheses hold, continues Drexler, they will probably translate to increased ad spending on both. "Having product exclusivity will enable the indies to compete more favorably in the marketplace," says Drexler, "and we will see greater use of independent stations. Because of exclusivity, local spot money will accrue more to indies that show improved audience delivery."

On the cable end, Drexler notes, "There will be a greater interest in evaluating cable, with possibly more ad money being spent in that area. But, assuming that cable networks go more heavily into producing original programs, "the networks will not reap the benefits of their efforts immediately. On a national basis, it will take longer for them to see the benefits than the indies because it will take time for these new programs to deliver."

"There's more to coverage than meets the uneducated eye."

Superstations to date haven't had delivery problems, continues Drexler, because many of the programs they carry are off-network reruns and "had established ratings from day one. Those programs already had familiarity and popularity from when they were carried on the networks. The superstations had almost instantaneous audience delivery. Whereas now, cable-produced programs will take time to develop in the marketplace."

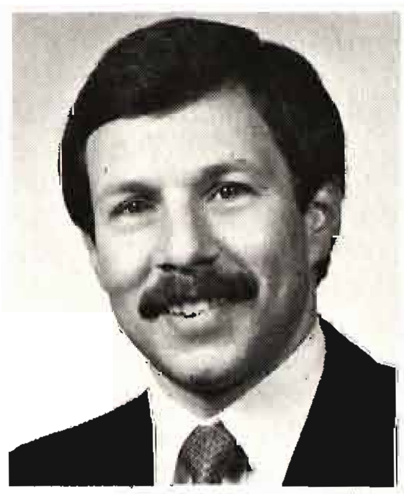
Another agency buyer of syndicated product sees syndex as inadvertently alerting other negotiators that "there's more to coverage than meets the uneducated eye." Specifically, the adman, who didn't want his name mentioned, charges that the less sophisticated buyer is lured into advertising on a program whose penetration from a superstation is factored into the overall potential coverage

Not many sophisticated buyers. "There are not that many sophisticated senior buyers out there that know how to read a lineup," he asserts. "A lot of them don't bother to ask how much of the coverage is landline and how much is cable. He may have been told by the syndicator rep that the program has cleared 75% of the country, but he doesn't bother to find out that perhaps 7 or 8% of that comes from cable clearances, which really makes the coverage very inadequate."

But, he continues, with the superstations probably losing their clearance clout because of syndex, depending on negotiations, the admen will automatically begin to realize the function of the superstation in terms of coverage. "Let the buyer beware now that these large carriers will no longer have the extra coverage. They should be viewed as only one station in its market," he emphasizes.

Drexler at BJK&E notes that his company has always viewed a superstation in terms of bonus coverage and not as necessary penetration. "Now, however, I expect to look at the inclusion of a superstation as just another local outlet, so nothing has really changed. But if it was viewed as additional coverage, it may have to be looked at closer, because you may have lost some ground."

Icing on the cake. At J. Walter Thompson, Larry Grossberg, senior vice president, negotiations, says his view of superstations has always been that they are icing on



Larry Grossberg

the coverage cake. His rule of thumb is to get at least 75% coverage on a station-by-station basis and additional penetration received if a superstation in the lineup is deemed an extra bonus.

Grossberg believes the pressure overall is on the syndicators who without the superstation's extra clearance clout, will have to sell harder to stations to make up for the potential loss of clearances.
—**Robert Sobel**

'Golden Girls' closes three major markets for high prices; goes on June sales hiatus

Buena Vista Television will give *Golden Girls* a month's vacation this month and will return to open markets for the off-network series beginning in July. According to Robert Jacquemin, senior vice president, the selling of the off-network sitcom is on hold until the network affiliates meetings are over and buyers have returned to their desks.

Meanwhile, in its initial selling thrust, BV has closed three of the four markets on *Golden Girls*, getting "substantially higher prices than the minimum upset price, says Jacquemin. In New York, WNYW-TV was the winning bidder, and WCAU-TV Philadelphia, CBS affiliate, and KPIX-TV, Group W station in San Franciso, took the bidding honors in their respective markets.

Jacquemin is particularly pleased with licensing the program to WCAU and KPIX, because both stations were *The Cosby Show* buyers as well. "That told us that the stations that own *Cosby* are committed to maintaining their franchise. In the top 50 markets, *Cosby* was bought as an early-news leadin, and *Golden Girls* follows in those footsteps."

While Jacquemin says he doesn't reveal market rates received for product, he notes that the aggregate amount of cash that *Golden Girls* will receive in the three markets is "two-and-a-half times greater than was received for *Cheers* or *Webster*," and about two-thirds of *The Cosby Show*.

Multiple offers received. In the fourth market, Chicago, Jacquemin adds, multiple offers were received for the sitcom, which will air in 1990 or 1991, depending on a sta tion's options. One offer was made in Chicago at the minimum pricing level, "but the terms were unacceptable," he notes. Jacquemin says the upset price in Chicago was \$90,000 per episode. "This is not far beyond what the marketplace is at for a half-hour sitcom, which is somewhere around \$70,000, so I don't think we overpriced ourselves. We have until 1990 to resolve the differences on the terms, so I don't see any problem in closing Chicago."

Jacquemin believes the recent decision by the FCC to introduce syndication exclusivity rules will help the prices on *Golden Girls*. "It is worth more. Just how much more remains to be seen. That generally gets resolved in the marketplace. The bidding process won't change on *Golden Girls*. It won't impact that because what we are seeing is that stations are willing to pay more than the minimum price. I don't know whether they are doing that because of the exclusivity. It may have already been factored in."

Robert Jacquemin

First-run arena. In the first-run arena, Jacquemin says that superstations have "substantial value." Any time you have a cash, cash and barter or barter, the superstations were willing to pay a slight premium over and above the marketplace because the product has greater value to them than to a regular station.

"On a one-to-one superstation relationship regarding 100% barter, the relationship is even greater because we are able to generate the full extent of that value that comes from the extended coverage. This amounts to anywhere from one-half to a full rating point, combining WPIX(TV) New York and WGN-TV Chicago." Both, also, are two quality stations in important markets, which adds to their value, says Jacquemin.

On the other hand, Jacquemin adds, he has never had a program that required a superstation to get minimum clearance.

'Dramedy': hybrid or strange bird?

The "dramedy"—the most unusual programming genre change of the past season—wound up posting mixed ratings results.

That half-and-half ratings reception may be appropriate, given that dramedies are a half-hour blend of dramatic and comedic content.

At NBC, *The Days and Nights of Molly Dodd* is getting a spring–summer shot at renewal, though Brandon Tartikoff, NBC Entertainment president, seems less than enthused about this hybrid genre.

He feels viewers are uncertain how to react to dramedies—"the d word," as he put it—since they are neither totally serious nor overtly funny. As for *Dodd*, he says, "I don't know if it's a commercial show yet."

At CBS, Kim LeMasters, the entertainment division president, says *Frank's Place*, its only dramedy entry, is one of his favorites and yet it is not on the fall slate.

Calling that "probably one of the toughest decisions," he says *Place* is being held back for reintroduction after CBS has built up more "advantageous" time slots. While calling the ratings track record for dramedies like that "disappointing," LeMasters says it is "not incorrect" to experiment with such offbeat fare.

Meanwhile, ABC Entertainment president Brandon Stoddard has renewed *The Wonder Years* and *Hooperman* while axing *The Slap Maxwell Story*. *Years* this fall will occupy 9 p.m. Wednesdays, bumping *Hooperman* to 9:30.

Although viewers are "not yet comfortable" with this unusual concept, David Poltrack, CBS's vice president of marketing, predicts that "the real test" for dramedies will come this fall, when *Wonder Years* goes on its own, away from the *Who's the Boss?* protection it enjoyed last spring, and *Hooperman* follows. *Hooperman* was the highest rated dramedy of last season, averaging a 24 Nielsen share.

Viacom in multimillion-dollar campaign on 'Cosby'; actor spearheads promos

Viacom Enterprises has launched a massive promotion campaign heralding *The Cosby Show* into syndication, set for airing on stations in October. The campaign will not only cost Viacom a stack of money (in the multimillion dollar range) but will have Cosby's imprint as well.

The campaign, the brainchild primarily of Lisa Merians, vice president, creative services, and Nancy Orgel, director, station advertising and promotion, contains eight basic elements, according to Dennis Gillespie, senior vice president, marketing, at VE. These are on-air TV promotion spots, radio commercials, national print advertising, billboard displays, premium arrangements, co-op deals with stations, followup sales promotion from its previous support, and the hiring of two public relations firms.

"This is something special in that Cosby himself is participating."

Regarding on-air TV promos, Gillespie says the spots will be divided into four different phases timed to coincide with the *Cosby* launch: awareness, generic, episodic and tags, all created and spearheaded by Cosby. "This is something special, in that we have Cosby personally participating so that what is seen on the air is not footage from the *Cosby* show. They are not the standard tape clips from shows that go out with a voiceover; they are promos shot on film by Cosby personally."

Cosby in campaign. Gillespie emphasizes that "Cosby has thrown himself into the campaign in a way that makes him a terrific salesman. Stations across the country will see *Cosby* directly helping them market their shows and in person. That extension of the enormous appeal of *Cosby* himself, the larger-than-life entertainer, is very much a central and major part of the campaign."

Radio spots are being produced by Chuck Blore and will be folded into the package. Regarding national print advertising, Gillespie notes, the company will supplement the local station's print efforts with tailormade slicks and mats for stations, six full pages in *TV Guide*, and a color insert. The magazine ads will be placed two weeks before the TV launching of the show, says Gillespie.

The Huxtables, *starring Bill Cosby as the good doctor, in "The Cosby Show." Syndicated series is distributed by Viacom Enterprises, which is launching a large-scale promotion spearheaded by Cosby.*

The local print ads will be compatible for use by stations to promote *Cosby* in combination with other programs carried by the station. This is especially important in that *Cosby* is expected to give ratings weight as a lead-in to such things as local news, explains Gillespie.

Billboard material sent. Also, billboard material that will be sent to stations can be tailored specifically to those markets which are good outdoor markets. "Not all are, but we will provide the art and the design to which they can insert their own logos for *Cosby* and for other shows." Too, VE will provide stations with a premium service. "The package will be different and of high quality, consisting basically of giveaways that stations can order centrally through us as a clearinghouse."

In the co-op arena, Gillespie says, Viacom will introduce a plan that will financially support the projects of individual stations. A company, The Agency, has been hired to be Viacom's field force in determining which stations should be involved in the co-op plan. "Basically, we will be asking stations what their promotion, advertising and marketing plans are for *Cosby* so that Viacom can participate in them.

"In one market, that may be radio, or in some cases it may be a combination of radio and outdoor advertising or something else. That's up to the station. What we are saying is that we will try to do what makes sense for the station. We will make a specific amount of money available to the stations to support the campaign. Money will be allocated according to the station's response on its plan.

Hired for year. The Agency, points out Gillespie, has been hired for a year, exclusively to be a consultant for other Viacom product as well. The Agency will function primarily to aid stations in local markets regarding promotion and marketing of Viacom's shows. Also hired were two public relations companies, The Brokaw Co., Cosby's public relations firm, and The Lippin Group, to work on the *Cosby* syndication effort.

On the sales promotion level, Gillespie notes that the stations were sent several months ago a sales promotion kit that has basic sales material that can be customized and used. "In terms of that sales promotion, Viacom is following up by sending life-size *Cosby* cutouts to be used at premiere parties and in building lobbies."

Combining all the generic promos, the tags, launch promos and different promo spots, Gillespie estimates the number of spots will total more than 300.

Regarding the timetable on the spots, Gillespie notes he is not stating when the promos should be run. "We are not going to suggest to stations that we know what they should do in terms of making the *Cosby* promotion work for them in local markets.

"We are participating as partners but have a point of view, which is that the on-air promotion for *Cosby* should be timed to make an event out of the fact that *Cosby* will appear five days a week."

Binder, 'Peck's Bad Boy,' has projects lined up, including movie from songs

Producer/director Steve Binder, who doesn't like intrusive pressure from the networks, nonetheless, has six projects working, four involving music and two action-adventure films.

Binder, who says he's been called "Peck's Bad Boy" along Madison Ave. for his unorthodox approach to going against network pressures, is working on:

- A two-hour movie for CBS, which could become a series, based on the tunes from the Northern Songs catalog of Beatles material owned by Michael Jackson. Binder, through his Binder Entertainment, secured the rights to the songs through 1990. He'll be the executive producer.
- Developing a two-hour action-adventure film for CBS, based on a story called *Out of the Blue*, which he'll exec-produce and direct.
- Developing a half-hour variety series for the musical group Kid Creole and the Coconuts for network, syndication or cable, depending on who buys the concept.
- Developing a half-hour series based on a modern one-ring circus, for network airing.
- Developing for Disney a half-hour dramatic comedy with music for the Jeffrey Layne written screenplay, *In His Own Way*, featuring music by David Pomerantz.

Of all the projects the 55-year-old producer-director has been associated with during his 32 years in TV, he calls the series built around John Lennon-Paul McCartney songs "the one property in my life that has the most responsibility. The world will look at what we do with this catalog."

Dramatic. Binder plans creating "a dramatic series based on the essence of each song title." The live-action program will feature a repertory company of actors portraying characters in the songs like "Sergeant Pepper" or "Michelle" or "Lucy" from *Lucy in the Sky With Diamonds*, for example. There are 3,000 plus tunes in the catalog to draw from."

Notes Binder, "We don't have to follow the literal translation of the song lyrics, only capture the essence of the song."

The pilot will probably be a trilogy of songs. The music will be the main title of each episode and will also be used as the underscore to the on-screen dramatic moments. One major request he will abide by is not to use the word "Beatles" in association with the series.

If the writer's strike is settled soon, Binder could have the movie made by this fall. And once the labor dispute is ended, Binder will sign a writer for *Out of the Blue.*

Pee Wee Herman and Steve Binder go over some material for "Pee Wee's Playhouse," produced at the Hollywood Center studios.

Binder prefers to shoot in Hollywood and does several projects, including *Pee Wee's Playhouse*, at the Hollywood Center Studios where his company is located.

Although he's best known for directing variety specials from Elvis Presley to Liza Minnelli to Barry Manilow's recent *Big Fun on Swing Street*, Binder has done several dramatic films, so he's comfortable with *Out of the Blue* and *In His Own Time*, the latter which he says has been rejected by NBC and CBS because "it's too avant-garde." This is a story about people who want to "succeed in a yuppie world, but still have a conscience."

Frustration from industry. He's currently facing the frustration by the industry that viewers don't want musical variety programs. "I don't agree with that," he says. With variety programming, you're not given enough time to find an audience, he charges. "While artists are always interested in something good for their careers," Binder believes, "the problem is they come on TV and make an ass of themselves because they're not given the right material."

He plans to avoid this imbroglio by developing the right format for Kid Creole, a revue which will have a cast of about 20.

There is one other conception Binder riles against: the network proposition that major name guests are needed for every show. In 1967 Binder produced the NBC special with Petula Clark and Harry Belafonte, and it broke the color line on primetime TV.

One year later Binder was signed to produce an Elvis Presley special for NBC. Binder says he told Presley to approach the special "like another record album and I'd put pictures to it." NBC wanted to add guests, but Binder convinced Presley and his manager to focus the show on his singing exlusively. Presley backed him up, so he was able to resist their suggestions for guests.—**Eliot Tiegel**

UniWorld plans TV specials with AT&T

The UniWorld Group is expanding into the TV programming field with a new division that chairman Byron Lewis describes as "a survival mechanism" for his black-owned ad agency.

The agency, which claims its $52 million in billings makes it the largest ethnic agency in the east, has begun syndicating its first TV special, an AT&T-sponsored hour called *Sweet Auburn, Comin' Home.*

Gene Davis

Byron Lewis

AT&T will back a series of other specials on black life, according to Gene Davis, the executive vice president in charge of the new unit, UniWorld Entertainment.

Davis, formerly the producer of the syndicated *Essence* TV series, hopes to clear 65% of all TV households (including 80% of all U.S. black households) for *Sweet Auburn*, which has a May through July barter-syndication window. Ray Horn Syndication, New York, already has booked 12 of the top 20 markets.

Jackson show due. The hour, co-hosted by Julian Bond, focuses on Auburn Avenue in Atlanta, where Martin Luther King, Jr., Vernon Jordan and other civil rights leaders were raised. It was directed by Regge Life, a director of *The Cosby Show*.

Davis says he will develop, produce and market TV projects aimed at black and Hispanic viewers.

Lewis says the objective of the new division is to "fill a vacuum" in TV programming while also giving UniWorld clients vehicles for their commercial messages. AT&T is one of its accounts.

Also in production, Davis says, is *Jesse Jackson: Race to History*, which will focus on the candidate's Democratic presidential nomination quest and be available for late fall syndication.

A special about Nat "King" Cole is planned as a coventure with Kell-Cole Productions, he says, while another, about Lena Horne, is under discussion with the singer and the French production house Societe Francaise de Production.

Davis also says he has ideas for *America's Black Forum*, the long-time weekly news and public affairs show now syndicated in 45 markets. One is to include one reporter and segment a week from among *Forum's* station carriers, and another is to add a business feature with Earl Graves, publisher of *Black Enterprise*. Davis also is talking to WRC-TV Washington about producing *Forum* at its studios.

LBS unit name change to Global TeleCom

LBS Telecommunications, a division of LBS Communications Inc., has changed its name to Global TeleCom. But that's the only thing that will change. Global TeleCom will continue to be involved in producution, development, acquisition, distribution, marketing and sales of international and domestic, first-run and off-network syndicated TV programming, cable and home video.

Co-opting a hot syndication genre

"Actuality" programming is shaping up as one of the most visible programming types of the new fall season.

ABC has revived *That's Incredible* as *Incredible Sunday*, which had been the past series' original working title. Though the *That's Incredible* reunion special got only a 20 Nielsen share, ABC execs seem enthused about its potential, more so than most ad agency buyers.

ABC also wants to "co-opt" syndicated event specials with Geraldo Rivera's opening of Dracula's crypt. Though Rivera claims he has not agreed to such a special, ABC maintains it has "an oral agreement."

NBC, meanwhile, is reworking its effective *Unsolved Mysteries* specials into a series format, as its Wednesday primetime leadoff (TV/RADIO AGE, May 30). NBC expects this to offset syndication erosion on "the most vulnerable night on network TV" while also proving a viable alternative for those who dislike sitcoms.

Countering inroads. NBC plans to improve the program offering updates of such "high-profile cases" as Son of Sam plus live events and thematic shows such as one on the 25th anniversary of President Kennedy's assassination in November. If nothing else, this series should help its syndicated rivals lose their novelty, according to NBC officials.

Noting ABC and NBC's plans to counter inroads being made by syndication and the Fox Network, David Poltrack, CBS' vice president of marketing, says he is "pleased" that CBS has no plans for this genre, which he says is "attractive on the bottom line [but] can be easily cloned," even by syndicators of "modest" means.

Cable programming

ESPN will televise the Mazda Gator Bowl beginning this season, under a multi-year agreement. The game will be played on Jan 1, at 8 p.m. Last year's Gator Bowl game was televised by CBS and featured LSU and South Carolina. The game is one of only seven that guarantees a payment of at least $1 million per team.

Showtime has ordered three new films based on the Harlequin romance novels, making it the second cycle of Harlequin movies to air on the service. The new movies are being produced by Yorkshire Television and Atlantic Videoventures. The first new movie is *Out of the Shadows*. The other two are *This Magic Moment* and *Tears in the Rain*.

Two new movies have been added to the **HBO Pictures** roster of 1988 productions. These are *Steal the Sky*, espionage tale, and *Dead Solid Perfect*. *Sky* features Mariel Hemingway and Ben Cross. *Perfect* stars Randy Quaid and Jack Warden. The film is the first entry under the HBO-Paramount cofinancing agreement announced last summer.

Debby Beece has been named senior vice president, programming at Nickelodeon and Nick at Nite. Beece joined Warner Amex Satellite Entertainment, MTV New Networks predecessor company, in 1979 as manager on-air promotions and scheduling. Later, she was named director, on-air promotion director, programming, and most recently, vice president, programming.

Bravo Cable Network will increase its non-movie titles by one-quarter to broaden the appeal of the service. Among the programming to be increased beginning in July are artist profiles, documentaries, theater and jazz. *Culture for Kids*, a series of short stories and performing arts pieces geared for children, will premiere in September. Among the non-movie titles scheduled will be *Breakfast With Les and Bess*, a stage comedy; *Master Harold and the Boys*, and *Jazz Counterpoint*, a daily program.

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Spring 1988

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SELLING WITH PSYCHOGRAPHICS
Fisher Broadcasting takes page from books of P&G, AT&T/71

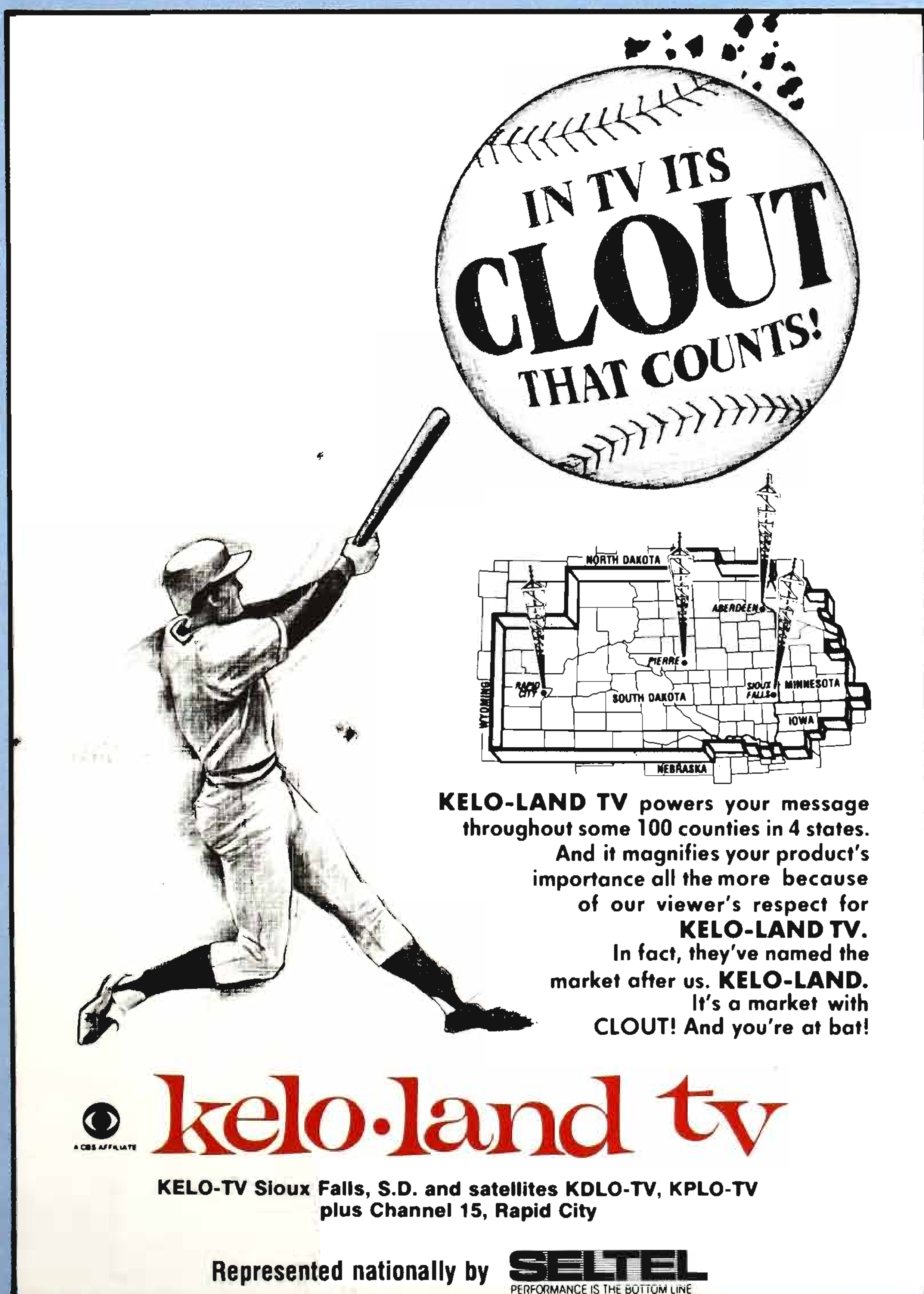
BUYER'S OPINION
Franchisers, retailers, auto dealers boost media service use/73

SPOTLIGHT ON...
Regional radio ticket to success in Connecticut/75

TELEVISION/RADIO AGE

Station Report

June 13, 1988



Shush . . . don't tell anyone! Fisher Broadcasting is using 'psychographics' on advertisers

Agencies for such corporate giants as AT&T and Procter and Gamble use VALS, the "psychographic audience segmentation system." That's an acronym for Values, Attitudes and Life Styles.

And since early March, Fisher Broadcasting, parent company of KOMO Radio and Television in Seattle and KATU-TV Portland, has been one of the few broadcasting companies showing local advertisers and agencies how to use VALS to boost the impact of their advertising.

Phelps Fisher, vice president/director of marketing for Fisher, reports "enormous interest among the creative people here," because the psychographics provide keys to more effective motivation of specific groups of consumers—the people who buy their products.

VALS, developed in 1978 at the Stanford Research Institute in Menlo Park, Calif., splits consumers into nine lifestyles: belongers, sustainers, emulators, survivors, achievers, I-am-me's, experientials, societally-conscious and integrateds.

Fisher says that as VALS subscribers his stations receive "a library of material we can use to help our clients apply their creative assets more effectively." He ties the VALS psychographics in with KMA [KOMO/KATU Market Audit] profiles of the chief buying decision makers and shoppers for each of 50 different categories, from automobiles and apparel to groceries and banking services, and where they shop. "VALS adds the psychographic profiles to help our clients fine tune their messages and do what we're all in this business to do: strengthen the economy by making advertising work better so we can all sell more."

In Fisher's view, the addition of VALS is a continuation of the heavy investment his company has been making since 1978 in unbiased research into the characteristics and shopping habits of Seattle and Portland consumers.

Developed by Stanford Research, the system is called VALS. It's got creative people buzzing.

"For us it's a long term effort—not to prove our stations are better than our competition—but because if we can help our advertisers and prospective advertisers use broadcasting more effectively to increase their business, the stronger our markets' economies will be and the more advertising will be done on radio and television. We'll get our share because we have first-class people and facilities."

The addition of VALS costs more than $60,000 over and above his ongoing research budget, which has been quite substantial since 1978.

For an idea of the interest generated, Fisher says two presentations in downtown Seattle and Portland hotels in early March, one starting at 7:30 a.m., the other at 8 a.m., drew crowds of over 250 people each from clients, advertising prospects and agencies: a total of over 500 people to hear an explanation of VALS from a representative of Stanford Research Institute which licenses use of VALS to the Fisher stations.

"While our initial effort is to enhance our relationship as marketing consultants with our existing advertisers, we're also making inroads in converting retailers with small broadcast budgets to larger investments in radio and television, as well as converting some nonbroadcast users to try us for the first time," says Fisher.

THE VALS TYPOLOGY

Phelps K. Fisher

Regional differences. Fisher reports finding the northwest different from other regions. Seattle is even somewhat different from Portland. "We think it's because there are more colleges in Seattle that more people here are younger and more open to new ideas. This, plus Boeing being in Seattle, means more professional, managerial and technical occupations and the incomes that go with them. Portland is more traditional. More of its people are closer to the national average. VALS enables our clients and their agencies to see these differences more clearly and act on them.

"VALS enables us to consult with our clients on copy in ways broadcasters traditionally have not done before. When we can show an advertiser how to identify the characteristics and lifestyles of the people who buy what they sell, we're helping complete the circle of well-thought-out communications."

Fisher reports total 1987 television revenue for Portland of $94 million, $55 million in national dollars and $39 million local. For Seat-

(Continued on page 72)

KTVU breakfast at the studio gives advertisers the ol' one-two

"If we can show them how much we understand about their business, they're more likely to believe we're smart enough to know what we're doing and are that much more likely to advertise with us," says Carolyn Navarra, recently promoted to retail sales manager at Cox Enterprises' KTVU(TV) Oakland-San Francisco.

Actually that's step two. Step one, she explains, is hosting a series of breakfasts at KTVU studios for local retailers, "where we give them an overview of our business—the whole media marketplace, newspapers, radio and cable as well as television.

"The reason we do it here," she continues, "is to let them see for themselves what beautiful facilities we have and let them meet, face-to-face, with our own people, like our news anchors. They see them every night at home on their screens. Here they meet them in person and see they're real people, too, just like you and me."

After this group meeting, Navarra or one of her account executives singles out one of the retailers for a one-on-one pitch, complete with an overview of the customer's market and competition. KTVU gets this information "from any source we can find: TvB, the prospect's industry trade journals, our own Chamber of Commerce or sometimes the Better Business Bureau. We don't tell a prospect anything that might hurt his competitors. But, for instance, in the case of a fast food operator, it's probably useful for them to know locations that other restaurant chains here have found unprofitable and have had to close down."

On the ball. Navarra was a local sales manager in Miami at WCIX-TV before coming to KTVU last year and says one of the biggest differences in selling the San Francisco-Oakland market is that "Here it's more like an Atlanta or a Detroit.

All the major agencies like J. Walter and McCann have regional buying offices in San Francisco. That means we have account executives here who were station and rep sales managers in other markets. The level of sophistication of even our account executives has to be much higher than in Miami, where most of the sales job was working directly with retailers—which is what I'm now doing for the first time here—instead of making agency calls."

Even though the station's billing from agencies has been growing, every year it's more fragmented, she says, with more pieces of it going to cable, direct mail, sales promotion and the rest.

"This means that if a television station is going to maintain its growth projection we can no longer limit ourselves solely to agency sales. We have to do what we're starting to do now: reach out to businesses that have yet to try television, or generate additional dollars from current advertisers through our special programming."

This, says Navarra, "is where an independent has the advantage. The full-time affiliates don't have that many spare availabilities open. As a Fox affiliate, we have avails open Monday through Friday. We wouldn't preempt Fox's weekend primetime shows except for a very special occasion."

The exception. Such an exception is being made for the double "animalversary" of San Francisco's Marine World & Africa U.S.A. and KTVU. It's the station's 30th

Carolyn Navarra

birthday and Marine World's 20th.

"We're not talking about your average, run-of-the-mill zoo," says Navarra.

"Our hour special will be kids and animals. It's wholesome fun that's generating an additional $320,000 that wouldn't have come to television except for our special." It's an $80,000 package, she says, for each of *Animalversary's* four sponsors; McDonalds, Chevron, Isuzu cars and trucks and Safeway Supermarkets.

Fisher's using 'psychographics'

(Continued from page 71)

tle the total last year came to $168 million, $96 million national and $72 million local.

Fisher says he can't cite actual case histories "because so many of the people we work with consider VALS a kind of secret weapon. Some don't even want their competitors to know they're using it. If it can give them an edge, they'd just as soon not share it."

Fisher's marketing department shares the VALS information with the stations' news departments "as part of the input that can help them judge what kind of features are most likely to interest our audiences."

Fisher didn't bring it up, but VALS could hold even more important potential for radio than TV. There are two reasons. First, the right creative is an even more crucial element in making radio work; and, second, any one station's format can be programmed to zero in on more of any specific type of listener, presumably including such VALS types as inner-directeds, outer-directeds or belongers.—**George Swisshelm.**

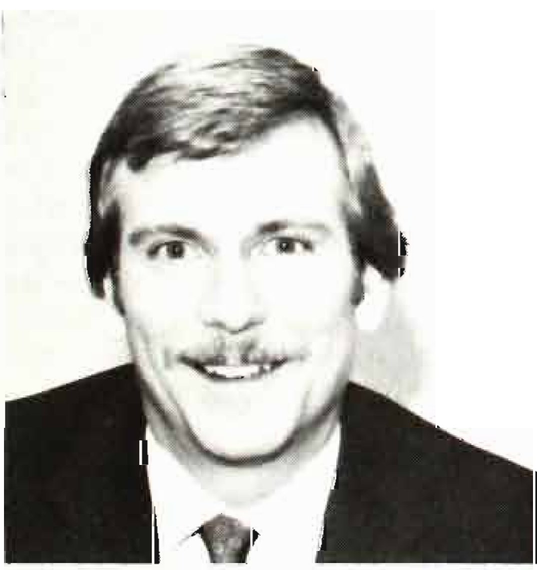
WMAQ nearly SRO for Olympics; No guarantees

With NBC carrying the 1988 Summer Olympic Games from Seoul, Bud Hirsch, vice president, sales and marketing for NBC's owned television stations, reports them "a little better than 80% sold out" for the Olympics as of mid-May.

At the local level at WMAQ-TV Chicago, sales director Ken Hall says that between the writer's strike and the new scheduling for the Olympics, "This year's summer games have taken on heightened significance for advertisers."

First, because of the monsoons that hit Korea during what are normally considered summer months, the games have been pushed ahead to Sept. 15 through Oct. 4.

With the writer's strike already forcing CBS to cancel its plans to kick off its new fall season early, and potentially turning all three networks' regular fall primetime series into reruns, that means that, coming out of the political conventions, the Olympics on NBC, followed by the baseball playoffs on ABC and then NBC again carrying the World Series, the only fresh, primetime programming on network television will be these major events.



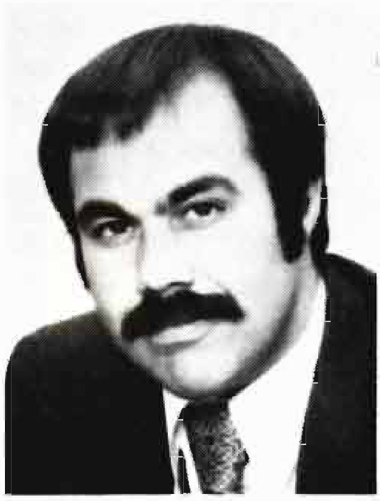
Ken Hall

At WMAQ, continues Hall, "We've been able to put together Olympics packages that are highly desirable for a long list of local categories, from auto dealers and food chains to banks, regional telephone companies and other business-to-

(Continued on page 75)

One Buyer's Opinion

Fast food chains, auto dealers, retailers boost use of media services



Scimeca

Historically, the largest single segment of media buying service billing has been in broadcast. And within broadcast, some 75% of billing has been in spot television. One of the more significant developments of this past year has been the increase in placement of print media by the 20-plus affiliates of our National Media Service Network.

In our opinion, print will continue to grow for two reasons: the growing number of major publications abandoning the traditional rate card and, second, the increasing number of advertising agencies who use independent media services to either replace existing media departments or to augment reduced staff in that area.

This year our network did an in-depth analysis of the business categories using media services. The largest and fastest growing vertical industry using media services is franchise operations, from fast-food groups to practically every other existing franchise category. Retail outlets are the second largest subgroup, and automotive—primarily dealer groups—is the third.

Our Network Strategic Forward Planning Committee has outlined a 1988–1992 five year forecast for our industry and its projections include:

- The media service industry should grow at a conservatively estimated rate of 18% a year during the next five years.
- Agency media departments will continue to shrink in size.
- Agencies will acquire independent media services.
- The continuing trend toward fee compensation for agencies will be the strongest single factor in the continuing growth of the media service industry.
- Newly formed agencies will concentrate on creative and marketing services and use media buying and management firms to handle all of their media requirements, thus eliminating a major overhead factor.

One of the key trends in the business is the explosive growth of buying cable television. Recognizing that cable provides a high degree of segmentation of each market, U.S. media services have realized a better than 100% growth factor this past year in placing spots on cable. The forecast is for an additional 100% growth for both local and national cable placement for the 1988–'89 broadcast season.

The current and continuing rapid expansion of the media buying services is based on sound economic reasoning and a combination of intimate knowledge of local markets and professional planning and execution—all of which contribute to the most efficient use of advertisers' media dollars.

In the case of our own media service network, each affiliate member service reported total billing for the year ended December 31, 1987 at our semiannual meeting recently concluded in Panama City, Florida. When we added up the results of each affiliate's report, we found a 22% increase in media billing placed through our affiliates last year, for the largest single gain of any year since the network was established 22 years ago. Our total billing for the year was $414 million.—**Charles Scimeca,** *president, National Media Service Network and president and chief executive officer of Century Media Corp., New York*

Appointments

Representatives

Stuart Lutz and **William Carney** have been named vice presidents of Petry Television, Chicago. Carney came to Petry in 1981 as a group sales manager from Top Market Television. Lutz joined in 1976, moving in from KPLR-TV St. Louis.

Linda Weaver has been appointed sales manager in the Dallas office of CBS Radio Representatives. She joined the rep as an account executive in 1985 and before that had been general sales manager for WRR(FM) Dallas.

Donna Fee has been promoted to marketing director for Katz Independent Television in New York. She came to the firm last year as marketing manager following posts as research director at KHOU-TV Houston and as presentation writer and senior marketing research analyst for ABC Spot Sales in New York.

Jo Chase has been elected a vice president of Independent Television Sales. She joined the firm three years ago and is New York sales manager for the Jupiter Team.

Sharon Wienzveg, regional manager in Los Angeles for Hillier, Newmark, Wechsler & Howard, has been elected a vice president. She joined the rep at its inception in 1981 as an account executive and in 1985 was promoted to Los Angeles sales manager, reporting to **Ira Wechsler,** executive vice president/Western Division manager.

Richard Pollina has been promoted to the post of research manager for the White sales team at Seltel in New York. He joined the company three years ago and has served as research analyst for Seltel's White, Blue, and most recently for the Rockets sales team.

Anita Watkins has transferred to TeleRep's San Francisco office as sales manager and **Patty Golden** has been promoted in Chicago to sales manager of TeleRep's Jaguars. Golden had been an account executive for the Jaguars for the past three and a half years. Watkins had been sales manager for the rep's Seattle office.

Spotlight On . . .

Vince Cremona

Vice president,
General manager
WEBE(FM)
Westport, Conn.

It may seem to some of his competitors that Vince Cremona's WEBE(FM) Westport (Norwalk), Conn. is some steadily growing glob that never stops reaching for more turf to engulf. Only four years ago when the station was sold for $2 million to Franz Allina, all he had was a license, but no studio, no format and 1984 projected billings of less than $5,000. By 1987, when WEBE was sold to former ABC executives Elton Rule and I. Martin Pompadur for $12 million, Cremona reported billings exceeding $3.5 million and ratings "making us the dominant No. 1 in reaching Fairfield County adults 25–54, all day and all week."

Besides Norwalk, Fairfield County encompasses Danbury, Bridgeport and fast growing Stamford. And now Cremona is reaching still farther north to New Haven. Only 10 years ago, notes Cremona, "Markets like ours were considered only 'commuter feeder towns' for New York. Today, with the influx of new corporate headquarters and service businesses, less than 10% of the job holders work in New York. The other 90% work here in southern Connecticut."

He attributes WEBE's success to being where his competitors weren't: "There were stations in Stamford and Bridgeport, all trying to be more local than we were. So we went regional, holding our more widely scattered audience together by identifying ourselves constantly with the whole county every time our personalities opened their mouths.

Meanwhile, he adds, at the same time "The economy of this area was working for us, too. Cities like Stamford and Norwalk, 50 miles north of New York City, have enjoyed explosive growth for the same reasons cities in New Jersey like Secaucus have. High real estate costs keep driving more companies out of New York to these nearby cities.

"And the dozens of new corporate headquarters sprouting up have attracted scores of service businesses to take care of them. These, plus the regular retail businesses that all radio stations rely on, make up our customer base. The difference for us is that many of these service businesses do a lot of business-to-business advertising that we get because we're a regional station in a market where the big TV stations serve the entire New York-based tristate area. There's no telvision station for Fairfield County, so we get the business-to-business advertising by default."

WMAQ nearly SRO for Olympics

(Continued from page 73)

business services and the major retailers."

He says that in the case of the department stores in particular, "The Olympics coincide with the stores' fall fashion and back to school events."

Hall says he's not sure, but "suspects" there could be more dollars available for local Olympics participation than four years ago, because with the Summer Olympics pushed up to early fall, "Sets in use can be expected to be higher than in the dead of summer."

The package. On WMAQ-TV he says a single 30-second spot in the Olympics starts at $23,000, "but the more a client buys—the bigger his package, the less he pays for each unit."

The *Road of Gold* all-sports package includes spots in the Olympics, World Series, college football, the AFC Playoffs and the Super Bowl in January. The silver and bronze packages are smaller spinoffs of the gold.

WMAQ's political ad package, *Decision '88*, includes spots in the primaries, NBC's convention coverage and election night.

Hall says his Olympics availabilities are already 85% sold out, "and by the time we start seeing the third quarter spot budgets coming down, I'd expect most of the rest to be sold."

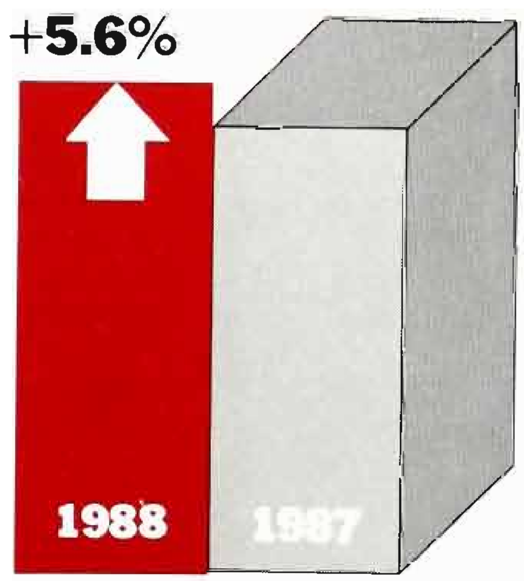
By the time the third-quarter opens, most Olympics time will be sold out.

Realistic estimates. He says WMAQ isn't offering guarantees on Olympic audiences. "What we are doing is making realistic estimates based on results of the Los Angeles summer games four years ago. . . And although we aren't giving guarantees, if our estimates fall out of bed we're not going to let any of our advertisers get hurt."

TV spot sales up 5.6% in April

April

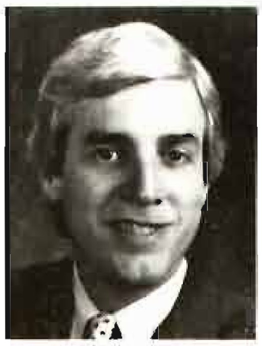
National spot business



$612.9 **$580.4** *(millions)*

TV Business Barometer details p. 36

Stations



Bill McGowan has been named vice president, director of sales for Fox Television's KTTV(TV) Los Angeles. He had been general sales manager for Cox Broadcasting's KTVU-TV San Francisco and had earlier been with the Katz Television Group.

Steven M. Friedheim has been appointed general manager of WGBO-TV Chicago. He moves in from Houston where he had been senior vice president, programming and distribution for Southwest Multimedia.

Mel Karmazin has been elected president and chief executive officer of Infinity Broadcasting. He joined the company in 1981 as executive vice president and president of its radio division and was elected to the board of directors in 1984.

George B. Douglas III now heads WLLL/WGOL(FM) Lynchburg, Va. as owner and operator. He is succeeded as president of the Southern California Cable TV Marketing Council by **Deborah Nicholson**, who steps up from vice president of the Council.

Richard Lorenzo has been promoted to director of the ABC Direction Radio Network. Before coming to ABC he had been vice president/programming for syndicator Narwood Productions, and now steps up to head the Direction Network after three years as its manager.

Richard Lobo has been tapped to succeed **Alan Perris** as president and general manager of WTVJ-TV Miami. Perris is resigning. Lobo moves in from senior management posts with NBC-owned WMAQ-TV Chicago and WKYC-TV Cleveland.

Jay Meyers has been named general manager of Atlantic Ventures' WNYR/WEZO(FM) Rochester, N.Y., recently acquired from Dorton Broadcasting. He had most recently been general manager of WGLD/WOJY(FM) Greensboro, N.C.

Harold D. Collipriest is now vice president/sales for Salt Lake City-based commercial short wave radio station KUSW. The past president of the Utah Broadcasters Association and the Utah Advertising Federation comes to KUSW from KZQQ/KRPN(FM) Salt Lake City where he had been station manager.

Buyer's Checklist

New Representatives

Banner Radio is now the national sales representative for KYBG/KADX(FM) Denver. KYBG programs sports and KADX plays jazz.

Christal Radio is the new national sales representative for WDJO/WUBE(FM) Cincinnati and KCTR AM-FM Billings, Mont. Both Billings stations air modern country formats, WUBE has a contemporary country sound, and WDJO programs oldies.

Hillier, Newmark, Wechsler & Howard have assumed national sales representation of KVOO/KUSO(FM) Tulsa. KUSO carries a modern country format and KVOO is a country music station.

Katz Hispanic Radio Sales has added national representation of KVVS Windsor-Greeley (Denver) and KDIF Riverside-San Bernardino, Calif. KDIF features contemporary top 40 artists from the U.S., Mexico, Spain and Latin America and KVVS airs a traditional ranchera nortena international format.

Regional Reps Corp. has signed new radio station client WZAL McDonough, Ga. The station features an MOR format.

Careful detail work wins award

Coca-Cola Enterprises-North, which named Tim Weis, account executive at Group W's WJZ-TV Baltimore, account executive of the year, says the award is for "professionalism, performance and teamwork" in handling the Coca-Cola account.

Ask Weis himself and he describes what he does as "Mostly a lot of followup on a lot of details, to make sure everything airs correctly." In any one month, he explains, there can be as many as 12 different commercials scheduled to run in different order and in different dayparts throughout the month, depending on target audience. "To insure that everything runs in proper sequence is mostly a matter of close attention to detail in working with our people in the commercial traffic department. After that come the other details involved in making sure the invoices go out accurately."

Weis has been with WJZ-TV for six-and-a-half years. Before that he was with WCBM Baltimore when it was a Metromedia AM. But, he says, when the FMs started taking AM audiences, "Metromedia left and so did I."

Omnicom recovers from '87 merger fallout with first quarter gains

A victim of merger fallout in 1987, with flat revenues in its domestic area, Omnicom Group bounced back in this area in its first quarter of this year. New business gains showed up for the first time, sending domestic commission and fee income 13% ahead to $139.4 million against $123.4 million in the first quarter of last year.

Overall, the group of advertising agencies and related services had worldwide commission and fee income in the first quarter of $205 million, up 16% from $177.2 million in the '87 period. Internationally, commission and fee income increased 22% to $65.5 million from $43.8 million. Net income increased 21% to $7.6 million, or 31 cents per share, compared with $6.3 million, or 26 cents.

What helped overseas

The strength of foreign currencies and the impact of acquisitions made since the first quarter of '87 helped Omincom overseas. Allen Rosenshine, president and CEO, comments, "While our first quarter pretax profit margin is essentially the same as last year's, we expect it will be significantly higher for the full year. Our target is set above our actual 1987 pretax profit margin."

Omincom operates two separate independent agency networks—the BBDO Worldwide Network and the DDB Needham Worldwide Network plus its Diversified Agency Services Group, composed of independent agencies and marketing companies that are wholly or partly owned by Omincom or one of its subsidiaries.

Among recent business developments for Omnicom was the establishment of BBDO Business Communications in Europe, which the company calls the first business-to-business agency network offering integrated communications planning, corporate advertising, public relations, direct marketing, telemarketing and internal communications. The network has capitalized billings of more than $100 million through agencies in Belgium, Denmark, Finland, Germany, The Netherlands, Sweden and the U.K. Expansion is planned this year for other European countries, the U.S. and Australia.

Making for recent domestic gains were new business assignments at BBDO New York including U.S. Navy Recruiting, Pizza Hut and Slice from Pepsi-Cola Co. Overseas, BBDO entered Finland with equity in two agencies, AKT and Avant. It moved to an equity position in Antena/BBDO in Portugal, which included assignments from Gillette and Pepsi among new business.

With the merger of Gisler & Gisler/BBDO with two other agencies—Aebi & Partner and Stalder & Suter, BBDO is now involved with the largest agency in Switzerland—Aebi, Suter, Gisler & Partner/BBDO. In Britain, the agency won Pepsi-Cola and the worldwide assignment for Alfred Dunhill Ltd. It also won Pepsi assignments in Germany and Portugal and Apple Computer in Greece and the Middle East. In addition, two more multinational companies, Rowntree and Oral B, were added to BBDO's client list.

DDB/Needham, completed integration of the two major predecessor agencies by the end of 1987 and also topped a worldwide new business goal for DDB/Needham that was set at $210 million. The actual $233 million, 11% above the goal, consisted of $105 million overseas, $99 million from new clients domestically and $29 million in new business from established domestic clients.

In the Asia/Pacific region alone, 89 new accounts were added and 40 new brand assignments came from existing clients, with business in the region increasing overall at an annualized rate of 14%. Billings in Europe for DDB/Needham are expected to approach $100 million in 1988.

New business wins there include Alka-Seltzer, Bayer, Cote D'or, Euromarche and Reebok. The U.S. division out of Chicago added Maybelline, the Cheese Division of the National Dairy Council and Discover Card from Sears Roebuck.

Omnicom Group Inc.
(000 $ except per share amounts)

	1987	1986	% change
Domestic billings	$3,659,000	$3,703,200	−1%
International billings	2,088,000	1,651,500	26%
Worldwide billings	5,747,000	5,354,700	7%
Domestic revenues	546,315	552,900	−1%
International revenues	265,052	200,627	32%
Worldwide revenues	811,367	753,527	8%
Domestic operations—net income	22,702	2,994	658%
International operations—net income (loss)	18,546	(786)	N/A
Corporate administration—net (loss)	(6,481)	(6,285)	3%
Worldwide net income (loss)	34,767	(4,077)	N/A
Shareholders' equity	203,283	174,305	17%

FEEDBACK

Has TV station pricing of 15-second spots, as a percentage of 30s, come down in recent months? Why?

"What we see in the marketplace is mixed. The soft market may cause some pricing to come down. Commercial length has always been a creative decision, but we feel 75% of the cost of a 30 is too high a cost to pay. And to build a plan around 15s, you have to be reasonably certain they're going to run."

Mary Ann Cycyota
Vice president, media director
Leo Burnett

"I don't see that happening as a widespread event. We did an analysis in January and February of all markets and found little change, though there is more acceptance of 15s. On the other hand, there are some stations that don't accept 15s at all. Generally, stations have been holding 15s at 75–80% of the 30."

Bonita LeFlore
Vice president, director of local broadcast
N W Ayer

"No, the relative pricing of 15s to 30s has not come down, certainly not in any meaningful way. With politicals, the Olympics and unwired buys and a fairly bullish attitude in 1988, stations haven't had the need to do so. However, 1989 is looking quite soft at this point. Most are looking at a flat year at best. Spot must become aggressive with 50% of the 30-second rate for 15s or expect to be the big loser in 1989."

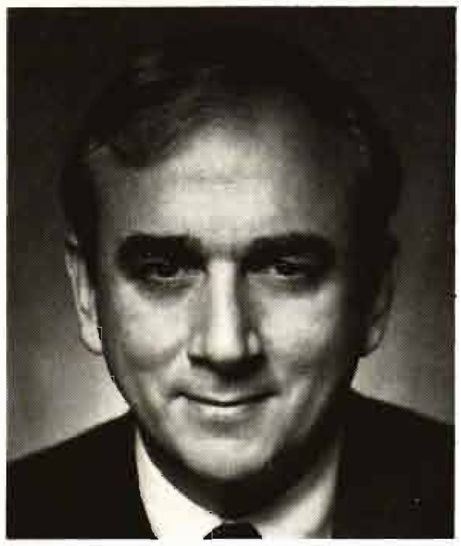
Richard Kostyra,
Executive vice president, U.S. director of media services
J. Walter Thompson USA, New York

"I suppose the trend has been in that direction. A reason is obviously that spot has been relatively soft. It has not been dramatic, not by any means. Still, we feel discouraged by the stations from doing too many 15s."

Tom Winner
Senior vice president, director, broadcast media operations
William Esty Co., New York

"I haven't seen it or heard it, but I've seen a softening of spot which might lead in the direction of reduced pricing of 15-second spots in the near future."

Ann Pomeranz
Vice president, director of spot broadcast
DDB/Needham New York



"The supply and demand economics of spot television has overcome prior philosophical policies regarding 15s. Most stations have abandoned any pricing of that unit based upon a constant percentage application. In the second quarter, a soft marketplace, we purchased 15s as low as 45–50% of 30 cost as opposed to 65–90% in the past. The significant development is not in the pricing itself but the change in selling attitude. Fifteens can now be negotiated in the same spirit as 30s."

Gary Pranzo
Executive vice president, director of communications services
Young & Rubicam

"I would say that most stations have been holding the line at 60 to 65%, with some as high as 70 to 75%. But [rates] may shortly start to come down as there is a lot of inventory available for June. This situation will continue during the third quarter. So advertisers looking for 15s should be able to get better rates."

Betty Coumbe
Vice president, director of spot broadcast
Grey Advertising

From the West Coast

KFI moves to all-talk format after years of tough sledding

The next explosion set to take place in Los Angeles radio is the conversion of **KFI(AM)** to all-talk from its current adult contemporary music format sometime in mid-July. The Cox Enterprises 50,000 watt clear-channel powerhouse, one of the nation's first radio stations, has been struggling over the years to make a dent with local audiences.

The original Earl J. Anthony station and former NBC affiliate, has gone through several ownership changes and formats in the past 15 years, all for naught. Now the plan is for all the current personalities to remain in place with another person coming in. The current lineup includes Gary Owens and Al Lohman 6–10 a.m., Tony Grant 10–2, an hour of music followed by Geoff Edwards 3–7 p.m., Bruce Williams 7–10 and Larry King through the night. The station is a Mutual affiliate and receives its news from this service.

Management feels it can give KABC-AM, the market and ratings leader, some strong competition. A smaller San Fernando Valley station, KGIL(AM), has a weak signal which diminishes its own all-chat coverage.

Safe journey: A trip by **David Garcia,** KNBC-TV reporter, to Japan, resulted in *Ring of Fire*, a half-hour on earthquakes and how the Japanese cope with the constant threat, which aired June 11. The special, which has particular interest to southern Californians, touched on the latest building safety research and the Japanese commitment to earthquake drills and public education. People in L.A. laugh about the announced plans for the population to depart the L.A. area in orderly fashion in the event of the "big one" and head for "host cities."

David Garcia

One down, one to go: Commercials producers are happy again with the settling of the strike against them by the **Screen Actors Guild** and the **American Federation of TV and Radio Artists.** Around 32% of the union's combined membership of 102,000 voted to approve a new three-year pact, thus ending a month-long dispute.

That leaves the **Writers Guild** strike against the film and TV industries and the TV networks still running. The latest wrinkle involves the **Directors Guild,** which has taken exception to some of the elements in a three-year pact signed by 77 independent companies with the guild while the strike was in its 13th week. The directors are threatening to sue the indie producers, claiming their agreement allows writers to cast principal actors and select directors.

With no progress seen, there are a growing number of major production execs now complaining about the snail's pace of the negotiations, especially since they've received network green lights to prepare their shows but cannot because of the imbroglio.

C before A: Here's another example of a show coming to network TV from cable: Last year Billy Joel's concert tour in Moscow and Leningrad played on HBO. Now **ABC** airs its own 90-minute version June 15, *A Matter of Trust: Billy Joel in the USSR*. While the HBO show stressed the concerts, the ABC coverage zeros in more on interaction with the Soviets during Joel's tour, which ran in late July through early August. Footage also shows wife Christie Brinkley and daughter Alexa Ray.

Billy Joel in Moscow

Foxy movies? Look for **Fox Broadcasting** to tap the extensive 20th Century Fox film catalog for titles for its third night of programming on Mondays next spring. Three hours of movies will give the Fox's 120 affiliates 12½ hours of programming.

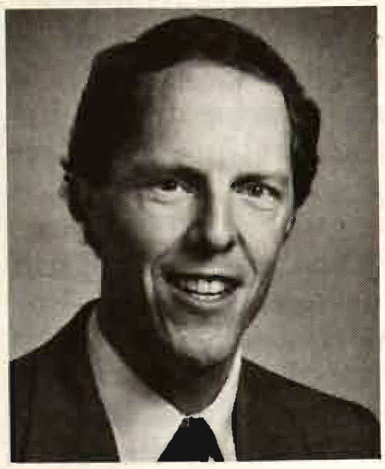
The law, stars behind telethon

KHJ-TV will air the first telethon ever sponsored by a law enforcement agency to battle drug abuse July 16, from Universal Studios. The eight-hour telethon from 5 p.m.–1 a.m. will benefit the Los Angeles County Sheriff's SANE (Substance Abuse Narcotics Education) program and feature performances by musicians and comics. Among the celebrities slated to appear are Barbra Streisand, Don Johnson, Robert DeNiro, Norm Crosby, Lindsey Wagner and Dionne Warwick.

Chuck Velona, KHJ's vice president/general manager, noting the spreading drug problem, says, "We all must become involved in the war against the violent growth of narcotics abuse." Walt Baker, KHJ's vice president/program director, will exec produce.

In the Picture

Michael K. Mills



New research chief at Saatchi & Saatchi Team One comes from an academic and marketing consulting background to tackle his first agency job, starting with the launch of Team One's first client, the new top-of-the-line Lexus out of Toyota. Here he shares some of his insights into how people relate to products and to the media.

Research narrows the audience target for new luxury car from Toyota

Michael Mills says he sees himself "as a detective whose job it is to find out everything I can about the product and everything I can about the people who buy it and how they interact with the product. Then I make my report. I try to make the report an interpretation of what I found that can be most helpful to the creative people who make the message and to the media people who distribute the message."

That's what Mills will be doing for the launch of Toyota Motor Sales' new luxury Lexus in his new job as senior vice president, research director of Saatchi & Saatchi Team One in Torrance, Calif. Lexus is Team One's first assignment.

In another occupational comparison, Mills likens himself to "a mechanic with a big tool box, or a doctor with his black bag—preferably a bag with a selection of remedies—not just one kind of pill, or a mechanic with a lot more tools than his one adjustable wrench that fits all. A good researcher needs a wide selection of tools and needs to know when to use which."

One tool Mills has found useful for a wide array of categories from home furnishings and accessories to automobiles and food products has been contextual lifestyle segmentation. He explains that the Saatchi agencies use a number of broad segmentation tools, from the psychological probe "to the anthropological search, which observes how people relate to certain settings and some of the key values they apply to the products they choose."

Farther down the road

But contextual lifestyle segmentation, he says, "can take us farther down the same road. The demographics used in media selection, like the psychological probe, also encompass fairly broad groups. Though people within a given demographic can be similar in characteristics like age, education and income, they can be very different in their attitudes and opinions toward a specific product category and also to the media they read, watch and listen to, when it comes to seeking information about a given category."

Pointing to examples, Mills notes, "Some people are leaders and trendsetters. Others are followers, and others are independents. Getting more specific, some are what we call 'sensual successfuls.' In my earlier work with top-of-the-line cars [Porsche] we uncovered some seven or eight groups, all upscale but each quite different in what they want in a car."

He explains, "There's a lot of imagery in what people want their car to say about them. There are differences in the way members of each group see a car, use a car, think about their car and ask themselves, 'If I buy this car, what will other people think about me?' For instance, 'Does this car make people think I'm a hot date?' The sensual successfuls want their car to tell the world, I've made it. I've arrived.' "

Rational support

Mills observes, "For many products there are the emotional reasons along with the rational reasons that make people want a particular brand or model. Sometimes the most effective advertising can be the message that gives the consumer the rational reason he's looking for to make a choice that's actually emotion-driven."

He adds, "Of course, like products, people come in all shapes and sizes, too, and they also come in all mind sets. While many are emotion-driven, others are much more practical, and the only thing they respond to is rational logic. So contextual lifestyle segmentation can be quite useful in both targeting likely prospects for a product and in getting the copy approach started on the right track: providing guidelines, for instance, for how to show an automobile, where to show it, in what type of setting, and the symbols we show with it and around it."

With respect to media, Mills says contextual lifestyle is particularly useful in working with cable TV, radio and special interest magazines, "where we can create a targeted message for a specific type of prospect and place it in a specific format or special interest video segment or editorial content that sets up a matching environment for the product. The thicker general clutter becomes in both television and print, the more useful the tailored product-audience-media match. Instead of buying media by matching only a very broad demo to the program or format, special interest content tailored to a narrower audience segment lets us match the content to people with the specific purchase behavior most favorable to the product."

Mills says his academic background of a doctorate in business, combined with a marketing specialty that included "a heavy minor" in social psychology gave him insights into consumer motivation "that brought me additional opportunities while I was a professor of marketing at the University of Southern California to do consulting work in the marketing and advertising ends of some major companies in a wide variety of categories, and to dig fairly deeply into what motivates people to buy."

WASHINGTON ROUNDUP

It looks like wartime broadcasting

The antidrug mania is about to hit the broadcast industry, but there will be profits in it.

The Senate Commerce Committee plans to hold hearings soon on legislation that would require a $75 million radio and TV ad campaign denouncing the use of drugs. The bill, introduced by Sen. Ernest F. "Fritz" Hollings (D-S.C.), Commerce chairman, would require that broadcasters charge no more than their lowest unit rates for the commercials, and that they provide the government with reasonable access to all time periods in order to air the spots.

The bill would authorize $75 million over the next three years and require the National Telecommunications and Information Administration to set up a program to produce the commercials. Two-thirds of the funds would be earmarked for buying air time.

In introducing his measure, Hollings likened the proposal to government use of airtime during a period of war. "That's what it's there for," he said. "Television and radio are without a doubt the most effective means of mass communications our society has at its disposal."

He notes that the 1934 Communications Act provides the President with emergency powers to use the broadcast spectrum to protect the national security.

"Well,. . . in a figurative sense, we are at war," the committee chairman said in a Senate floor speech. "We're at war with a social problem that is destroying our children and our future as a free nation. We are at war with drugs."

the marketplace

Help Wanted

Help Wanted

Kidvid bill moves, but watered down

After several stumbles, the House Energy and Commerce Committee finally has moved to the House floor a bill that would establish limits on commercials on children's programs.

But the broadcasting community can breathe a sign of relief. What had threatened to be a major reimposition of standards has been watered down to the point that broadcaster organizations are willing to leave it unopposed.

As sent to the floor, HR-3966 would set a limit of 10.5 minutes of commercials per hour of children's programming on weekends and 12 minutes on weekdays. The bill as introduced by Rep. John Bryant (D-Tex.) would have allowed one less minute of weekend commercials.

With that and other changes, according to Jim May, new government relations chief for the National Association of Broadcasters, the broadcasters will not oppose the bill as approved. May says, "I think this will help us immeasurably in the future on issues such as must-carry."

Most importantly for broadcasters, the Bryant bill was gutted of its ban on host selling and promotion of products involving characters featured in the programs.

Those would have comprised the "minimum standards" that the FCC would have to take into account in considering renewal of television station licenses.

At the foot of Capitol Hill, meanwhile, the U.S. Court of Appeals listened to oral arguments in another case related to children—"indecent" programming. Under challenge in that case is whether the FCC's declared war on indecent programming earlier this year is constitutional.

the marketplace

Situations Wanted

LEGAL/MANAGEMENT

Experienced International Journalist/Broadcast-Cable management consultant with M.A. & J.D. degrees in Communications/International Law seeking intellectually challenging, but creative position utilizing a successful mix of corporate, journalistic and legal skills. Former Peace Corps activist in Micronesia. Currently employed. Box 375A, TV/Radio Age, 1270 Ave. of Americas, NYC 10020.

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Leading independent in top ten market looking for that unusual promotion producer who can merchandise our station's programming in a way that is fresh and imaginative. The candidate must possess the kind of creativity, motivation and sense of humor that generates "rating points." Particular strengths in news and local programming promotion a must. College background should be relevant and candidate should have 7 to 10 years experience in all aspects of on-air production. In addition to being an innovative conceptualizer and adroit writer, candidate must have a thorough knowledge of all State of the Art graphic equipment capabilities. Send cassette, resume to: Box 689X, Television/Radio Age, 1270 Ave. of Americas, NYC 10020.

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Help Wanted

RADIO SALES MANAGER

Major radio group is seeking Sales Manager for Top 20 market urban station. Applicants should have sales management experience. This is a career opportunity for the right motivator-trainer. Qualified applicants should call Curtis Shaw, 1-216-795-1212. EOE, M/F.

PROGRAM MANAGER

Top California independent television station (50–75 market) has opening for a Program Manager. Experience in independent TV programming and operations required. Strong promotion and research background preferred. Proven success track record in movie and program scheduling, as well as personnel supervision, a must. Send resume and letter telling us you are the person for the job to Box 4926, Television/Radio Age, 1270 Avenue of the Americas, New York, NY 10020.

Help Wanted

TRAFFIC/OPERATIONS COORDINATOR

New York independent television station seeks self-starter for available traffic operations coordinator position. Requires traffic experience (minimum 1–2 years) to handle agency instructions, booking of spot orders and BIAS computor input. Must possess strong communications skills. E.O.E. Send resume and salary requirements to: Grand Central Station, Employment G, P.O. Box 1111, New York, NY 10017.

Sales/Marketing Reps

Full service musical image corporation with offices in Atlanta and New York, seeks freelance representative. Production sales experience and agency contacts. Add to current portfolio. Great commission and incentives. Re-locating not necessary. Write: Kinder Bryant Kinder, Inc., 1200 Spring St. NW, Atlanta, GA 30309.

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Economic study of cable shows industry's growth, importance to economy

If anyone had any doubts, the cable television industry has been booming of late. In the past two years, cable-related employment has increased by 10%, or nearly 50,000 jobs. It contributes $32 billion to the gross national product and provides 488,000 jobs.

Bill Daniels, chairman of Daniels & Associates, a cable financial services company, contracted with an accounting firm to do an economic study of the industry in 1986 and this year.

As one of the pioneers in the type of cable that exists today, Daniels comes at the survey from a prejudiced viewpoint. But his figures are impressive.

Coming at a time when the industry is under fire from competitors for alleged monopoly-building, and during congressional hearings looking into its growth and accumulation of power, the report could help the industry present a case for having arrived as an important segment of the economy.

Revenue increases

The revenues reported by cable operators increased by 24.3 percent since the last report, or $12.8 billion compared with $10.2 billion in 1986. The report, prepared by Browne, Bortz & Coddington, Inc. (BBC), a research firm based in Daniels' hometown of Denver, also looked into programming aspects of cable and had some interesting statistics to impart.

To those who wonder about the impact the FCC's recent reimposition of syndicated exclusivity, the report says that cable-originated programming now constitutes nearly 40% of viewing in the average cable home. Nationally, that's an increase of more than half since 1983. The report notes that network viewing declined by 12% during the same period.

The switch in viewing also is reflected somewhat in the growth of advertising revenues that cable networks are reporting. This year cable expects to break the $1 billion mark, compared with 1986 when network advertising revenues took in only $740 million.

Since the beginning of this decade, the cable industry has matured and construction expenditures have steadily declined. But in 1987, BBC reports, "construction activity accelerated again . . . as several major center city builds were launched and many operators moved to complete unwired areas of their franchises."

That, it said, led to estimates of $1.8 billion to be spent on construction this year, well up from the $1–1.5 billion that marked annual construction expenses in the early 1980s.

Home shopping networks have accounted for a great deal of cable's financial growth. With most cable operators carrying at least one of the services, video retailing revenues are expected to total about $1.8 billion this year. Cable operators receive 5% of video retail sales in their franchise area, but the accountants note that the figure includes all video retailing, not just that on cable and that the amount is not included in the cable revenues cited in the report.

And the report says cable has been good to its suppliers, including manufacturers and programmers. The amount flowing from cable operators to suppliers should reach $7.2 billion in 1988, the report says. Programmers should get nearly half that, or $3.03 billion.

During the year, BBC expects cable operators to pay about 18% of their revenues for employee expenses, including salary and benefits, or $2.3 billion. That will cover about 87,600 persons who the researchers estimate are working directly for cable operators, up from 80,235 in 1986.

The growth since the last report is shown in a table included in the report:

Economic indicators (billions of $)

	1986	1988	Growth	% Change
Operator revenues	$10.3	$12.8	$2.5	24.3
Total output				
Gross output	39.6	50.6	11	27.8
GNP contribution	24.8	31.8	7	28.2
Total Impacts				
Employment	441,000	488,000	47,000	10.7
Worker & owner income	$11.5	$14.2	$2.7	23.5
Direct plus linked effects				
Employment	134,200	147,500	13,300	9.9
Personal income	$3.3	$4.1	$.8	24.3

According to the report, most cable subscribers have access to cable systems that have between 30 and 53 channels. A total of $24.1 million of the 38.7 million subscribers have that many channels. Only 5.8 million receive 54 or more channels, and 5.4 million get between 20 and 29 channels.

But the researchers say that of the $1.8 billion the industry expects to spend on network programming during 1988, $1.06 million will go for premium services. Another $700 million will cover basic services exclusive of $125 million paid into the Copyright Royalty Tribunal pool for many of those shows, and $60 million for pay-per-view programming.

As for the movie industry, one of cable's chief critics for its alleged monopolistic growth, the report says a huge share of the $1.3 billion to be spent this year on TV and movie production and distribution is linked to cable. So how does it compare with other media? BBC says, "Virtually all media and communications industries have expanded rapidly during the 1980s at rates substantially above those for the economy as a whole. Even so, cable has been near the top of the list . . . . Prospects for future cable growth remain excellent."—**Howard Fields**

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