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BC EYE

BUSINESS

Sony + Pearson

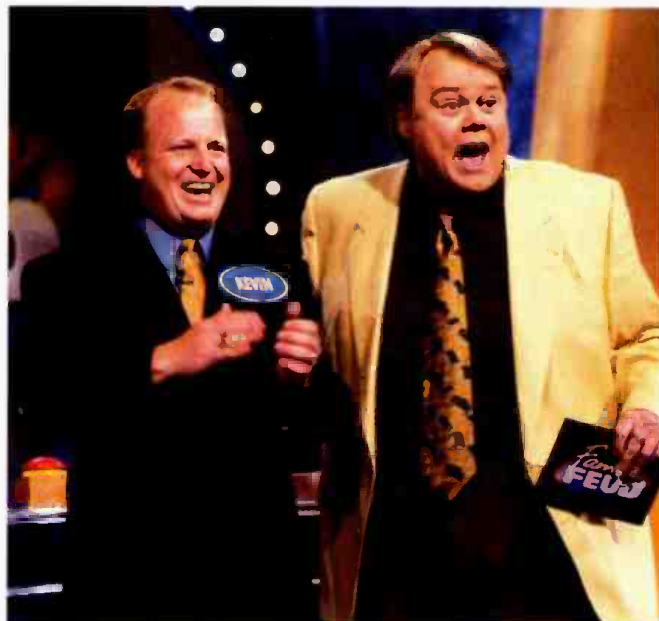
PROGRAMMING

CBS ekes profit from B-ball

The NCAA Men's Basketball Tournament is a money-maker for CBS, despite escalating rights fees built in the deal, according to CBS Sports President Sean McManus. McManus says CBS will see a slight profit over its \$250 million cost on the tournament this year. But he concedes that profitability is a concern as rights fees jump to \$545 million in 2003 on a pact running through 2013. CBS is determined to "make a dollar on every sports deal," says McManus, even though it was difficult to sell spots in this year's weak ad market (see story, page 35). McManus also quashed talk that some of the early-round games will move to TNN, another Viacom network, in the future. Exclusivity is important to CBS and its affiliates, he says.

Bowled over

Fox and WKNT-TV Bowling Green, Ky., have parted ways. The network claims the station wasn't living up to the terms of their affiliation agreement. The station owner couldn't be reached for comment. Whatever the problem, it didn't deter NBC from promptly picking up the station as its affiliate. Fox is now talking to several other stations in the area.



ALL STATS, ALL THE TIME

Get ready for another Fox Sports tech advance. The forward-thinking sports division is developing a new Fox box for its upcoming Major League Baseball coverage, one that will look a lot like the NASCAR ticker that tracks the order of the race cars. The new Fox box, which will likely debut this season on one of Fox Sports' MLB outlets (Fox Sports Net, FX, Fox Family Channel or the Fox network) will give more stats without interfering with the action. "It's actually easier to use as a consumer," says Fox Sports Net President Tracy Dolgin. "You have less chance for a baseball to get lost because you just sort of crop the picture below the graphic."



Photo: Amber Bursik

POLITICS

Fred Upton: Media investor

Rep. Fred Upton (R-Mich.), the new chairman of the House Telecommunications and Internet Subcommittee, may put his telecommunications and media assets into a blind trust. As required by House rules, he reported last May that he holds millions of dollars of stocks in such companies as AT&T Corp., The Walt Disney Co. and SBC Communications. He received most when he was young, he says. "Disney only owned Disneyland when I got my first shares." Should he set up the blind trust, he would be the only member of the House to have one. It would prevent his making buy-sell decisions. Upton says the blind trust is a safety net. Most of his assets are in a family trust he can't touch anyway until his mother passes away, he says, and "she is in good health."

FCC likely to grant AT&T ownership cap relief

AT&T seems to be one step closer to being let off the hook on its promise to sell major cable systems, a pledge it made to win government approval to buy MediaOne Group last year.

Late Friday, the four FCC commissioners appeared ready to suspend the company's May 19 deadline for selling enough cable investments to get below the 30% cap on one company's share of pay-TV subscribers, industry sources said.

The commissioners seemed convinced that their hand was forced by a March 2 District of Columbia federal appeals court decision striking down the cable cap. The FCC is currently amending its cable ownership limits to account for the decision.

"The D.C. circuit tore the guts out of the FCC's divestiture order," said Precursor Group analyst Scott Cleland. "This means AT&T no longer is a forced cable seller and, if it is financially able, could be a buyer again."

Although many industry players believe the court's decision calls into question the viability of other FCC ownership limits, particularly the 35% cap on a broadcast company's household reach, the commission refused to go that far on Friday and denied Viacom's petition for a suspension of its

May 4 deadline for identifying stations it plans to sell to comply with the broadcast cap.

The suspension of AT&T's deadline is one more indication of Powell's pledge to deregulate the industry. Viacom's request was turned down, however, because the FCC still has not decided whether the court decision extends beyond the cable industry cap.

Viacom asked the FCC to delay its divestiture deadline, arguing that "there is a substantial likelihood" the broadcast cap will be thrown out for violating station owners' free-speech rights, a similar argument to the one that got cable ownership limits tossed. Viacom's CBS, like Fox and NBC, is challenging the broadcast cap in the same court that threw out the cable limits. Absent an FCC delay, Viacom said, it would ask the court to impose one.

Viacom's audience reach now stands at 41%, thanks to its acquisition of CBS last year.

With chances for relaxation of the broadcast ownership cap increasing, network affiliates opposed to such a move have asked the FCC to investigate whether the Big Four nets violated regulations barring them from gaining too much control over affiliates' operations. —Bill McConnell

Merger most Powell

FCC removes controversial radio consolidation block, clears sales of 62 stations

By Bill McConnell

In his three years as FCC commissioner, Michael Powell's repeated deregulatory mantras made him appear as some sort of iconoclastic Gregorian monk. Two months after taking the chairman's pulpit, his theology is now agency dogma.

By ordering FCC staffers to remove the logjam on sales of 62 radio stations last week, Powell made his first significant move toward lessening the telecommunications industry's regulatory burdens and speeding up the FCC's administrative functions.

The agency last week approved sales of 32

radio transactions in 26 markets across the country, clearing most of a backlog of license transfers caused by a controversial FCC policy intended to slow industry consolidation.

The merger approvals will put more stations into the hands of Cumulus Media and Clear Channel, two of the country's largest station groups, but many smaller station groups also received the go-ahead to buy stations.

The radio approvals reverse a policy instigated in 1998 by former Chairman William Kennard that required public comment when radio mergers would result in a market's

ad revenue being heavily controlled by one or two station groups. The policy was opposed by the radio industry because the FCC never established procedures for evaluating the reviews. Although more than

'I do not believe the public interest is served by inaction.'

—FCC Chairman Michael Powell



Powell appears to be making good on his promise to reverse policy direction of his predecessor, Bill Kennard.

half of the flagged deals had been approved before last week's action, industry attorneys complained that many of the delayed deals created no more concentration than others that received quicker approval.

Although the FCC will continue to

Still The #1 Hour

Andromeda vs. Year Ago

Metered Market	Station	Day	Time	Rtg. Incr.	Year Ago Programming
New York	WPIX	SAT	7:00PM	+5%	Star Trek:DS9
Los Angeles	KTLA	SAT	5:00PM	+24%	Earth-Final Conflict
Chicago	WGN	SAT	5:00PM	+22%	Earth-Final Conflict
Philadelphia	WPHL	SUN	11:00PM	+12%	Drew Carey/E: FC
Washington	WBDC	SAT	6:00PM	+40%	Parent'hood/Parent'hood
Detroit	WDWB	SUN	6:00PM	+19%	Back2Back Action
Houston	KHWB	SAT	5:00PM	+29%	Lost World
Tampa	WTTA	SAT	9:00PM	+36%	Outer Limits
Sacramento	KTXL	SUN	5:00PM	+11%	Earth: Final Conflict
Pittsburgh	WCWB	SAT	1:00AM	+25%	Pensacola: WOG
Orlando	WOFL	SUN	5:00PM	+200%	ACC Basketball
Portland, OR	KWBP	SAT	6:00PM	+46%	Lost World
Baltimore	WNUV	SUN	1:00AM	+111%	Xena
Indianapolis	WXIN	SAT	6:00PM	+16%	Beastmaster
Hartford	WTIC	SAT	6:00PM	+15%	Xena
Charlotte	WJZY	SAT	9:00PM	+18%	Total Recall
Raleigh-Durham	WRDC	SUN	10:00PM	+22%	Stargate SG-1
Kansas City	KSMO	SAT	10:00PM	+19%	E.R.
Nashville	WZTV	SAT	12:00N	+5%	Back2Back Action
Milwaukee	WCGV	SAT	11:00AM	+36%	Andy Griffith/Big Ten
Columbus	WSYX	SAT	11:30PM	+53%	WCW Wrestling
Salt Lake City	KUWB	SAT	7:00PM	+11%	Star Trek: Next Gen.
Birmingham	WABM	SAT	9:00PM	+100%	Baywatch
Oklahoma City	KOCB	SAT	9:00 PM	+48%	Relic Hunter R
Greensboro	WUPN	SAT	8:00PM	+36%	Earth-Final Conflict
Las Vegas	KFBT	SAT	5:00PM	+167%	Movie

Source: NSI/WRAP Sweeps, Feb '01 program vs. Feb '00 time period.

in Syndication

Weekly Programs - Feb. '01 Sweep Period

Rank	Programs	A25-54 RTG	M25-54 RTG	M18-49 RTG
1	ANDROMEDA	2.9	3.1	2.8
2	X-FILES-SYN (AT)	2.8	2.8	2.7
3	ER-SYN (AT)	2.5	1.9	1.9
4	XENA	2.4	2.5	2.3
5	STARGATE SG-1 (AT)	2.3	2.5	2.5
6	EARTH: FINAL CONFLICT	1.7	1.7	1.7
7	BEASTMASTER	1.5	1.4	1.3
7	VIP (AT)	1.5	1.6	1.6
9	PROFILER (AT)	1.4	1.2	1.2
9	NASH BRIDGES	1.4	1.4	1.2
9	INVISIBLE MAN	1.4	1.5	1.2

Source: NSS/Galaxy Explorer. Top 11 programs ranked by A25-54, 1/29/01 - 2/25/01, GAA% measurement. Does not include umbrella programs and weekend versions of strip shows.



GENE RODDENBERRY'S

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explore ways to prevent the consolidation wave launched by the 1996 Telecommunications Act from swamping broadcast diversity, Powell said the delays were not acceptable. "I do not believe the public interest is served by inaction," he said.

Powell hasn't decided whether to stop "flagging" similar merger requests but promised that the FCC will review whether it has authority to conduct merger analysis beyond the specific local ownership limits set by Congress.

In 1996, lawmakers capped the number of stations an owner may control in a market according to a sliding scale based on the total number of local stations. In the largest markets, the number tops off at eight.

Of the nearly 200 so-called "red-flagged" deals that the FCC designated for public comment during the past three years, more than 80 were still pending before last week's *en masse* approval. Still in the pipeline are 10 radio transactions covering the sales of 24 stations.

Deals were flagged when they would have resulted in one company's controlling 50% of a market's ad revenue or two companies' controlling 70%.

Broadcast industry officials were thrilled to see Powell living up to his promise of deregulation. "There was no reason to hold up these license transfers other than the FCC's own internal reasons," said Gary Smithwick, a Washington attorney representing clients whose deals were among those approved last week.

The FCC's decision was "welcome news," said Eddie Fritts, president of the National Association of Broadcasters.

Reaction among the other three FCC commissioners varied widely. Republican Harold Furchtgott-Roth applauded an end to what he considered gross overreaching by regulators. Frustrated that the FCC imposed the policy without going through the standard rulemaking process, he called the flagging policy "government at its worst."

Commissioner Susan Ness agreed that the overdue decisions needed to be moved forward but stressed that the agency must quickly issue rules that would make it easi-

er to judge when mergers cause too much local concentration, especially in small and midsize markets. "Consumers in Charleston are just as entitled to robust markets as those who live on the Charles," she said.

Fellow Democrat Gloria Tristani said the agency approved too many of the deals and should have designated some for hearing before agency administrative law judges. Tristani also criticized Powell's decision to let the Mass Media Bureau approve the mergers without a vote of the commissioners.

With the bulk of the red-flagged deals resolved and the remainder to be completed in the next couple of weeks, the radio

industry now turns its attention to an ongoing rulemaking that could change the way the FCC measures local markets. The FCC proposal would replace a complex formula based on the number of stations in a market with overlapping signals and replace it with Arbitron's standard-market definition. Tristani and Ness have argued for years that the different measuring sticks used by the FCC often over-count the number of total stations in a market or under-count the number of stations one company owns.

Said Powell, "To the extent that the commission's existing rules ... have led to higher levels of ownership than Congress intended, we will fix that problem." ■

WCW on the ropes

The buyer of the wrestling operation is seeking a way out

By John M. Higgins

Looks like Jamie Kellner is going to have a little more to clean up at Turner Broadcasting than expected. The AOL Time Warner subsidiary's deal to sell its ailing World Championship Wrestling operation is in a choke hold, with buyer Fusient Media Ventures looking for a way out of the ring.

Fusient, which is controlled by Classic Sports Network founders—and sellers—Brian Bedol and Steve Greenberg and their partners, is finding the financial condition of the WCW circuit too much to bear. The WCW lost about \$80 million last year, and TBS was trying to dump the operation to tidy up before AOL closed on its takeover of Time Warner.

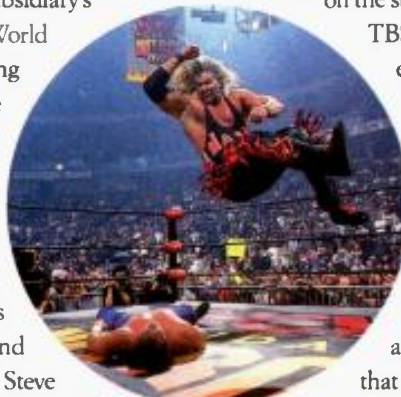
An industry executive said the deal might be revived, like a wrestler perking up after a folding-chair beating to win the match. World Wrestling Federation

Entertainment has expressed interest in the past and might be lured back.

But one thing is definite: The WCW is going off the air. Though not commenting on the status of the Fusient deal, a TBS spokesman acknowledged that TNT's *WCW Nitro* and TBS Superstation's *WCW Thunder* have been canceled and will no longer appear after March 26.

Although wrestling attracts the young viewers that so please newly appointed TBS CEO Kellner, previously chairman of WB Network, youth isn't everything. The spokesman said the programming "no longer matches the high-income demographic" TBS and TNT are targeting.

Translation: There's no guaranteed TV exposure for any buyer. But a buyer could cut a deal with another TV network, such as USA Network, which lost the WWF's top-rated shows to Viacom's TNN. ■



The WCW lost about \$80 million last year.

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Source: Nielsen Universe Estimates,
March 2001.

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IN BRIEF

**EMMIS ELIMINATES
120 JOBS IN TV GROUP**

Indianapolis-based Emmis Communications said last week it is cutting 120 jobs at its 15-station television group. Many will be at stations Emmis purchased from Lee Enterprises last year "and involve the natural integration and the strategic reallocation of resources from Lee management to Emmis management," the company said.

The Emmis-Lee merger had received good reviews from several integrated Lee staffers several months after the takeover, partly because jobs had remained stable. Some former Lee execs, however, had expressed fear that aggressive budgets and the soft advertising year might lead to layoffs.

Emmis said the cuts were determined by station management and were geared more toward reorganizing to advance stations' positions within their markets than toward economic savings. Some stations, Emmis said, might be adding personnel.

**CH. 52-59 AUCTION
SLATED FOR NEXT YEAR**

Broadcast television, including mobile, might be among the services permitted when spectrum now used for TV ch. 52-59 is auctioned for new uses next year, the FCC proposed last week. The agency also proposed that the 265 stations now operating on the band receive full interference protections from new users until the transition to DTV is complete.

Public comment is being sought on whether stations should be allowed to vacate channels early if they strike buyout deals with wireless companies expected to bid for the frequencies, just as they are for ch. 60-69.

A buyer's upfront?

The leverage shifts in an almost recessionary ad market

By Steve McClellan

You know the upfront market is going to be down when the sellers start projecting a decline. And, although they don't want to be quoted, that's what they were saying privately last week: that the overall pool of broadcast upfront dollars this year won't match the \$8.2 billion that flowed in a year ago.

But the big question is whether the networks—broadcast and cable—can hold their pricing on a cost-per-thousand-viewers basis, which is how advertising is sold in the TV business.

On that point, the pre-upfront posturing has begun right on cue. Buyers, sensing an opportunity in an almost recessionary ad market, are clamoring for price reductions. The sellers retort that they fully expect to get modest price increases, although that's widely interpreted as meaning they want to hold pricing at least to current levels.

For the past several years, the positioning has been just the reverse: the networks calling for and getting big increases, advertisers desperately trying to hold the line.

But this year, the leverage has shifted to the buyers, says John Lazarus, director of national broadcast for TN Media. "It's the softest marketplace in a dozen years. There's going to be a lot less money, the economy is not sound, and everyone is a little nervous. It's just going to be a buyer's market."

Lazarus estimates that the broadcast upfront may drop from last year's \$8.2 billion to \$7.6 billion or \$7.7 billion this year. Mergers and acquisitions on the client side are lowering the pool of dollars, as well, he says. "In part, consolidation is designed to give some economies

of scale. So two \$200 million accounts don't equal a four; they equal a three."

Executives say at least two factors have to play out before the pricing issue gets resolved: the looming Hollywood strikes and the economy.



Viacom's Mel Karmazin has floated the notion that CBS may sell as little as 55% of its commercial inventory in this year's upfront.

While the networks may be prepared for a strike, if one does occur, they will take a ratings hit. In fact, network sales staffs are currently preparing two sets of rates. One set assumes a strike, the other doesn't.

If a strike occurs, network sources estimate, the six networks combined would probably drop 10% to 15% in the ratings, and those with high-appeal sports programming and reality fare would be better off.

TV executives still hope a strike can be averted. CBS Television President and CEO Leslie Moonves, presenting the network's development slate to Madison Avenue last week, told attendees that he is "hopeful and semi-optimistic" that issues with both the writers and the actors will be settled by the respective May and June deadlines.

Still, the networks aren't just going to hand over the keys to the store in negotiations with advertisers, no matter what the economy looks like, strike or no strike. Viacom chief Mel Karmazin stated last month that he is prepared to sell dramatically

less network inventory this upfront if advertisers won't pay the desired price. He said CBS might sell as little as 55% of the network's inventory upfront and take the risk that pricing in the scatter market would be higher.

Executives at other networks say the only way that strategy would work is if other networks followed suit. "You can't do 55% if everyone else does 80%," said the top sales

Two factors have to play out before resolving the pricing issue: the looming Hollywood strikes and the economy.

executive at a major network. "You can't recover from that."

But executives at two of the other Big Four networks say they're considering selling less inventory in the spring if advertisers don't come close to meeting their price expectations.

Lazarus, for one, doesn't think it will happen. "If they're going to shut down early, we're going to move a lot of money to other places," he says of CBS. Karmazin is "not going to tell us how to run a marketplace. The marketplace runs the marketplace. It's way out of anyone's control." ■

Add news or ad time?

Critics contend TV cuts political reporting to generate more ads

By Bill McConnell

With the campaign-finance-reform debate heating up on Capitol Hill, critics of the TV industry charged broadcasters with intentionally cutting airtime devoted to the 2000 election in order to force candidates to spend more on political ads.

"The industry not only profited, it profited," CBS News legend Walter Cronkite lamented during a speech Thursday to the Alliance for Better Campaigns.

"The coverage of important campaigns goes down as ads go up," said Norman Ornstein, of the American Enterprise Institute, during an earlier panel discussion. The Alliance for Better Campaigns is fighting to require broadcasters to offer free airtime to political candidates.

Ornstein said data from the two latest presidential elections shows a steady decline in election coverage. Compounding the problem, added Tom Rosenstiel, of the Project for Excellence in Journalism, TV focuses almost exclusively on the horse-race nature of campaigns, rather than providing substantive coverage of the issues and candidates' positions.

While voicing regret over the declining amount of political coverage, ABC anchor Sam Donaldson insisted that the networks do a good job giving voters a sense of what makes candidates tick. That task, perhaps, may be more important than extensive analyses of candidates' positions, he said. In-depth reviews of George W. Bush's specific environ-

mental positions would have had little meaning today, given his reversal last week on promises to cut carbon-dioxide emissions.

"I think people choose candidates—those people in the middle, the swing voters—sort of like they choose a spouse: 'Do I like this person? Do I trust this person? Do I like the values of this person?'" Donaldson said.

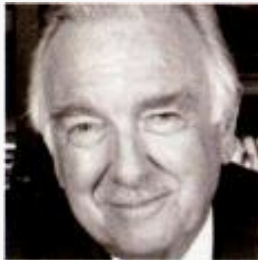
With Sen. John McCain's push to require free airtime for candidates as a backdrop, broadcast-industry officials last week insisted that stations aren't to blame for the high cost of political campaigns or the influence of special interests on elected officials.

To fend off McCain's call to give \$750 million worth of airtime to candidates, officials of the National Association of Broadcasters said that requiring

free time won't stand up in court and is unworkable. NAB counsel Jack Goodman said, "Every single constitutional scholar who has looked at this issue has concluded that mandating free time is unconstitutional."

The NAB also lashed out against calls to reduce what broadcasters can charge for political ads, complaining that an Alliance study incorrectly said broadcasters received \$771 million from candidate ads in 2000 and steered candidates into high-priced ads.

NAB officials said that campaign consultants buy ads based on strategic impact without regard to cost and that much of the advertising is bought by non-candidates to push advocate positions on specific issues, not by candidates. ■



Walter Cronkite chastised broadcasters for election "profiteering."

IN BRIEF

NBC ORDERS MORE FITZGERALDS

In time for St. Patty's Day, NBC picked up four more episodes of Irish-family sitcom *The Fighting Fitzgeralds*, securing its run through May sweeps. Airing Tuesdays at 8:30 p.m., it stars Brian Dennehy as a father to three adult sons. Since its March 6 debut, *Fitzgeralds* has averaged a 4.5 rating/12 share in adults 18-49, according to Nielsen.

REVERSAL ASKED ON DTV-RECEIVER RULES

TV trade groups last week asked the FCC to reverse its decision against setting DTV-receiver standards. Unless customers reliably receive over-the-air reception, the transition to digital will be hopelessly stalled, wrote the National Association of Broadcasters and others. They also asked for delay in deadlines for some of broadcasters' obligations, such as requiring them to pick their permanent digital channels by 2003.

NEW DRAMA IN REAL TIME

Kiefer Sutherland has been cast in a new Fox drama pilot, *24*, which will unspool in real time, one hour of the action rolling out each week. Produced by Imagine in association with 20th Century Fox, the series stars Sutherland as a CIA agent trying to stop the assassination of a presidential candidate. *La Femme Nikita* writers Joel Surnow and Bob Cochran are on board with the project, along with Imagine's Tony Krantz, Ron Howard and Brian Grazer.

In more pilot action, Oscar-nominated Marcia Gay Harden has been cast opposite Richard Dreyfus in CBS' *The Education of Max Bickford* (20th Century/CBS Productions). Also, UPN has put into motion the pilot *Dead Zone*, based on the Stephen King novel.

IN BRIEF

HOLLINGS: NETWORKS WILL RIDE DEREG WAVE

Sen. Fritz Hollings (D-S.C.) last week warned broadcasters they were about to be hit by the deregulation wave.

"Ninety-one percent of all landings and takeoffs from Charlotte, N.C., are controlled by US Airways," he told NAB's state leadership conference. "That's what the networks are going to do to you," referring to the nets' drive to eliminate the 35% cap on national audience share.

Hollings also told broadcasters that he supports rules that would require cable to carry broadcasters' high-definition television signal but does not think cable should be required to carry six channels of standard-definition TV.

DIGITAL WANNA CARRY

WISH-TV Indianapolis, one of the first stations in the U.S. to use its DTV signal to multicast NCAA men's basketball tournament games last year, has arranged with local cable operators to offer the multicast to cable viewers this year.

The additional games are available to local digital cable subscribers of Comcast, Insight and Time Warner Cable.

The deal, between the station and the cable operators, came about as a result of fans' asking the cable operators to offer the games.

According to WISH-TV Program Manager Rick Thedwall, no money changed hands, the agreement calling for carriage of the extra games on ch. 701, 702 and 703 in the systems to digital subscribers at no charge.

Eviction notice

Tauzin wants broadcasters to clear analog spectrum by 2006

By Paige Albinak

Rep. Billy Tauzin (R-La.) dropped a bomb on broadcasters last week, suggesting Congress might need to impose a hard deadline to knock them off the analog spectrum they are supposed to return in 2006.

"I am concerned that this 'soft' deadline is thwarting the certain and swift transition to digital," said Tauzin, who chairs the House Energy and Commerce Committee. "As a result, I am willing to consider exploring the idea of imposing a 'hard' deadline of 2006."

After a hearing before the House Telecommunications and Internet Subcommittee last week, Tauzin spokesman Ken Johnson softened Tauzin's statement a bit: "We're still discussing a time frame, but it's become clear to us that we need to light a fire under the broadcasters."

Tauzin and other members of Congress have recently expressed concern that broadcasters will never vacate their analog spectrum, which would prevent its use in other services, such as advanced wireless Internet.

Rep. Ed Markey (D-Mass.) took another tack. Before the digital transition can take effect, he said, consumer electronics manufacturers need to get digital televisions into people's homes. To do that, he wants to require set manufacturers to include a digital TV tuner in all new TV sets by a certain date.

Both Paxson Communications Corp. Chairman Lowell "Bud" Paxson and Fisher Broadcasting President Ben Tucker said they would like to see such a law.

House Telecommunications and Internet Subcommittee Chairman Fred Upton (R-Mich.), who chaired last week's hearing, said he is willing to consider the idea. "As a general rule," Upton said, "I am naturally hesitant to support any government policy which interferes in the competitive marketplace and would lead to significant cost increase to the consumer or significantly limit consumer choice."

Tauzin flatly opposed a tuner requirement, "which, in my view, will impose an unaccept-



Photo: John Troha

Viacom Executive VP Martin Franks said the congressional discussions have succeeded in pushing parties to the negotiating table.

ably high cost on consumers."

Dave Arland, director of government relations for Thomson, said adding a tuner could add \$200 to the cost of a new TV. He later admitted that costs are likely to fall once the technology is widely introduced.

While TV-station owners want Congress to step into the transition on several fronts, content providers say congressional "jaw-boning" might be enough of a jump-start. Viacom Executive Vice President Martin Franks noted that congressional talk has already pushed parties to the negotiating table.

After lawmakers earlier this month sent a letter to the FCC voicing concern over copy protection of over-the-air digital broadcasting, studios and consumer electronics manufacturers have had some success advancing their talks.

"I'm not sure we need legislation on this issue. As a result of your letter," Franks told the hearing, "we've made more progress on this issue in the past two weeks than we have in the last five years."

Studios want to protect over-the-air broadcasting from being redistributed over the Net, while consumer electronics manufacturers want viewers to have as much content to copy as possible, boosting sales of copying devices.

The copy-protection issue is just one roadblock that needs to be removed if the transition to digital is to advance. If studios don't feel safe delivering their product over the air, they will distribute it only over cable and satellite. ■

B&C names 2001 tech leaders



Tribune's Ira Goldstone (l), Cable Labs' Richard Green (c), and Pinnacle's Mark Sanders were awarded the Technology Leadership Award by BROADCASTING & CABLE.

BROADCASTING & CABLE last week announced the winners of its 2001 Technology Leadership Awards: Ira Goldstone, engineering and technology, Tribune Broadcasting; Richard Green, president and CEO, Cable Television Laboratories; Mark Sanders, president and CEO, Pinnacle Systems; and Fox Sports.

The three individuals are being honored for their contribution to TV technology over the past three decades; Fox Sports, for its innovative approach to sports broadcasting.

The awards will be presented April 23 during the National Association of Broadcasters convention in Las Vegas.

This is the fourth year of the awards. Past recipients include Joe Flaherty, CBS; Jim Chiddix, Time Warner; James Goodman, Capitol Broadcasting; Eddy Hartenstein, DirecTV; Charles Steinberg, Sony; Rob Glaser, RealNetworks; Woo Paik, LG Electronics; and Richard Wiley, partner, Wiley, Rein & Fielding.

Goldstone, 51, began working with TV

technology in junior high and has never stopped. Today, he leads Tribune, the fourth-largest TV group, as it struggles along with the rest of the broadcasting industry to make the transition from analog to digital.

As the head of Cable Labs, Green, 63, personifies cable technology. But he has spent most of his career in broadcast TV, at ABC, CBS and PBS. He also established the Advanced Television Systems Committee and helped produce the first HDTV programming in the U.S. while at CBS in 1981.

After a stint as a Navy intelligence officer, Sanders, 57, joined Ampex as a design engineer in 1970. But as Ampex fortunes began to fade, he jumped to Pinnacle Systems in 1990 and helped build it into one of the premiere manufacturers of digital TV technology.

When Fox acquired the rights to the NFL in '94, it began reinvigorating sports broadcasting with cutting-edge graphics, including the now ubiquitous Fox box that keeps game stats visible. Fox's innovation continued this year with its broadcast of NASCAR racing. ■

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Desperately seeking Katie

Couric's contract is up in summer 2002; TV execs look to put her in daytime talk show

By Joe Schlosser

Is Katie Couric going to be the next Oprah Winfrey? A lot of people in Hollywood seem to think so, and the *Today* anchor is meeting with top studio and syndication executives about hosting her own daytime talk show that could launch as early as fall 2002.

Couric, whose contract with NBC News ends in May 2002, may just be attempting to drive up her long-term value at NBC, but the morning star is being seriously wooed by nearly everyone in the business to join the daytime talk ranks.

Insiders say Couric has been discussing the move for several months with potential syndication suitors, including NBC Enterprise, her home network's syndication division. The money being thrown at Couric rivals that of Winfrey's mega-million-dollar pact with King World. Couric could make anywhere from \$20 million to \$30 million a year, insiders say. In almost any scenario, Couric would likely get an ownership stake in the vehicle.

"Everybody wants her. Who wouldn't want her?" asks one top syndication executive who is among those "desperately seeking" Katie. "She can come on and do an amazing show. There just aren't that many people out there. She can totally relate to that woman out there."

Fox, DreamWorks, Paramount/King World, NBC, Carsey-Werner, Columbia TriStar and Warner Bros. are all said to be chasing Couric.

NBC Enterprises wants her, too, but that's a touchy subject because the syndication arm doesn't want to appear to be tampering with the network's hot property.

DreamWorks head Jeffrey Katzenberg, News Corp. President Peter Chernin and other top brass have broken bread with the *Today* star over the past several months.

NBC has an exclusive 30-day renewal window with Couric after her contract ends in the summer of 2002. If she were to pass on an NBC offer, Couric could accept bids from outside studios, and NBC would have 90 days to match. "That makes doing a talk show in the fall of 2002 pretty hard to do," says one insider. "The earliest a show could probably get up and running would be January 2003."

The studio most actively courting Couric, sources say, is Warner Bros. Domestic Television, which could lose its daytime talk show with Rosie O'Donnell after the 2001-02 season. Top Warner Bros. executives have met with Couric and her representatives at AMG, Michael Ovitz' Hollywood talent agency. Sources say Warner Bros. could use co-owned CNN's news resources to put journalistic impact into a show.

"She's one of those people who I think are multi-talented," Rosie O'Donnell said of Couric on *Access Hollywood*. O'Donnell said her show "is good real estate in daytime TV, very valuable. A lot of people would benefit from it, and I hope she gets it."

NBC Enterprises wants her, too, but that's a touchy subject because the syndication arm doesn't want to appear to be tampering with the network's hot property. Still, Couric's

relationship with former *Today* Executive producer and new NBC Entertainment President Jeff Zucker could help. "Jeff and Katie have a very, very unique and terrific friendship."

There are a couple of other scenarios playing out, as well. Couric has been linked romantically to Tom Werner of studio Carsey-Werner-Mandabach. In one scenario, DreamWorks, which doesn't have a syndication division, would produce the show, and Carsey-Werner would handle distribution. Both studios had no comment. As for Columbia TriStar, its link to Couric is Ovitz. The Sony-owned studio is co-financing Ovitz' new TV venture, ATG. ■

Promotions at TVinsite

Cahners Television Group has appointed Dave Levin general manager of the TVinsite portal and promoted Lauren Cohen to director of Internet sales and marketing for the group.



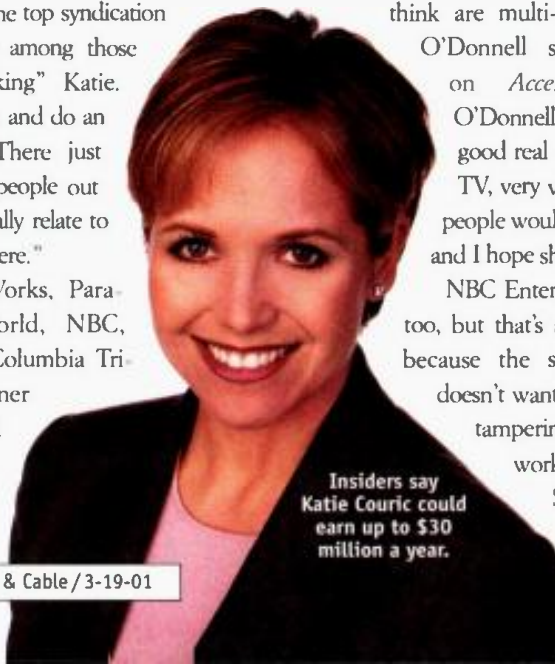
Dave Levin

Levin joined *Multichannel News* as Webmaster in November 1997, subsequently assuming strategic responsibility for the *Cablevision*, *Multichannel News*

International and *Broadcasting & Cable* Web sites.

Prior to joining Cahners, he was involved in Web development at McGraw-Hill and at Viacom's MTV Networks.

Cohen has held a similar position at *Multichannel News* for several years and will continue to represent the publication on the print side. ■



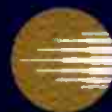
Insiders say Katie Couric could earn up to \$30 million a year.



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FINANCIAL WRAP-UP

Week of March 12-16

WINNERS

	3/16	% change
Cox Comm.	\$43.75	2.96
Cablevision Systems	\$86.81	2.73
Univision Comm.	\$37.43	0.11
Clark (Dick) Prod.	\$12.25	1.00
ValueVision Intl.	\$11.63	1.00

LOSERS

	3/16	% change
Saga Comm.	\$16.00	(15.12)
Granite Bcst.	\$2.50	(14.89)
Antec Corp.	\$7.75	(13.90)
Insight Comm.	\$22.25	(13.80)
Telewest Comm.	\$17.67	(13.80)



Market sinks, CNBC soars

An ill wind blows the financial-news network some good

By Richard Tedesco

While portfolio managers were agonizing over the stock market's sudden dive last week, CNBC executives were gleefully tallying up their successes in what has been a tough TV-ad-sales environment.

CNBC estimates 15% growth in ad sales for first quarter 2001 over first quarter 2000, according to John Kelly, senior vice president of ad sales for NBC Cable Networks. That's considerably less than the growth CNBC saw in the 2000 first quarter, he says: "The growth is not as robust in this environment. It's a tough market."

But while the market tumbled last week, CNBC's ratings took off.

On Tuesday and Wednesday, viewership from 5 a.m. to 8 p.m. was up more than 60% over the same period last year, with an average of more than 400,000 cable households tuning in.

Viewership from 5 a.m. to 8 p.m. in February was up more than 60% over the same month last year.



CNBC's ad revenues have risen 15% in the 2001 first quarter.

Viewership for its early-evening half-hour, *Business Center*, was up 55%, to 339,000 households, on Wednesday and 29%, to 334,000 households, on Thursday.

It soundly thumped its prime competition, CNN's *Moneyline*, which pulled 218,000 households Wednesday and 259,000 Thursday.

That followed a fairly flat February, when overall viewership was up only 2%.

There has been a considerable amount of

client-dollar turnover, Kelly notes, with traditional brokerages driving the train and online stock sellers slacking off. "There has been an absolute churn in our client base."

But in the midst of last week's market mauling, CNBC fielded a call from a major broker to discuss increasing its exposure on the cable net. Kelly explains, "There's a message they want to deliver

about what's going on right now."

Whatever that message is, it will add to CNBC's ad coffers, which are growing in response to an upward trend in viewership that began in earnest four years ago. Average viewership for its business-day programming, 8 a.m.-5 p.m., went from 148,000 households per day, in 1997, to 241,000 households, in 1998. It rose to 332,000 households last year, and it now stands at 363,000 households per day for 2001 as it cultivates an audience of market watchers. Kelly says, "We talk about our viewers as users who come to us for information and then react to it." ■

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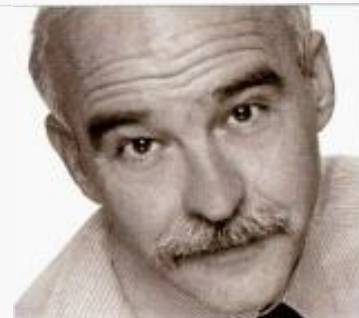
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Tag-team news

Does Don Hewitt really believe TV reporting is a commodity?

At a Santa Barbara media conference last week, Don Hewitt, the *éminence grise* of television magazine shows and executive producer of *60 Minutes*, suggested it would be a good idea for the big news networks to fold their three evening newscasts into one (presumably) greater big news show.

It's a bad idea, and I don't think it's something that Hewitt actually believes. "You happen to be wrong," Hewitt told me in a phone conversation. "I was talking to a top news executive who told me, 'You are on to something. It's going to happen.' The reason I say all this is because I love the evening news. It's an institution. I want to save it."

Hewitt's idea is that you don't need correspondents from every network waiting for the same hurricane. "One person could do the job for all three. Instead of Associated Press, we should have the A.T.: Associated Television," he said in Santa Barbara, according to an account in the *New York Post*.

I like the insinuation, at least. Television news operations, even on

the network level, still spend baffling amounts of money reporting semi-ordinary events. And while some standup reporters look better blowing around in gale-force winds than others (Dan Rather, I recall, is very good at this), most don't actually say anything special, and few of them actually blow over. But why are they there, if not for the sad fact that television news has for decades put them there?

I've often wondered, during various Storm Watches, if some cost-cutting news executive ever considered running old footage of worried winter shoppers buying snowblowers in Buffalo and telling viewers it was really footage of worried winter shoppers buying snow-

blowers in Denver. This kind of recycling would also work fine for spring-break riots, Fourth of July fireworks, California brush fires and, it seems to me, multicar pile-ups on almost any interstate.

But the fact is, the Associated Press already has the kind of television service Hewitt suggests, and so do the networks that send out pooled reporting from its affiliates. CNN's NewsSource also is there to provide reporting for stations, provided by its member stations nationwide.

Hewitt's suggestion is to let Dan, Tom and Peter alternate weeks at the dinnertime anchor desk and let their networks spend money and time in other dayparts doing news program-

ming that—like *60 Minutes*—gives each network a distinctive voice and feel.

Actually, that idea is so modern (and, in parts, so bad) I'm amazed Hewitt would speak it. But when I asked Hewitt about it, he suggested that the combined newscast would be its own discreet unit, much the way the *International Herald-Tribune* is a unique combination of the *New York Times* and the *Washington Post*. "It could be a force in America; it could become the

becomes ABC's turn, or CBS', to beat that, and, while viewers may not notice any of that immediately, the end result is that everybody does better. I think that it is more than happenstance that cities with a history of good newspapers also have quality radio and television news outlets.

Hewitt disagrees. In our conversation, he said that the reason *60 Minutes* has thrived all these years is that it hasn't always had head-to-head com-

**That idea is so modern (and, in parts, so bad)
I'm amazed Hewitt would speak it.**

petition. "Competition doesn't make news better," he said. "If we had competition, we'd just have to make compromises."

Don Hewitt has room to gripe, and he has the right combination of outrage, chutzpah and showbiz to get away with saying just about anything. He also has the goods. His magazine started in 1968, and several dozen have started since. Not one—not even one—touches *60 Minutes*. So maybe the old man does know something about the importance of standing out in a crowd. ■

In case you haven't noticed, as media have consolidated, the idea has arisen that what's being put out is "product," measured in minutes or pounds or niche appeal, not "ideas" that are created by, well, competition, truth and importance—those old stand-bys of the news business that, in Hewitt's younger days, were protected by guys who were really broadcasters.

Competition is still a good thing. It's still true that if, in one story, *NBC Nightly News* has one fact more than the other guys, the effort has moved forward, a little, what the ostensible purpose of a newscast is. The next day, it

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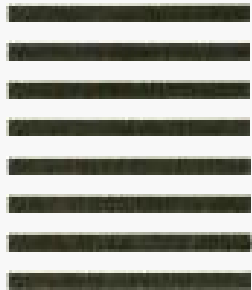
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Syndies turning to cable

Syndicators in a pinch to place first-run series discover a basic market

By Susanne Ault

With stations increasingly scared to pick up new first-run series, syndicators might find a needle in a haystack before landing a hit on broadcast homes they've traditionally turned to. So, looking to survive themselves, distributors that once feasted on syndication are selling more and more first-run product to cable outlets.

True, syndicators can pocket more money with a first-run strip on broadcast stations if its ratings are high enough. That's because barter-advertising revenue will add up more impressively than a flat fee from a cable network. But economics are making syndicators look at cable with a new calculator.

"Traditionally, syndication has always been more profitable. But now, you're looking at a ledger sheet, and you'll say this is getting awfully close to cable dollars," says Studios USA Domestic Television President Steve Rosenberg. Studios USA will debut *Crossing Over With John Edward* in syndication, concurrent with its run on the Sci-Fi Network.

Buena Vista Television produced Comedy Central's *Win Ben Stein's Money* and a new one-hour reality special/potential series for USA, *Aphrodite Jones*.

Columbia TriStar Television Distribution, which hasn't officially secured top-market homes for its fall 2001 strip *Shipmates* and is scrambling for viewers for *Men Are From Mars, Women Are From Venus*, can boast TBS' and Lifetime's highest-rated series,

Ripley's Believe It or Not! and *Strong Medicine*, respectively.

Tellingly, Ed Wilson signed on to NBC Enterprises not only to kick-start its in-house syndication division but also to launch its cable production unit. He isn't ready to disclose specific cable plans, but sources indicate that he

talked to just as many cable executives as station executives in his debut at NATPE as a top-level NBC hire.

"If we have 15 good ideas for cable, hopefully, we'll do 15. If we have 15 good ideas for syndication, we know we won't do 15 because the marketplace just can't absorb it."

He knows he would be crazy not to cozy up to cable—targets apparently include USA, TNN, TNT and A&E (part owned by NBC). Because, while weblets like The WB and UPN eat up programming space on stations, many re-emerging cable networks like suddenly WWF-less USA and now twang-less TNN, a unit of Viacom, need fresh programming.

Plus, stations, threatened by a soft ad market, are becoming skittish over shelling out license fees for shows that seem to fail a lot more than they succeed.

King World's new programming chief Steve Nalevansky and Twentieth Television President Bob Cook have revealed plans to



Lifetime bought high-rated *Strong Medicine* from Columbia TriStar, Sony's syndication arm.

go after the cable market in the near future.

USA's new chief Doug Herzog says, "Look, a syndicated smash is going to make you a lot of money, whereas cable remains to be seen what kind of revenues it will draw. But to sell a show on cable vs. not selling it at all ... you'll still take that." In other words, he continues, "if the KGB made a great show, I would want to have it."

Herzog will "absolutely" be talking to Wilson and traditional syndicators. Scoring an identifying original series, says Herzog "is our main focus. It's job one right now ... I can't afford to overlook any supplier."

It's the same story for Kelly Goode Abugov, Lifetime's senior vice president of programming, who insists that, when she bought *Strong Medicine*, now Lifetime's highest-rated series, it didn't matter that it came from Columbia TriStar Television Distribution, known primarily as Sony's syndication arm. "We thought that it was a really strong show."

Even though NBC's Wilson is blessed with automatic 60% clearance levels for any syndicated programming he rolls out, thanks to NBC Enterprises' recent alliance with the NBC O&Os and the Gannett and Hearst-Argyle station groups, Wilson nevertheless feels the pinch on producing first-run programming.

"Caroline Rhea shows you the difficulty," he says, referring to Paramount's decision to yank its *Caroline* talk effort after getting lightweight license fee offers from stations.

However, "there is a big need from cable networks to come up with distinctive pro-

To sell a show on cable vs. not selling it at all ... you'll still take that.'

—Doug Herzog, USA Networks

IN BRIEF

JOB PERFORMANCE

ABC's controversial midseason comedy, *The Job*, debuted Wednesday, March 14, with decent ratings and strong critical acclaim. The Denis Leary sitcom (9:30-10 p.m. ET/PT) averaged 10 million viewers and a 5.0 rating/13 share in adults 18-49, according to Nielsen Media Research. *The Job* retained its *Drew Carey* lead-in audience better than any other ABC series in two years, holding 100% of its total viewers and adults 18-49 lead-in. *Drew Carey* averaged 10.4 million viewers and a 5.1/13 in adults 18-49 at 9 p.m. *The Job* was slightly down from the time-period average this season (down 9% in adults 18-49 and 13% in total viewers), which is *Spin City*'s regular time slot.

HEALTHY RATINGS FOR PAX TV'S *DOC*

Pax TV original movie *Doc*, starring country star Billy Ray Cyrus, averaged a 2.0 national rating on Sunday, March 11, according to Nielsen Media Research—the highest rating ever for a Pax program since its August 1998 launch. *Doc*, which will now air as a weekly Sunday-night series, averaged 3.1 million viewers and more than doubled its time-period average in viewers and all key demographic areas. *Doc* gives Pax six nights of original programming.

PERRIS JOINS ODYSSEY

Alan Perris, a former syndication exec at Warner Bros. and Columbia TriStar, was named senior VP, programming, at Odyssey, which has 29 million subscribers. He will have responsibility for programming, development, acquisition and scheduling. Previously, Perris served as president and general manager of WTVJ(TV) and WPLG(TV) both Miami and WJXT(TV) Jacksonville, Fla.

gramming," says Scott Sassa, NBC's West Coast president, who initiated the creation of the network's syndication unit.

Sassa maintains that "syndication is our main priority" but still predicts NBC Enterprises will move into the cable arena as soon as next year.

Among other syndicators, USA will premiere in June Buena Vista's *Aphrodite Jones*, which will follow best-selling true-crime author Aphrodite Jones on the trail of real-life lawbreakers.

Recently, Jones' work became the crux of her bestseller *All She Wanted*, an exploration into the death of Brandon Teena, which later evolved into the movie *Boys Don't Cry*.



Columbia TriStar is responsible for TBS' high-rated *Ripley's Believe It or Not!*, with host Dean Cain.

Buena Vista syndication of the Showtime series *Beggars & Choosers* has been "one of the most aggressive [syndicators] to pursue first-run production with cable," boasts Janice Marinelli, who heads the division.

Others have gotten with the program. Columbia TriStar is producing *Going to California*, about a road trip from England to the U.S., and FX comedy pilot *Bad News, Mr. Swanson*.

Krasnoff, Columbia TriStar's programming and production president, says, "I'm not looking to create any new competitors. So I don't want to go out and tell any of my syndication colleagues anything." ■

Cable nips nets' Sunday

Offerings may be stealing some of broadcast's fire

By Susanne Ault

Broadcast networks looking over their shoulders at their cable rivals may be suffering from whiplash after some recent Sunday-night match-ups.

Taken together, HBO's *The Sopranos*, TNT's *The Screen Actors Guild Awards* and the Discovery Channel special *Land of the Mammoth* attracted a strong 17 million viewers on March 11, according to Nielsen Media Research.

It's true that the total is less than the combined firepower of some of the broadcast networks' top offerings, including ABC's *Wonderful World of Disney: Princess of Thieves* (10.1 million), NBC's original movie *The Lost Empire: Part 1* (7.1 million) and Fox's *The Lone Gunmen* (9.0 million). But some network executives did feel cable's bite into their efforts.

Individually, *The Sopranos* grabbed 8.4 mil-



Discovery's special *Land of the Mammoth* reached 5.1 million viewers and may have been responsible for *Lost Empire*'s lackluster performance on NBC.

lion viewers, just behind *Lone Gunmen* but squarely beating *Lost Empire*. Less attractive but still fairly healthy by cable standards were *The SAG Awards* (3.4 million) and *Mammoth* (5.1 million). Both, starting at 8 p.m., easily topped UPN's XFL game (1.5 million).

An ABC spokesperson explained, "It definitely was a unique night. My kids were aware of the *Mammoth*," which started at 8 p.m. and ran against the last hour of ABC's kid-friendly *Princess*.

Also, a third airing of original movie *The Luck of the Irish* (2.5 million) continued to be a pot of gold for the Disney Channel. The film's

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IN BRIEF

**BRAVO VIEWERS
MOB GODFATHER**

Demonstrating the power of old theatricals on cable, Bravo scored its highest rating ever with a showing of *The Godfather*.

Until recently, the Paramount film package, including *The Godfather*, had been running on USA Network. The film's performance helped push Bravo weekly ratings to a 0.6 average from March 5 through 11, double what the network posted in February.

MAMMOTH RESULTS

The Discovery Channel's *Land of the Mammoth* grabbed 5.1 million viewers Sunday, March 11, making it the most-watched documentary on basic cable since Discovery's airing of *Walking With Dinosaurs* in April 2000.

The sequel to Discovery's *Raising the Mammoth*, it scored a 3.9 household rating, enough to be the top-rated show on basic cable Sunday night but half the rating of last year's original.

**MAGNUM TO DEVELOP
PROGRAMMING**

Magnum Sports & Entertainment, a sports-management and -marketing company, has formed Magnum Productions and named veteran TV executive Michael Yudin its president.

Magnum Productions is looking to develop and acquire programming for both domestic and international marketplaces. The division has distributed rights to MTV drama *Live Through This*. Yudin was formerly president of Telescene Entertainment and senior vice president of the Paramount Television Group.

premiere (5.1 million) was the most-watched program in Disney's history.

With HUT levels typical for the night, the ABC spokesperson suspected that cable's programming bonanza took away from some of the networks' efforts.

An NBC spokesperson agreed that *Mammoth* and *SAG* played a role in *Lost Empire's* unimpressive reach. But with lackluster reviews, a TV source pointed out, "it wasn't so much the competition as it was the show itself."

At Fox, there's got to be some grumblings about *The Sopranos* cutting into the network's

high-profile *X-Files* spin-off *The Lone Gunmen*. But Fox was rumored to have given *Gunmen* producers the option of holding back the show until the beginning of summer, when there would be less competition, escaping at least the start of *The Sopranos'* season.

The X-Files will come back to the Sunday 9 p.m. slot starting April 1, with David Duchovny starring in the rest of the season's episodes, something that could give *Sopranos* a run for its money next month. *Lone Gunmen* goes to Fridays at 9 p.m. starting March 16. ■

Battered, bruised XFL

Midway through its first season, losses are 66% higher than expected

By Joe Schlosser and John M. Higgins

The XFL numbers are not adding up for World Wrestling Federation Entertainment and NBC. As the upstart football league reaches the halfway point of its first season, XFL executives acknowledge that losses will surge 66% more than expected as revenues fall short and half the operation's ad inventory stands unsold.

WWF Entertainment CEO Linda McMahon said in Los Angeles last week that XFL co-owners NBC and WWF will each have to spend at least \$10 million more in start-up costs than originally estimated. The two media companies originally planned to invest a combined \$30 million in the first season, she said, and that figure will now wind up over \$50 million. The XFL originally expected 2001 season revenue to reach \$80 million.

"We are not going to make that projection," McMahon acknowledged. "That [revenue] model was built with a good portion of it on advertising revenue. With the shortfall in

the advertising revenue, that will make the revenue not come in as high as we projected. I can't speak to exactly what it will be because we just started the second half of the season and there's a championship game to go. Where the ratings will be for that, I'm not sure."

In an SEC filing, WWF Entertainment revealed a well-known secret among Madison Ave. executives: The XFL was having trouble selling its ad inventory. Five weeks into its inaugural season, league officials admitted to having sold only 50% of their inventory. The XFL had earlier said that roughly 70% of available ad time had been sold.



WWF Entertainment CEO Linda McMahon says, "The WWF is absolutely committed to building this alternative franchise."

The problem, McMahon said, can simply be attributed to one thing: ratings. XFL ratings on NBC, UPN and TNN have dropped nearly 75% since the first game, according to Nielsen Media Research. NBC, whose first-ever XFL telecast averaged a double-digit household rating, is now averaging a 4.3 rating/8 share in households and 6.6 million viewers. NBC's Saturday prime time game is also averaging a 3.0 rating in adults 18-49 through six weeks. UPN is at a 1.7 rating/3 share with 2.6 million viewers and a 1.2 rating/3 share in adults 18-49. TNN, down con-



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IN BRIEF

MADE-FOR SPY MOVIE

Ripped from the headlines: CBS has reached a deal with Lawrence Schiller (*Perfect Murder*, *Perfect Town*) and Pulitzer Prize-winner Normal Mailer to produce a film based on the life of accused Russian spy Robert Hanssen. The project is already in development at the network and will likely air next season.

NEW LINE'S NEW PRES

Jim Rosenthal has been named president of New Line Television, replacing Bob Friedman, who was recently appointed chief of AOL Time Warner's new interactive venture AOLTV. Previously head of New Line's new media and business development division, Rosenthal will manage the company's TV projects and syndication division.

CBS WINS THE WEEK

With help from *Survivor: The Australian Outback* and *CSI: Crime Scene Investigation*, CBS won the weekly ratings race in households and tied ABC for first in adults 18-49. For the week of March 5-11, CBS averaged a network-best 8.4 rating/14 share in households, 12.2 million viewers and a 4.0 rating in adults 18-49. It was the first time CBS has topped NBC in the adults 18-49 demo since the advent of the Nielsen People Meters. NBC finished the week tied for third with Fox in adults 18-49, scoring a 3.8 average. *Survivor* and *CSI* ranked as the week's No. 1 and No. 2 shows, respectively, with *Survivor* averaging 28.7 million viewers, a 17.1 rating/26 share and a 12.1/31 in adults 18-49. *CSI*, which follows *Survivor* at 9 p.m. ET/PT, drew 23 million viewers and a 14.4/22 in households.



XFL officials say the action on the field will remain 100% professional football. Off the field, the league's WWF lineage is apparent.

siderably from its first game, has improved its Sunday-afternoon time periods more than 50% in a number of areas, network executives say.

The March 10 game on NBC piqued the interest of 18- to 24-year-old males, whose viewership jumped 82%, doubtlessly lured by promises of XFL cameras' going into the cheerleader's locker room.

Despite the ratings, McMahon said WWF Entertainment is standing behind its first-year league. "I think, unfortunately from a TV perspective, the XFL is being looked at as a pilot series, where 'Okay, you've got six or seven episodes of a pilot, and it's not giving you the ratings you want, then you ought to just pull it,'" she said. "But that's not what building a brand or building a franchise is all about. The WWF is absolutely committed to building this alternative franchise."

She denied reports that NBC and WWF Entertainment are obligated only to one-year

of the new league, saying both sides are committed to two seasons and there is an option for a third. An NBC spokesperson confirmed the network's commitment to the XFL.

But at a Bear Stearns investor conference in Boca Raton, Fla., two weeks ago, McMahon said the WWF was committed only to one year and the operation would be reevaluated.

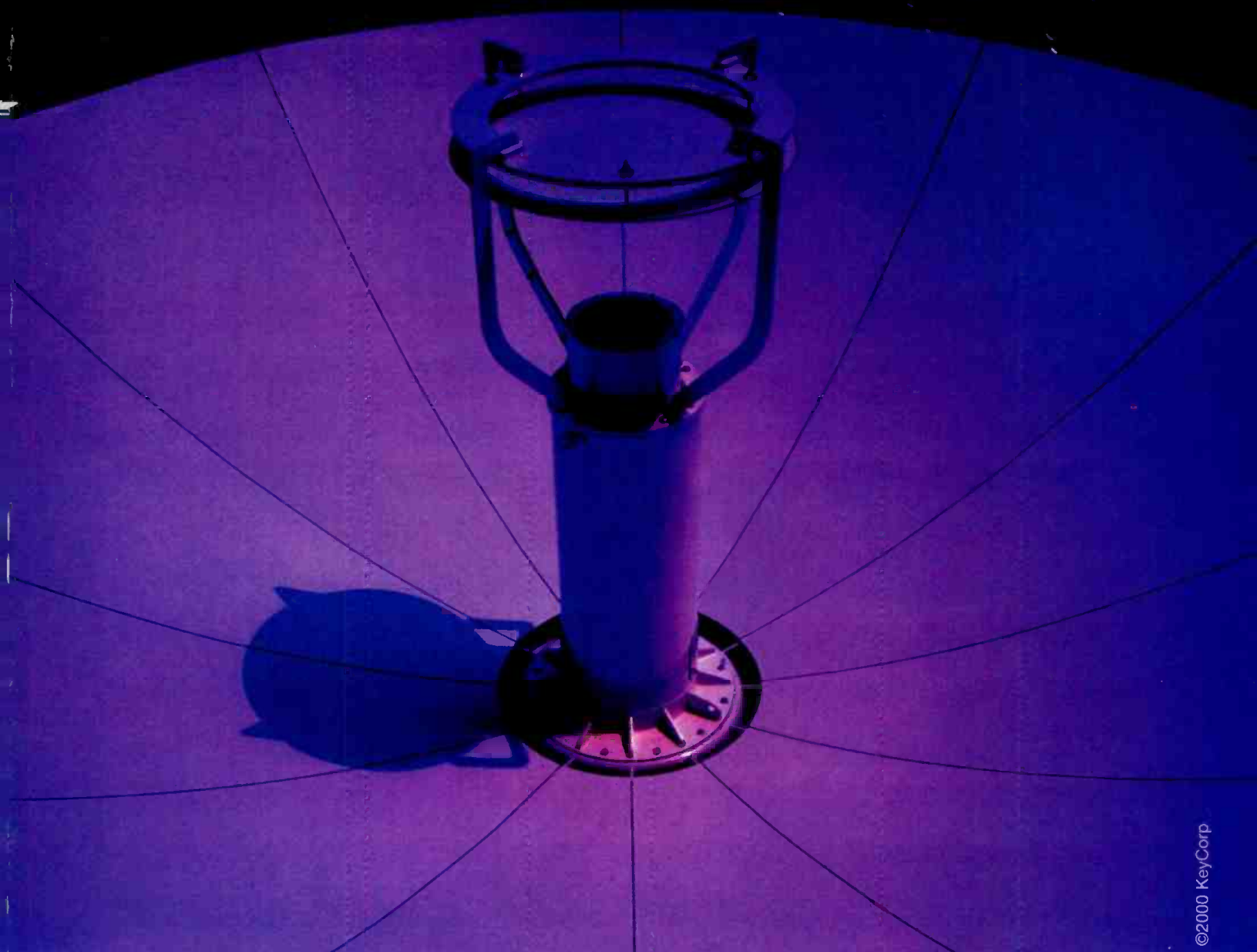
In terms of turning the XFL into one of the WWF's weekly staged wrestling events, league officials say the action on the field will remain 100% professional football. Off the field, that's another story. On NBC's March 10 telecast, WWF Entertainment Chairman Vince McMahon and his wife Linda orchestrated a *Raw Is War*-type sequence in which NBC cameras went into the cheerleaders' locker room.

"I don't think that you'll see a lot more of that," said Linda McMahon. "What the fans are really looking for is innovative football." ■



League officials admitted to having sold only 50% of ad inventory; earlier, the XFL said roughly 70% had been sold.

In an industry moving at the speed of light, isn't it nice to know you can find a financial partner who isn't in the dark?



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StationBreak

BY DAN TRIGOB OFF

AGE DISCRIMINATION CHARGED IN ALABAMA

Huntsville, Ala.'s Tom Kennemer has sued his longtime station, WAFF(TV), and its owner, Raycom Media, contending that he was fired for growing old. Kennemer, 59, who had been at WAFF since 1981, says the station essentially forced his resignation late last year when it "decided to cut his pay by more than two-thirds, [take] away his employment benefits and remove him from half his job responsibilities." According to local reports, he was earning more than \$100,000 a year.

In his complaint, filed at the Circuit Court of Madison County, Ala., Kennemer called the alleged changes in his job "constructive discharge." After resigning, he says, he was replaced by a younger staffer.

Kennemer had been anchoring the station's noon and 6 p.m. newscasts. In his complaint, he contends that the station's actions violate Alabama's age-discrimination restrictions and asks that the court reinstate him and provide back pay and benefits, court costs and dam-

ages. Station management could not be reached for comment.

CALLING ME HOME, CHICAGO IS

Back when Carol Marin's late news was the local focus of WBBM-TV Chicago, she had been assured by General Manager Hank Price that CBS' new Vice President for News Joel Cheatwood—with whom she had clashed when both were at cross-town WMAQ-TV—would effectively stay out of Chicago.

Marin is now at the network, Price is in North Carolina with Hearst-Argyle, and, last week, now that his detractor and her ally no longer are in Chicago, Cheatwood was at WBBM-TV.

Cheatwood's visit, noted in advance by the *Sun-Times'* Robert Feder, was preceded by management assurances that news decisions would continue to be made locally, according to sources. WBBM-TV ratings were low during February sweeps, but things weren't much better, if any, at the group's other top-market stations.

Cheatwood, who pioneered

a fast-paced news style in Miami and Boston before turning to Chicago, tends to cause a ruckus when he returns to a city where he once worked.

Three years ago, his presence at CBS' WBZ-TV in Boston was enough to generate newspaper headlines in both Chicago and Boston following WMAQ News' disastrous decision to air commentaries by Jerry Springer.

INSIDE STORY

While news choppers were following a man and woman in a Cadillac being chased by a police car, KCBS-TV Los Angeles Assignment Editor Jack Noyes talked to the driver on the phone. Noyes said later that he was contacted by a man identifying himself as "Tyler," who, Noyes deduced, was the target of the California Highway Patrol chase through Orange County.

The suspect was seeking advice from the TV station, telling Noyes that he feared going to prison because of a gang background that could lead to problems behind bars. Noyes had colleagues contact police about the call and

advised the suspect, who was traveling at high speed, to pull over and surrender.

KCBS said the station and suspect lost contact during the chase, but news chopper pilot Aaron Fitzgerald stayed with it and eventually covered the surrender, when the suspect, who had eluded police a few times, turned himself in at the Anaheim police station.

BREAK TIME

Georgia broadcasters are looking to win a break on sales taxes for equipment used in their switch to digital. The State House approved the write-off by a nearly unanimous vote, and the Senate version is on its way to the floor with a committee recommendation. Proponents of the bill pegged the worth of the 4% break to broadcasters at \$18 million to \$26 million. Similar efforts are ongoing at the federal level and in other states.

Georgia Association of Broadcasters President Bill Sanders said that, although Atlanta stations have met their digital deadlines, it's more difficult for some of the state's other stations. The sales-tax break, he said, will make it easier for less profitable stations to afford equipment. Sanders, who visited Washington recently, believes that there will be an extension of the 2002 digital-conversion deadline that many small- and middle-market stations face.

All news is local. Contact Dan Trigoboff at (301) 260-0923, e-mail dtrig@erols.com, or fax (202) 463-3742.



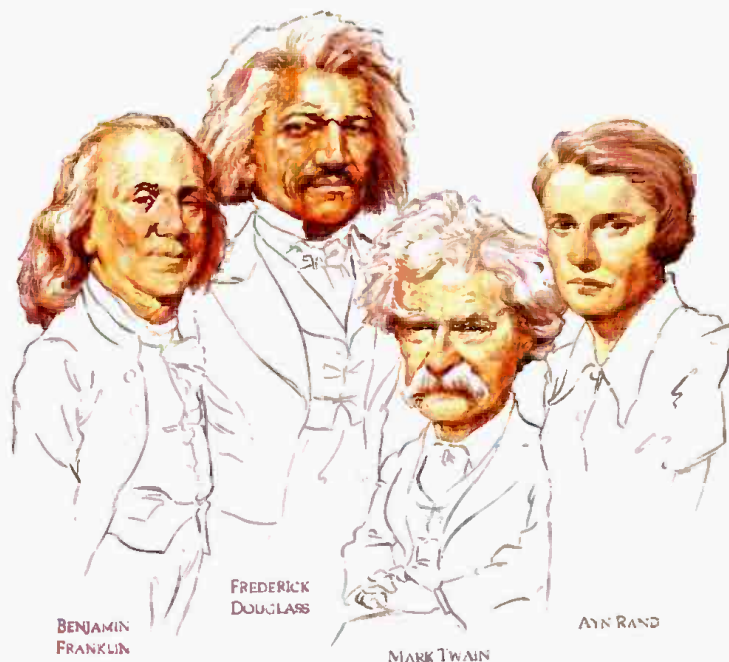
Photography honors

This image comes from footage shot by KARE Minneapolis photojournalist Gary Knox, who was named photographer of the year by the National Association of Press Photographers. The station was named station of the year for the third time, and Knox is the fifth KARE cameraman so honored.

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Series Schedule

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- 3/19 William Bradford
- 3/26 Benjamin Franklin
- 4/2 Thomas Paine
- 4/9 Thomas Jefferson
& James Madison
- 4/16 Lewis & Clark
- 4/23 James Fenimore Cooper
- 4/30 Sojourner Truth
- 5/7 Ralph Waldo Emerson
& Henry David Thoreau
- 5/14 Elizabeth Cady Stanton
- 5/21 Nathaniel Hawthorne
- 5/28 Frederick Douglass
- 6/4 Harriet Beecher Stowe
- 6/11 Mary Chesnut
- 6/18 Abraham Lincoln
- 6/25 Mark Twain
- 7/2 Willa Cather
- 7/9 Black Elk
- 7/16 Booker T. Washington
& W.E.B. Du Bois
- 7/23 Henry Adams
- 7/30 Edith Wharton
- 8/6 Upton Sinclair
- 8/13 Theodore Roosevelt
- 8/20 Theodore Dreiser
- 9/10 Will Rogers
- 9/17 H.L. Mencken
- 9/24 Langston Hughes
& Zora Neale Hurston
- 10/1 Ernest Hemingway
& F. Scott Fitzgerald
- 10/8 John Steinbeck
- 10/15 William Faulkner
- 10/22 Ayn Rand
- 10/29 Walter Lippmann
- 11/5 Ernie Pyle
- 11/12 Whittaker Chambers
- 11/19 Jack Kerouac
- 11/26 James Baldwin
- 12/3 Betty Friedan
- 12/10 Russell Kirk
& William F. Buckley
- 12/17 David Halberstam
& Neil Sheehan

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Programming

BroadcastWatch

COMPILED BY KENNETH RAY

MAR. 5-11 Broadcast network prime time ratings according to Nielsen Media Research

Week	abc	CBS	NBC	FOX	PAX TV	U/PIN	WB
23	7.0/11	9.6/15	8.5/13	5.9/9	1.1/2	2.2/3	2.9/4
8:00		29. King of Queens 8.5/13	29. Dateline NBC 8.5/13	51. Malcolm/Middle 6.5/10	133. Miracle Pets 0.7/1	98. Moesha 2.1/3	84. 7th Heaven 5.2/8
8:30	37. ABC Monday Night Movie—One Fine Day 7.7/11	36. Yes, Dear 7.8/11		53. Grounded/Life 6.1/9		93. The Parkers 2.2/3	
9:00		8. Ev Lvs Raymd 11.7/17	29. NBC Sunday Night Movie—Jackie, Ethel, Joan: The Women of Camelot, Pt. 2 8.5/13	53. Simpsons 6.1/9	117. Touched by an Angel 1.2/2	91. The Hughleys 2.3/3	93. Gilmore Girls 2.2/3
9:30		10. Becker 10.7/16		71. Titus 5.1/8		93. Girlfriends 2.2/3	
10:00	66. Gideon's Crossing 5.5/9	15. 48 Hours 9.6/16			111. Diagnosis Murder 1.4/2		
10:30							
	9.6/15	7.6/12	9.3/15	6.1/9	1.0/2	2.6/4	2.1/3
8:00	4. Who Wants to Be a Millionaire? 10.2/17	50. JAG 6.6/10	24. Frasier 8.9/14	53. Fox Movie Special—Austin Powers, International Man of Mystery 6.1/9	133. Mysterious Ways 0.7/1	88. UPN's Movie Tuesday—Bad Boys 2.6/4	93. Buffy the Vampire Slayer 2.2/3
8:30			20. Fighting Fitzg* 9.2/14				
9:00	44. Dharma & Greg 6.9/11	26. 60 Minutes II 8.7/14	8. Frasier 11.7/18		121. Touched by an Angel 1.1/2		98. Angel 2.1/3
9:30	53. Geena Davis 6.1/10		20. Three Sisters 9.2/14				
10:00	16. NYPD Blue 9.5/16	39. Judging Amy 7.6/13	33. Dateline NBC 8.4/14		121. Diagnosis Murder 1.1/2		
10:30							
	9.0/14	5.6/9	8.7/14	5.8/9	1.1/2	2.7/4	1.8/3
8:00	3. Who Wants to Be a Millionaire? 14.0/23	74. Some/Friends 4.6/8	59. Ed 6.0/10	61. 3rd Annual TV Guide Awards 5.8/9	136. Twice in a Lifetime 0.6/1	101. 7 Days 2.0/3	105. Dawson's Creek 1.9/3
8:30		78. Bette 4.3/7					
9:00	34. Drew Carey 8.2/13	44. CBS Wednesday Movie—Love and Treason 6.9/11	16. The West Wing 9.5/15		117. Touched by an Angel 1.2/2	85. Star Trek: Voyager 3.4/5	107. Jack & Jill 1.7/3
9:30	47. Spin City 6.8/11						
10:00	44. Once and Again 6.9/12		12. Law & Order 10.5/18		111. Diagnosis Murder 1.4/2		
10:30							
	8.5/14	13.0/21	8.7/14	3.7/6	1.0/1	3.9/6	2.4/4
8:00	80. Whose Line Is It 4.2/7	1. Survivor II 17.1/26	24. Friends 8.9/14	78. World's Funniest 4.3/7	125. It's a Miracle 0.9/1	82. WWF Smackdown! 3.9/6	89. Gilmore Girls 2.4/4
8:30	70. Whose Line Is It 5.2/8		39. Just Shoot Me 7.6/12				91. Charmed 2.3/4
9:00	7. Who Wants to Be a Millionaire? 11.8/18	2. CSI 14.4/22	29. Will & Grace 8.5/13	86. TV Guide Truth Behind the Rumors 3.2/5	125. Touched by an Angel 0.9/1		
9:30			41. Just Shoot Me 7.5/11				
10:00	23. Primetime 9.0/15	41. Big Apple 7.5/13	14. ER 10.0/17		117. Diagnosis Murder 1.2/2		
10:30							
	8.0/14	6.1/11	6.8/12	3.1/5	0.8/1	1.3/2	1.8/3
8:00	80. Two Guys a Girl 4.2/8	63. Diagnosis Murder 5.6/10	67. Providence 5.4/10	87. 32nd NAACP Image Awards 3.1/5	129. Encounters With the Unexplained 0.8/1	116. The Parkers 1.3/2	101. Sabrina/Witch 2.0/4
8:30	76. Norm 4.4/8					121. Girlfriends 1.1/2	105. Popstars 1.9/3
9:00	12. Who Wants to Be a Millionaire? 10.5/18	76. The Fugitive 4.4/7	37. Dateline NBC 7.7/13		129. Touched by an Angel 0.8/1	111. Gary & Mike 1.4/2	108. Popular 1.6/3
9:30						117. Celebrity Death 1.2/2	
10:00	19. 20/20 9.3/16	59. Nash Bridges 6.0/11	43. Law & Order: Special Victims Unit 7.4/13		125. Diagnosis Murder 0.9/1		
10:30							
	4.9/9	7.2/13	2.4/4	6.0/11	0.7/1	KEY: RANKING/SHOW TITLE/PROGRAM RATING/SHARE • TOP TEN SHOWS OF THE WEEK ARE NUMBERED IN RED • TV UNIVERSE ESTIMATED AT 102.2 MILLION HOUSEHOLDS; ONE RATINGS POINT IS EQUAL TO 1,022,000 TV HOMES • YELLOW TINT IS WINNER OF TIME SLOT • (NR)=NOT RANKED; RATING/SHARE ESTIMATED FOR PERIOD SHOWN • *PREMIERE • PROGRAMS LESS THAN 15 MINUTES IN LENGTH NOT SHOWN • S-T-O = SEASON TO DATE • SOURCES: NIELSEN MEDIA RESEARCH, CBS RESEARCH	
8:00	83. ABC News Special 3.8/7	61. That's Life 5.8/11		63. Cops 5.6/10	133. Miracle Pets 0.7/1		
8:30				52. Cops 6.2/11			
9:00	67. ABC Saturday Night Movie—Dangerous Minds 5.4/10	47. Kate Brasher 6.8/12	89. NBC XFL Football 2.4/4	53. AMW: America Fights Back 6.1/11	129. Touched by an Angel 0.8/1		
9:30							
10:00		22. The District 9.1/17			136. Mysterious Ways 0.6/1		
10:30							
	9.2/14	9.6/15	5.3/8	6.3/10	1.5/2	1.1/2	1.8/3
7:00		10. 60 Minutes 10.7/18	71. Biblical Mysteries 5.1/9	73. Futurama 4.9/9	125. Candid Camera 0.9/2		111. Jamie Foxx 1.4/3
7:30	53. Wonderful World of Disney—Princess of Thieves 6.1/10			63. King of the Hill 5.6/9	111. Candid Camera 1.4/2		108. The PJs 1.6/3
8:00		26. Touched by an Angel 8.7/13	49. Dateline NBC 6.7/10	26. The Simpsons 8.7/14		121. UPN XFL Football—Los Angeles Xtreme vs. Birmingham Bolts 1.1/2	98. Steve Harvey 2.1/3
8:30				35. Malcolm/Middle 7.9/12	101. Pax Big Event Sunday—Ooc 2.0/3		93. For Your Love 2.2/3
9:00	6. Who Wants to Be a Millionaire? 12.1/18	16. CBS Sunday Movie—Second Honeymoon 9.5/15	74. NBC Sunday Night Movie—Lost Empire, Pt. 1 4.6/7	67. The Lone Gunmen 5.4/8			101. Nikki 2.0/3
9:30							108. For Your Love 1.6/2
10:00	5. The Practice 12.4/20				129. It's a Miracle 0.8/1		
10:30							
WEEK	8.1/13	8.4/14	7.0/11	5.4/9	1.0/2	2.2/4	2.1/3
S-T-O	8.6/14	8.6/14	8.2/13	6.4/10	0.9/2	2.5/4	2.6/4

Programming

CableWatch

MARCH 5-11 Cable programming ratings according to Nielsen Media Research

C A B L E ' S T O P 2 0

Ranked by rating. Cable rating is coverage area rating within each basic cable network's universe; U.S. rating is of 100.8 million TV households. Sources: Turner Entertainment.

Rank	Program	Network	Day	Time	Duration	Rating		MHs (000)	Cable Share
						Cable	U.S.		
1	WWF Entertainment	TNN	Mon	10:00P	69	5.0	4.0	4004	8.2
2	WWF Entertainment	TNN	Mon	9:00P	60	4.0	3.2	3223	5.7
3	Land of the Mammoth	DISC	Sun	8:00P	120	3.9	3.2	3199	5.6
4	m/"Escape From Terror"	LIF	Sun	4:00P	120	3.8	3.1	3051	7.7
4	m/"Victim of Love"	LIF	Sun	6:00P	120	3.8	3.0	3048	6.4
6	Rugrats	NICK	Mon	7:30P	30	3.2	2.6	2569	4.9
7	Rugrats	NICK	Sun	9:30A	30	3.1	2.5	2516	8.9
7	m/"Country Justice"	LIF	Sun	2:00P	120	3.1	2.5	2455	6.9
9	Rugrats	NICK	Tue	7:30P	30	3.0	2.4	2404	4.6
10	Screen Actors Guild Award	TNT	Sun	8:00P	129	2.9	2.4	2391	4.2
10	Rugrats	NICK	Sun	9:00A	30	2.9	2.4	2374	8.8
10	m/"As Good as It Gets"	TNT	Fri	8:00P	180	2.9	2.4	2369	4.9
13	m/"Mr. Nice Guy"	TBS	Sun	8:00P	120	2.8	2.3	2343	4.2
13	JAG	USA	Thu	7:00P	60	2.8	2.3	2254	4.7
13	Jackass	MTV	Sun	10:00P	30	2.8	2.2	2191	4.2
16	JAG	USA	Wed	7:00P	60	2.7	2.2	2226	4.7
16	Ripley's Believe It or Not	TBS	Wed	8:00P	60	2.7	2.2	2217	4.5
16	JAG	USA	Mon	7:00P	60	2.7	2.2	2206	4.3
16	JAG	USA	Tue	7:01P	60	2.7	2.2	2205	4.3
16	Rugrats	NICK	Sat	9:30A	30	2.7	2.2	2192	8.3
16	Spongebob	NICK	Sun	10:00A	30	2.7	2.2	2175	7.7

D E M O T R A C K E R : M A L E S 1 8 - 4 9

Ranked by rating. Cable rating is coverage area rating within each basic cable network's universe; U.S. rating is of 100.8 million TV households. Source: Fox Family Channel

Rank	Program	Network	Day	Time	Duration	Rating		MHs (000)	Cable Share
						Cable	U.S.		
1	WWF Entertainment	TNN	Mon	10:00P	69	5.2	4.2	2589	14
2	WWF Entertainment	TNN	Mon	9:00P	60	4.2	3.4	2083	9.8
3	Jackass	MTV	Sun	10:00P	30	3.4	2.7	1661	7.7
4	Land of the Mammoth	DISC	Sun	8:00P	120	2.8	2.3	1402	6.1
5	m/"Mr. Nice Guy"	TBS	Sun	8:00P	120	2.3	1.9	1178	5.3
6	WCW Monday Nitro Live!	TNT	Mon	8:00P	60	2.2	1.8	1122	5.6
7	Sportscenter NCAA Spl	ESPN	Mon	6:30P	90	2.1	1.7	1062	6.0
8	Ripley's Believe It or Not	TBS	Wed	8:00P	60	2.0	1.7	1031	6.5
9	Movie, USA	USA	Sun	8:00P	120	1.8	1.5	906	4.0
10	WCW Monday Nitro Live!	TNT	Mon	9:00P	60	1.8	1.4	886	4.1

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Get with the programs.

Where's the halo?

Network's sweeps showing did little to help CBS-owned stations

By Steve McClellan

Briefing reporters at the end of the latest ratings sweeps period last month, CBS Television President Leslie Moonves said, "We have an awful lot to brag about. It's been our best sweeps in a long time." But there wasn't much of a halo effect extending to the CBS-owned station group, at least beyond prime time.

A look at last month's ratings for the CBS-owned stations, particularly the top five markets—New York, Los Angeles, Chicago, Philadelphia and San Francisco—shows little to brag about. Ratings-wise, those stations can't get arrested. They've all been in the ratings dumps for years, and the network's resurgence over the past couple of years hasn't changed that.

To be fair, the CBS group's performance below the biggest markets, while not stellar, is a lot better than in the top five markets. And, remarkably, the CBS-owned stations' revenues and profits have grown substantially over the past couple of years despite stagnant ratings in the major markets. The financial growth is attributed to the whip-cracking of former CBS chief and now Viacom head Mel Karmazin.

Merrill Lynch analyst Jessica Reif Cohen estimates that the CBS group's revenues for 2000, not including the Paramount stations, rose 13%, to \$1.13 billion, with a 15% gain in pretax earnings, to \$610 million. The Paramount stations added another \$470 million of revenue and \$165 million in pretax earnings, Merrill Lynch estimates. In 1999, the group's revenues and profits grew 8% each; in 1998, revenues climbed

19%, while profits soared 45%.

But looking at the numbers for February, you wonder how the sales folks did it. WCBS-TV New York posted its lowest sign-on-to-sign-off rating for a February sweeps ever: a 3.2 household rating, which was a 9% drop, and an 8 share. The late news was down 25% in rating, also to a new February low.

The numbers for the CBS stations in Los Angeles, Chicago and Philadelphia tell a similar story: a distant third (sometimes fourth) in most key local-news and syndication time periods.

CBS researchers respond that there are some bright spots in the numbers. They point out, for example, that KCBS-TV Los Angeles jumped from fourth in February 2000 to second in prime time last month. And KFOR-TV Miami widened its prime time lead.

They also note that, in many cases when the CBS stations' rating fell, so did their competitors'. That was certainly true in New York, where the only stations to gain in household sign-on-to-sign-off ratings last month were the two Hispanic stations in the market, Univision's WXTV and Telemundo's WNJU(TV).

Joel Cheatwood, vice president in charge of news operations for the CBS group, says he was not surprised to see a drop in some of the February ratings, given the many news and programming changes being made at the group. "What the top markets have in common are stations very much in transition," he says.

Just last fall, the New York owned-and-operated station implemented a new format, known as the CBS Information Network, which incorporates information segments

Remarkably, the stations' revenues and profits have grown substantially despite stagnant ratings in the major markets.



New CBS Information Network format taps various Viacom sources, including Hollywood.com, for news segments.

from throughout Viacom. It includes segments from CBS MarketWatch and CBS HealthWatch, as well as from cable channel VH-1, CBS Radio and Hollywood.com. Even deals with outside news sources, such as the New York *Daily News*, have been made and are being integrated into CBS stations' newscasts across a number of dayparts.

Some industry analysts say the CBS group is in some ways a victim of circumstances—albeit circumstances that CBS managers had a hand in creating. For years, the powerhouse syndication properties, like *Oprah* and *Wheel of Fortune*, have been locked up by competitors. CBS stations "have been unable to break through in terms of programming, and, when you don't have established syndicated shows, it makes it that much harder to attract viewers to your newscasts," says Bill Carroll, vice president, programming, Katz Television.

Carroll also notes that the group doesn't exactly get off to a roaring start each day with *The Early Show*, which has struggled in the ratings since its debut a year and a half ago.

Another analyst says the CBS group is still plagued by the fact that much of its network's programming has broader appeal in middle and rural America—the "B" and "C" counties—and less appeal in the big, urban "A"-county markets. That's beginning to change with hits like *Survivor*, *Everybody Loves Raymond* and *CSI*. "But they still have a long way to go," the analyst notes. ■

No toddlin' town for Eigner

He loves New York, so Pat Mullen is new Tribune Television chief

By Steve McClellan

Tribune Television will weather the current economic downturn, says new President Pat Mullen, by focusing on new-business development—particularly in big markets like New York, Chicago and Los Angeles, where it can sell packages of print, TV, radio, cable and Internet in cross-platform deals.

The company will cut costs where it can, Mullen says, although, at the present time, it has no plans for layoffs. “I truly think the economics today is a short-term situation,” he explains, adding that Tribune’s cross-platform sales strategy has begun to pay off in new incremental revenues.

Mullen was named president of Tribune Television on March 7, replacing Michael Eigner, who is stepping down to remain in New York instead of relocating to Chicago, where Tribune is based. For the 14 months that he served as Tribune Television president, Eigner commuted to Chicago.

Eigner will remain with Tribune and has been named to the new post of president at Tribune Cable—a position that gives him oversight of WGN Cable and Tribune’s 29% interest in TV Food Network and minority stake in The Golf Channel. He will continue to oversee Tribune Television’s East Coast stations and will report to both Mullen and Dennis FitzSimons, Tribune Co. executive vice president.

Mullen says he’s “very fortunate” to have Eigner still at the company. “To have him doing that job, I’ve got him right there to pick his brain and work with closely every day. He’s one of the best in the business.” Mullen said the moves represent a “logical restructuring given where Michael is based, the needs of the company and the opportunities that are in front us. To my

view, it’s a win-win.”

Eigner was out of the country last week on vacation and could not be reached for comment. But others confirmed that it was basically his decision to step down from the top TV slot rather than move to Chicago. “Michael and [his wife] Linda are very settled in New York,” says one source.



Tribune Television will weather the current economic downturn, says new President Pat Mullen.

Mullen joined Tribune a little over three years ago when the group owner bought Fox affiliate WXMI-TV Grand Rapids, Mich., where he was vice president

and general manager. Tribune appointed him group vice president overseeing the company’s six Fox stations. About a year ago, Mullen added Tribune’s WB stations to his list of responsibilities.

Looking ahead, Mullen says Tribune wants to buy more TV stations, particularly duopolies where possible. The group currently covers 38% of the U.S. but only 28.8% per the FCC’s coverage definition.

As part of the restructuring, Peter Walk, regional vice president, Tribune Television, has been named senior vice president of the company. John Reardon, vice president and general manager at KTLA-TV Los Angeles, will take on added duties as West Coast regional vice president. ■

UPN goes regional

Weblet replaces affiliate meeting with five get-togethers

By Steve McClellan

UPN became the fourth network this year to cancel or restructure its annual affiliate meeting. It will conduct a week-long series of regional meetings in New York, Atlanta, Chicago, Dallas and San Francisco, starting June 5.

Also, the network will hold quarterly teleconferences with affiliates and will continue its series of regional sales meetings, to be held in early summer.

UPN President Adam Ware says the annual meeting was becoming less well attended, less compelling and an easy target for cost-conscious stations in a soft advertising economy. And it wasn’t providing much in the way of meaningful communication, he says.

The new set-up should help that, he says. UPN is inviting owners and general managers to the regional meetings, and all the key UPN executives who attended the annual meeting will attend all the regional meetings. “Instead of having eight to 10 of us talking to maybe 200 affiliates, we’ll have

the same people talking to 20 or 30 affiliates at a time. They will have already seen our new programming. It will give us a better regional perspective.”

Dave Hanna, president and general manager of Lockwood Broadcast Group and chairman of

the UPN affiliates board of governors, agrees the new approach should improve communications. “I endorse UPN’s efforts to go regional.” ■

We can have almost a one-on-one dialogue on issues we all decide we want to discuss!

—Adam Ware, UPN

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Changing Hands

Combos

WFPG-AM-FM and WPUR(FM) Atlantic City, N.J.

Price: \$19.4 million cash

Buyer: Millennium Radio Group LLC, New York (Charles W. Banta, managing member/president, Mercury Capital Partners)

Seller: Citadel Communications Corp., Las Vegas (Lawrence R. Wilson, chairman; Forstmann Little & Co., owner [Theodore J. Forstmann, senior partner]); owns/is

buying 140 other FMs and 65 other AMs
Facilities: WFPG(AM): 1450 kHz, 1 kW; WFPG-FM: 96.9 MHz, 50 kW, ant. 299 ft.; WPUR: 107.3 MHz, 13.5 kW, ant. 450 ft.

Formats: WFPG(AM): talk; WFPG-FM: light rock, soft AC; WPUR: country

Brokers: Star Media Group Inc. (buyer); Kalil & Co. Inc. (seller)

FMs

Construction permit for KMEN(FM) Mendota/San Rafael, Calif.

Price: \$350,000

Buyer: Moon Broadcasting Porterville LLC, Los Angeles (Abel de Luna, president/75% managing member); owns KMQA(FM) East Porterville/Porterville, Calif. De Luna owns KRRS(AM) Santa Rosa and has applied to build FM in Healdsburg, Calif.; owns 75% of KIQQ(AM) Barstow-KIQQ(FM) Newberry Springs, Calif., and KZXR(AM)-KMNA(FM) (formerly KZXR-FM) Prosser, Wash.

Seller: Wilbur Johnson, San Rafael; no other broadcast interests

Facilities: 100.5 MHz

WGCQ(FM) Immokalee/Naples, Fla.

Price: At least \$170,000 (final value to be determined)

Station Trades

By dollar volume and number of sales; does not include mergers or acquisitions involving substantial non-station assets

THIS WEEK

TV/Radio □ \$0 □ 0

TVs □ \$0 □ 0

Combos □ \$19,400,000 □ 1

FMs □ \$520,000 □ 2

AMs □ \$828,857 □ 4

Total □ \$20,748,857 □ 7

SO FAR IN 2001

TV/Radio □ \$200,000,000 □ 1

TVs □ \$116,800,000 □ 10

Combos □ \$2,358,467,000 □ 25

FMs □ \$86,420,600 □ 48

AMs □ \$56,349,911 □ 35

Total □ \$2,818,127,511 □ 119

Buyer: Shadowlawn Association Inc., Naples (James Mallory Jr., president/33.3% owner); owns WSRX(FM) Naples

Seller: Frederick L. Mueller Living Trust, Naples (Frederick L. Mueller, trustee); no other broadcast interests

Facilities: 92.1 MHz, 4.1 kW, ant. 397 ft.

Format: Solid gospel, Christian

AMs

WHNC Henderson and WCBQ Oxford, N.C.

Price: \$650,000

Buyer: Heaven Network Inc., Silver Spring, Md. (Alvin Jones, president); no other

broadcast interests

Sellers: Anita and Alvin Woodlief, Oxford; no other broadcast interests

Facilities: WHNC: 890 kHz, 1 kW day; WCBQ: 1340 kHz, 1 kW

Formats: Both gospel

Broker: Hadden & Associates

WSGC (formerly WWRK) Elberton, Ga.

Price: \$100,000

Buyer: Sorenson Southeast Radio (see Combo item, above)

Seller: J. Scott Smith, Elberton; no other broadcast interests. Note: Smith paid \$5,000 for station last year (Changing Hands, March 13, 2000)

Facilities: 1400 kHz, 1 kW

Format: Oldies

66.6% of WYEA Sylacauga, Ala.

Price: \$43,857

Buyer: John H. Vogel, Sylacauga (currently 33.3% owner); no other broadcast interests

Sellers: Gary Mitchell and Robert D.

Pearce, Sylacauga (each 33.3% owners); no other broadcast interests

Facilities: 1290 kHz, 1 kW day, 50 W night

Format: Christian

35% of WTZK Black Mountain, N.C.

Price: \$35,000

Buyer: Lucy Stone Management, Flat Rock, N.C. (Raymond Donaton, president; Truett Yarbrough, 49% owner of seller/to be 65% owner); no other broadcast interests

Seller: Black Mountain Broadcasting Corp., Black Mountain (Maritza Yarbrough, 51% owner/to be 0% owner); no other broadcast interests

Facilities: 1350 kHz, 1 kW day, 74 W night

Format: Country, bluegrass, gospel

—Compiled by Elizabeth A. Rathbun

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Gene Loving, Chairman

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Great Falls, Montana

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Bozeman, Montana

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Kalispell, Montana

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Big Dance still scores

Despite a downward ratings trend, NCAA Men's Tournament is a hot ticket

By Richard Tedesco

The NCAA Men's Tournament has been steadily losing ratings points over the past decade, but it remains one of TV sports' biggest annual events, drawing a cumulative audience of more than 140 million viewers in each of the past two tournaments.

From a high of a 9.4 average rating for coverage of all 64 games in 1993, the average dropped to 6.4 last year. And last year's 14.1 rating for Michigan State's lopsided win over Florida seems like a mere echo of the 22.2 rating the final scored seven years ago. But last year's game grabbed an 11.8 rating among males 18-54, just the demographic advertisers pay to hit during the two-week college-basketball orgy.

"It's a reflection of the slippage for all network events," says John Rash, director of broadcast negotiations, Campbell Mithun Esty.

Last year's tournament drew a cumulative viewership of 140.4 million, according to CBS Sports, compared with 120 million in 1994, when the average rating was 8.3.

Numbers are all relative in this game, and the sliding ratings scale didn't stop advertisers from paying \$100,000 per 30-second spot for the first round of the NCAA men's tournament this year, \$500,000 to \$900,000 for Final Four spots and \$900,000 for a spot in the final game, according to ad agency sources.

Those high rates help pay the freight for CBS' average annual \$216 million cost for the property, soon to escalate in 2003 to \$545 million in a deal that runs through 2013.

CBS had sold 95% of its inventory for the tournament on the eve of last week's tip-off. The fact that it wasn't sold out two weeks before as it was last year is due to a slower



Mateen Cleaves led Michigan State to victory in last year's NCAA Tournament, which drew a cumulative viewership of 140.4 million.

overall ad market, says Scott McGraw, CBS senior vice president of sports sales. "Our pacing has been close to last year, but slightly behind."

GTE spin-off Genuity and IBM are ad players for the first time, along with SBC's Cingular wireless unit, which spent \$14 million, sources say, to supplant Pennzoil as half-time sponsor. Microsoft's role is growing, with its sponsorship of the "Agile Move of the Game," and Nortel also has a significant role in sponsoring animated "chalkboard" segments during games and on the CBS SportsLine Web site.

McGraw cites the "genuineness of college basketball" and the reliable presence of a well-educated, upscale audience as the prime

appeals to advertisers.

Chris Geraci, director of national TV buying at OMD, cites the unique quality of the event: "When you talk about the NCAA, you're talking about a whole tournament. It's a property that advertisers use to build marketing campaigns around." He points to Cingular and Pepsi as examples of OMD clients that are running promotions around their NCAA packages.

Geraci says the spontaneous nature of the event, with a changing cast of teams and players each year, keeps the tournament fresh for viewers.

Rash believes the quick migration of college play-

ers to the pro ranks before they establish identities among fans is a drawback and possible cause of ratings erosion. Classic matchups like the one between Magic Johnson and

Larry Bird in the 1979 final are much less likely.

But the tourney represents the climax of the six-month college-basketball season. And office pools help fuel interest among casual fans.

"It is a true national event," says independent sports consultant Neal Pilson. "It sits on its own during the last two weeks of March as by far the dominant American sports

event and the great collector of male viewers." He suggests that cumulative ratings actually may match or exceed those of the Super Bowl and World Series. ■

CBS' Scott McGraw cites the 'genuineness of college basketball' and the reliable presence of a well-educated, upscale audience as the prime appeals to advertisers.

High drama for high speed

Cable ops, long-distance telcos get ready to rumble over broadband bill

By Paige Albinia

Cable operators and long-distance phone companies are preparing to face off with regional phone companies over a bill that would allow telcos to offer high-speed data services over long-distance networks.

Cable and long-distance companies staunchly oppose the proposal, which is championed by House Energy and Commerce Committee Chairman Billy Tauzin (R-La.) and ranking committee member Rep. John Dingell (D-Mich.). The regional phone companies—Bell South, Qwest, SBC Communications and Verizon—strongly support the bill.

Opponents say the measure is merely a way for phone companies to bypass the 1996 Telecommunications Act and its requirement that local phone companies prove to the FCC that they've opened their markets to competition before they can enter the long-distance market.

The phone companies counter that the legislation would allow them to roll out broadband services much more quickly and in less populated areas—something in which Congress has a keen interest.

It's a hot topic on Capitol Hill because many representatives from rural areas are concerned that broadband will bypass their district or state, leaving it economically stranded, with the member to blame.

"If we make sure that high-speed Internet access reaches communities in my district, I think they actually have a competitive advantage," says Rep. Bob Goodlatte (R-Va.). "But if it doesn't reach them, it's kind of like the railroad in the 19th century. If it stopped at your community, you boomed. If it bypassed you, you became a ghost town."

Tauzin and Dingell have not yet intro-



Rep. Billy Tauzin will face a fight with cable and long-distance companies if the broadband bill he's sponsoring with Rep. John Dingell is to become law this year.

duced a measure in this session, but both say they plan one this spring. New House Telecommunications and Internet Subcommittee Chairman Fred Upton (R-Mich.) says he plans to have hearings on the issue in May and pass it through his subcommittee before Congress's Fourth of July recess. With Tauzin at the helm of the full committee, his bill should sail to the House floor. Last year, Tauzin gathered 224 cosponsors for last year's version of the bill, more than enough votes for passage.

But the bill would face problems in the Senate.

Majority Leader Trent Lott (R-Miss.) counts long-distance carrier MCI Worldcom among the most important companies in Mississippi. Sen. Fritz Hollings (D-S.C.) is a frequent opponent of deregulation. Senate Appropriations Committee Chairman Ted Stevens (R-Alaska), in the past, has supported long-distance carrier AT&T Corp. and,

last year, backed a measure that would have allowed AT&T to keep the cable systems acquired when it merged with Media One, despite the FCC's 30% cap on ownership of cable subscribers. And senators from rural states, such as Byron Dorgan (D-N.D.), oppose further deregulation of the Bells unless they prove that they will provide services in rural areas.

The Senate, too, is heavily focused on broadband deployment, but its approach, so far, is to provide tax incentives to encourage deployment.

"There's a big difference between Tauzin's bill and a tax-incentive bill," says one cable executive. "Tauzin says deregulate first and

then hold the Bells to their promise to go in and deploy broadband into rural and underserved areas. The tax bill says deploy first and then we'll give you a credit. If the Bells don't keep their promise, then they don't get their tax credit. That's a better approach from a tax point of view."

While tax credits may have broader appeal than telco deregulation, the

cable and long-distance industries aren't rushing to embrace them. Most say that the credits wouldn't benefit their debt-laden companies or that they have already paid for much of the broadband infrastructure they plan to roll out. ■

Many representatives from rural areas are concerned that broadband will bypass their district or state, leaving it economically stranded, with the member to blame.

House Telecommunications Subcommittee Chairman Fred Upton (R-Mich.) shares his views on broadcasters' transition to digital television.



Photo: Amber Bursik

Upton easy to digest

New telcomsubcom chair says what broadcasters want to hear

By Paige Albiniaik

Rep. Fred Upton (R-Mich.), the new chairman of the House Telecommunications and Internet Subcommittee, quickly made friends with broadcasters last week.

Speaking before heads of state broadcaster associations, Upton said he was “throwing a red flag” on President Bush’s proposal to levy analog spectrum fees on broadcasters.

“I have real heartburn,” Upton said. “In my view, broadcasters already face enough obstacles in the transition. A so-called ‘squatters’ tax’ would be piling on.”

Upton urged the FCC to address broadcasters’ copyright concerns to be sure they have access to “quality digital programming” and said he opposes efforts to reverse legislation passed last year that limits licensing of low-power radio stations. Sen. John McCain (R-Ariz.) is leading those efforts.

Upton said he will try to get rid of a rule that prohibits companies from owning a TV station and a newspaper in the same market. On the

issue of broadcast station and cable system ownership caps, he said he prefers to let FCC Chairman Michael Powell take first crack at it.

And Upton plans to “continue to monitor the impact of violence that comes to our kids through a number of mediums”—a statement that might not have pleased broadcasters but is one they’ve come to expect in the wake of school shootings.

Although Upton is new to subcommittee chairmanship, he is no stranger to Washington. He is a 14-year veteran of Congress and a former director of the Office of Management and Budget in the White House.

Although he praised broadcasters’ efforts to offer vigorous local TV, Upton prides himself on his own brand of localism. He has already returned to his southwest Michigan district 11 times this year. He also reads and hand-signs every piece of constituent mail that he receives, amounting to some 26,000 pieces of mail each year. “Signing ‘Fred’ is a lot faster than signing ‘Fred Upton,’” he cracks. “That ‘t’ really holds you up.” ■

BOUCHER WANTS TO LEGISLATE OPEN AOL

Rep. Rick Boucher (D-Va.) says he may introduce legislation that would require integrated broadband companies, such as AOL Time Warner, to give content providers unfettered network access to offer interactive-TV services. The bill would strengthen and put into law interactive-TV conditions the Federal Trade Commission and FCC attached to the AOL Time Warner merger. Boucher and Rep. Bob Goodlatte (R-Va.) plan to introduce a bill that would require cable companies to open their networks to competitors—“open” or “forced” access. Both those provisions may be included as part of Boucher’s larger broadband-deregulation bill.

WRIGHT APPEAL

Former FCC General Counsel Christopher Wright will head the appellate practice of Washington law firm Harris Wiltshire & Grannis, beginning April 2. Wright became FCC general counsel in 1997 after serving as deputy general counsel for three years. Wright, who has argued 27 cases before the U.S. Supreme Court, “is one of the most respected appellate lawyers in the United States,” says Scott Blake Harris, managing partner of the firm and himself a former FCC staffer.

FCC WON'T RECONSIDER AT&T/MEDIAONE DEAL

The FCC last week turned down public-advocacy groups’ request that the government reconsider its approval of the AT&T/MediaOne merger. Consumers Union charged that AT&T was unlawfully given an extra six months to comply with the FCC’s ownership limits and that the merger review was tainted by undisclosed meetings between company officials and agency staff.

Technology

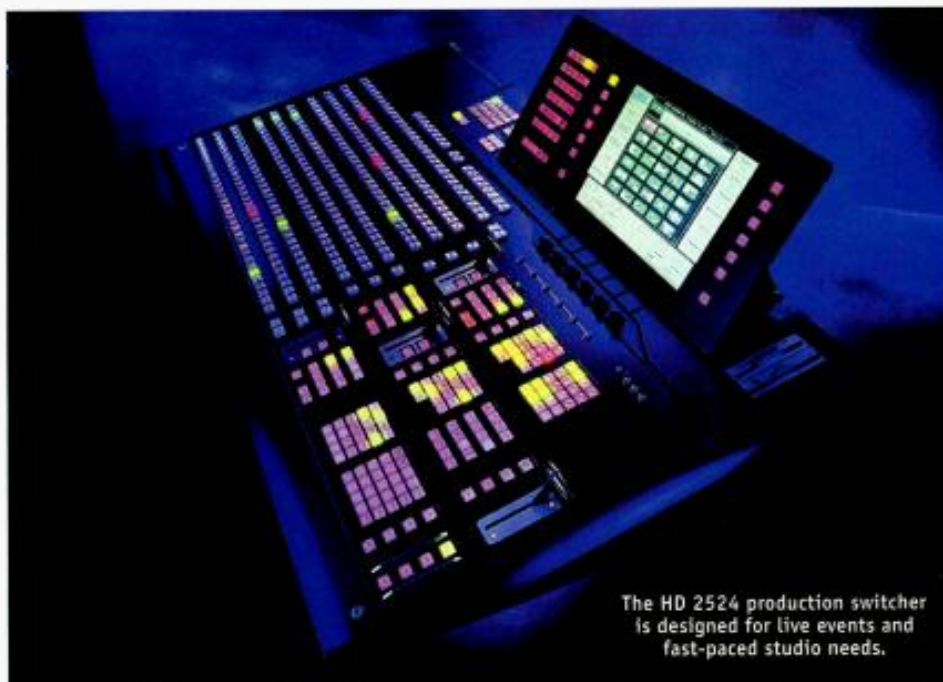
IN BRIEF

PACKETVIDEO AND \$100M

PacketVideo has raised nearly \$100 million in its Series E preferred-stock round of financing, bringing its total private funding raised to nearly \$140 million. Series E investors include BFD First Global Partners, GE Equity, Intel Capital, Kyocera, Mobile Internet Capital, Motorola, MTI, Nexus Group LLC, Qualcomm, SAIC Venture Capital Corp., Siemens' Mustang Ventures, Softbank Technology Group, Sun Microsystems, Texas Instruments and Wheatley Partners.

DTV TECH CENTER?

Leading broadcast trade groups are moving forward with plans to create a DTV technology center that would pursue improvements to the U.S. digital television system. Last week, the executive committees of the National Association of Broadcasters and the Association for Maximum Service Television approved the center's formation. A final go-ahead must come from the groups' full boards, which are scheduled to vote this spring. Among the center's duties will be making the current 8-VSB modulation technology perform better with indoor reception and for mobile uses.



The HD 2524 production switcher is designed for live events and fast-paced studio needs.

S&W: The price is right

Kudos line offers way to battle 'good but expensive' reputation

By Ken Kerschbaumer

Snell & Wilcox will head to NAB with a number of products designed to build on its reputation of quality products with some even designed to fight the perception that the company offers only high-end products.

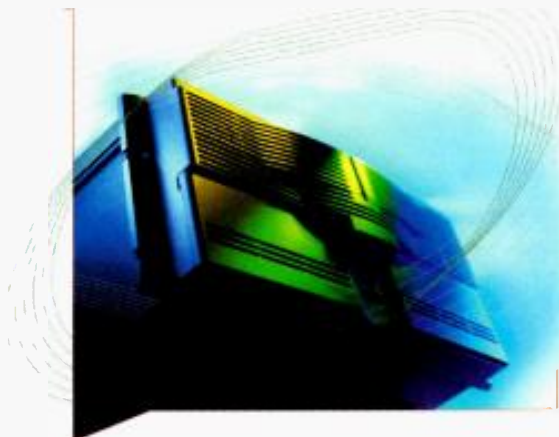
"Generally speaking, people have the opinion that our products are expensive but good," says Director of Product Marketing

Dave Tasker. "We want to educate people through our RollCall network-management solution so they understand that... if they're implemented fully, they can actually be inexpensive but good."

At next month's NAB in Las Vegas, the company will introduce a line of Kudos modules called Kudos Plus, which are intended to offer better price performance. Director of Marketing John Shike says, "We have prod-

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ucts like Alchemist, which is a \$200,000 standards converter, but we can now provide standards conversion that is motion-compensated and of very high quality but for a much lower price point.”

Broadcasters, he adds, demand that products are robust and reliable and offer good service. “For those customers, we’ve taken some of our products and evolved them to take in other features that allow them to be more comprehensive.”

Topping the list of product offerings is the HD 2524 production switcher, designed for live events and studio production. The 2.5 M/E switcher with 24 video/key inputs is available for high-definition and also has an option for switchable HD/SD production. It can also record up to 30 seconds of uncompressed 4:2:2:4 HD and has 20 user-configurable GPI/Os.

Shike says the new switcher offers more-direct access to controls and also has an optional “Skateboard” control interface (available for other switchers, as well). “The HD 2524 has additional controls to get directly to the switcher memories because the operators need one-button fire for those. I think that’s going to be popular with broadcasters because we’ve always supported all the broadcast formats.”

Over the years, Snell & Wilcox has built its reputation on standards converters, and, this year, the company will introduce the Premier HD5500 Ph.C. The 10-bit, motion-compensated unit can upconvert 525/625-line stan-

dard-definition video signals to HDTV 1.48-Gbit/s output formats. It also supports field-rate standards conversion as part of the upconversion process. The core technology is 4:4:4, 12-bit and has the same subpixel, phase-correlated motion compensation found in Alchemist. “It’s also very appropriate for international program exchange because it can move frame rates, meaning, you can take a PAL master and broadcast it in HDTV here in the U.S.”

In other HD-related introductions, the company will introduce HD Prefix, a stand-alone preprocessor that supports all current HD formats. Proprietary noise-reduction algorithms have been incorporated to reduce film grain and electronic noise that can lead to visible blocking artifacts. The stand-alone version is priced at \$35,000, but modular versions are available, at about \$5,000 each.

The Mach 1 standards converter will also be seen at the show. Making its U.S. debut, the converter offers multiformat conversion using a new motion-compensation technology called “motion science.” The one-rack-unit converter will be available at less than \$50,000.

In the category of aspect-ratio converters, the company is introducing ARC 20:20, which offers input and output blanking, enabling the operator to clean the edges of a picture—a useful capability when, for example, 4:3 material is displayed on a wide-screen set. The converter also includes composite (analog) output for monitoring. ■

Making its U.S. debut, Mach 1 standards converter uses a new motion-compensation technology called ‘motion science.’

IN BRIEF

IBLAST TESTS EAS

iBlast will begin pilot-testing a local emergency alert system as part of its national datacasting service. The first of several iBlast public-service initiatives, the iBlast Emergency Data Broadcast Service (EDBS) taps the capabilities of the national Emergency Alert System (EAS) to deliver messages to iBlast users through PCs and other receiving devices. Digitally enabled iBlast partner stations in five stations will have the opportunity to test EDBS.

WGBH TAPS DSP

WGBH Boston has purchased two DSP Media Poststation II audio post-production suites for their facility. The suites will be used on such programs as *American Experience*, *Antiques Road Show*, *Frontline* and *Nova*. According to WGBH Audio Engineer John Jenkins, file-transfer capabilities, easy SFX access and complete-session back-up were among the reasons it was selected.

WHYY PICKS MOTOROLA

WHYY Philadelphia has chosen Motorola to provide an Advanced Television Systems Committee digital broadcast system. The system will be installed at WHYY’s newly opened Technology Center on Philadelphia’s Independence Mall and will include Motorola’s DigiCipher II HD encoder, two SD channels and a complete datacasting system from Triveni Digital.

When you dive into an uncertain future, make sure you do it from a secure platform.

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Interactive Media



It was all smiles all around in July when Blockbuster and Enron announced their "20-year partnership" to provide VOD service: (l-r) James D. Gallemore, SBC Strategic Marketing; John Antioco, Blockbuster; Kenneth L. Lay, Enron; and Fred D'Alessio, Verizon.

Video no demand

Blockbuster, Enron call it quits on VOD joint venture

By Ken Kerschbaumer and
John M. Higgins

There's a letter missing from Blockbuster Entertainment's video-on-demand efforts. It's "P," as in "Paramount."

For all its intimate relationships with movie studios and its willingness to bludgeon them into submission, the video retailer was unable to secure film rights

from fellow Viacom subsidiary Paramount Pictures.

The absence of Paramount films from the slate of available titles not only helped doom Blockbuster's Internet-based VOD venture with power company Enron but also highlights the problem everyone is having with VOD: Studios worried about their relationships with video retailers are hesitant to grant favorable windows to

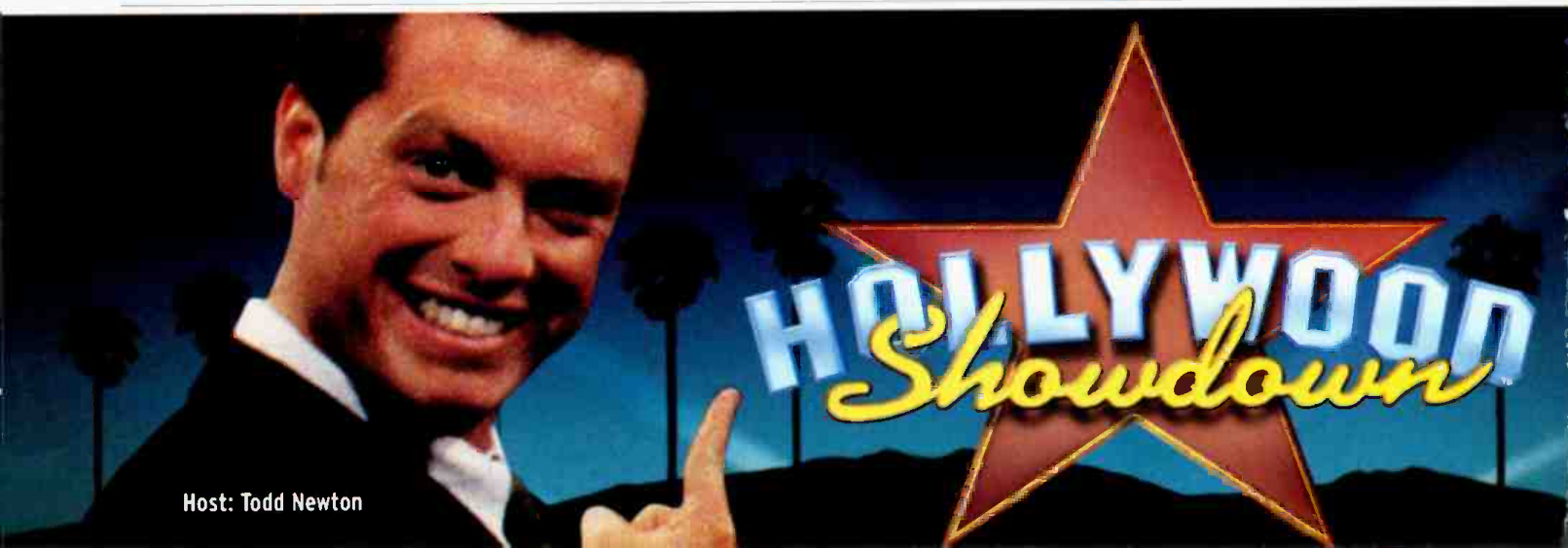
Blockbuster, cable operators or anyone else.

But media executives and analysts say the end of the Blockbuster/Enron venture doesn't necessarily signal that cable's VOD plans are headed for a similar train wreck. "This wasn't a very smart deal to begin with," said Sanford Bernstein media analyst Tom Wolzien. "Nobody has a network to the consumer here, and Blockbuster couldn't get the movies."

Cable's VOD plans are a direct threat to Blockbuster's core video-rental and -sales business. The company is trying to recast itself as a media distributor rather than merely a retailer.

Blockbuster and Enron initiated a "20-year partnership" last July, saying that they would create a central platform to sell movies on demand over high-speed Internet systems. Blockbuster had the brand name and relationships with studios dependent on the chain to move home video. Enron had a high-speed backbone and could set up servers. Local DSL providers would connect customers to a special set-top box that would decrypt the movies.

Plans called for the exclusive arrangement to offer consumers the ability to choose from among 400 to 500 movies and have the movie delivered to a set-top box on their television via DSL. At the time the deal was announced, Steve Panrellick, Blockbuster senior vice president of strategic planning, said talks with studios for content were under way. "We've spent some time with the studios, and they see the merits of what we're



Host: Todd Newton

doing," he explained, "so it's just a matter of wrapping up discussions."

Since then, though, the deals that were made have left Enron feeling somewhat less than satisfied. It was time to see other people. "From Enron's standpoint, the main reason for discontinuing the relationship had to do with content," said Enron spokeswoman Shelly Mansfield. "We just felt that, through the exclusive relationship, we weren't able to attract the quality or quantity of movies that is necessary to really make this service thrive."

There were studios signed on: Universal, MGM, Artisan, Columbia TriStar and Lions Gate. "But most of the movies were not new releases," Mansfield added. "They were older, and there wasn't a wide selection available." Blockbuster could not even use family connections to bring Paramount on board for windows even long after the titles hit the video store. And to get rights for Vivendi/Universal titles, Blockbuster CEO John Antioco bragged last month, he threatened to keep one of Universal's teen movies, *Bring It On*, off Blockbuster's shelves.

Enron is still moving forward with trials of the service in Portland, Ore.; Seattle; New York; and Salt Lake City, said Mansfield. DSL providers Verizon, Reflex

and Switchpoint Networks are involved in the trials, which will be completed by the end of the month and are going well, according to Mansfield.

The end of the venture doesn't necessarily signal that cable's VOD plans are headed for a similar train wreck.



Jupiter Media Metrix analyst Lydia Loizides says the difficulty with a VOD deal is moving from a technical issue to one of money.

said she isn't surprised at what happened with the deal: Hammering out deals with studios is moving from a technical issue to one of money. "How much is the consumer willing to bear in terms of cost?" she asked. "If it costs a content owner or aggregator millions of dollars to license this content in order to distribute it, where will those costs be recouped, and how long will it take? I can't go from charging \$4.99 to \$9.99 because that takes me into a PPV model, and that's not compelling enough."

Studios may still be dubious about the security of technologies like broadband, she adds. "How they control streamed video in terms of different boxes that have hard drives is an issue. CNET.com has a hacker site that will tell you how to open the second tuner on your TiVo box." ■

"Enron is committed to this venture," she said, "and we're going to expand the entertainment-on-demand service, seeking additional content providers and other relationships. We're in talks with the studios directly."

Jupiter Media Metrix analyst Lydia Loizides

TV-NEWS SITES

February 2001
Ranked by unique visitors per month
Source: Media Metrix

Site	UVs (000)	Chg.
1 MSNBC.COM	10,368	up
2 CNN.COM	9,824	up
3 ABC NEWS	4,256	down
4 FOXNEWS.COM	1,930	down
5 CNNFN.COM*	1,835	up
6 CNBC.COM	1,017	down
7 BLOOMBERG.COM	653	down
8 WEBFN.COM	--	NA
Total WWW	85,653	

CABLE-TV SITES

Site	UVs (000)	Chg.
1 NBCI*	14,030	down
2 MSNBC.COM	10,368	up
3 CNN.COM	9,824	up
4 WEATHER.COM	9,480	down
5 ESPN*	6,139	up
6 EONLINE.COM	4,897	up
7 CBS.COM SITES*	4,482	up
8 ABC*	3,344	up
9 DISCOVERY.COM	3,232	up
10 PBS.ORG	2,888	up
11 MTV.COM	2,400	up
12 CARTOONNETWORK.COM	2,295	up
13 FOXNEWS.COM	1,930	down
14 FOODTV.COM	1,432	down
15 HGTV.COM	1,418	up
16 FOX.COM SITES*	1,251	up
17 CNBC.COM	1,017	down
18 VH1.COM	817	down
19 HISTORYCHANNEL.COM	799	up
20 SCIFI.COM	629	down
Total WWW	85,653	

Unique Visitors: The number of total users who visited the reported Web site or online property at least once in the given month. All unique visitors are unduplicated (counted only once).

* Represents an aggregation of commonly owned/branded domain names.

—Statistically insignificant traffic.

Chg.: From January 2001 to February 2001.

Note: Sites categorized by BROADCASTING & CABLE.

NA: Comparison with previous month not available.

Sample Size: More than 60,000 nationwide.

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Digging for background

Where reporters can go in conducting news research online

Let's say you're an on-air reporter and your assignment editor has asked you to prepare a series on the increase in Type-2 diabetes in your viewing area. Before you call a local expert, you may wish to research the phenomenon.

Most news reporters will launch an online search through a comprehensive Web utility, such as Google, or a paid aggregator of research, such as Nexis.

As a first step, I have a better way: a \$125, 1,150-page semiannual volume called *Fulltext Sources Online*, compiled by Information Today Inc. (www.infotoday.com), a publisher of magazines and reference materials for online researchers and librarians.

It has more than 15,000 listings of newspapers, newswires, journals, magazines and even television broadcast transcripts that are available online, either through aggregators like Nexis or Dialog or directly on the publisher's Web site. Alphabetically arranged by publisher and indexed by topic, the listings note where each

resource is available, the range of publication dates available for that outlet and the nature of the archives on the resource's Web site, if any.

On diabetes, for example, *Fulltext Sources Online* lists eight publications. The index indicates, for example, that Nexis has *Diabetes* magazine, though only through June 1989. The only place you can find *Diabetes Technology & Therapeutics* is through a rare database called ECO. Furthermore, none of the eight publications listed have their archives posted on the Web.

That got me weighing the relative merits of searching the Web for background story research versus performing the same task on aggregator resources, such as Nexis, Dow

Jones/Factiva or Dialog.

For perspective, I contacted Reva Basch, author of *Researching Online for Dummies* and executive editor of the *Super Searchers* book series, including the just released *Super Searchers in the News: The Online Secrets of Journalists & News Researchers* from CyberAge Books.

"The Web doesn't have much historical source material at all," Basch told me. "If you want a newspaper story or journal article from earlier than the mid-1990s, you'll almost certainly have to use a commercial database service.

"The Web," she adds, "doesn't offer detailed data, like you'd get in a multiclent market study or any sort of custom research

study. You may find teasers or highlights but not the in-depth numbers and analyses."

Basch isn't all that gung-ho about the Web's comprehensiveness for scientific and technical literature, preferring the proprietary online services.

Web search services—Google being the largest—send automated programs called spiders out to index the entire visible Web. By visible, I mean posted Web pages, not those

up on the Web in the form of posted pages that a Google can easily retrieve. Enter a search on Google, and, instead of white papers full of quotable research and interviewable sources, you are likely to find lots of pages from people selling their services.

Paid services do have their downsides, however. They are a pain to work with. "I don't think any of the major proprietary services have done a particularly good job of translating its powerful, command-driven functionality over to the Web."

As a result, Basch says, the "average user walks away from a search with incomplete and

'The Web doesn't have much historical source material at all.'

—Reva Basch, author, *Researching Online for Dummies*

generated when you perform a search of a site's database. When you perform a search on Google, it doesn't "go out" to the Web but returns a linked list of pages in its database of "crawled" pages, whose content matches one or more of the words you typed in in your search request.

Proprietary services actually index articles from each publication with which they have agreements. Then they charge you a fee to look at them on their sites.

Why pay for a Nexis search when you can find what you want on Google or AltaVista? The main reason is that, as Basch says, comparatively little research information gets put

imprecise results and a huge bill to show for it. But," she adds, "there's always a tradeoff between power and ease of use."

In short, neither Web search engines nor proprietary research databases offer the ideal data-search environment.

I'd be interested in hearing from you television-newsroom info ferrets. Send me your thoughts on and experiences in online research. I'll gather your responses and turn them into a column. ■

Russell Shaw's column about Internet and interactive issues appears regularly. He can be reached at russellshaw@delphi.com

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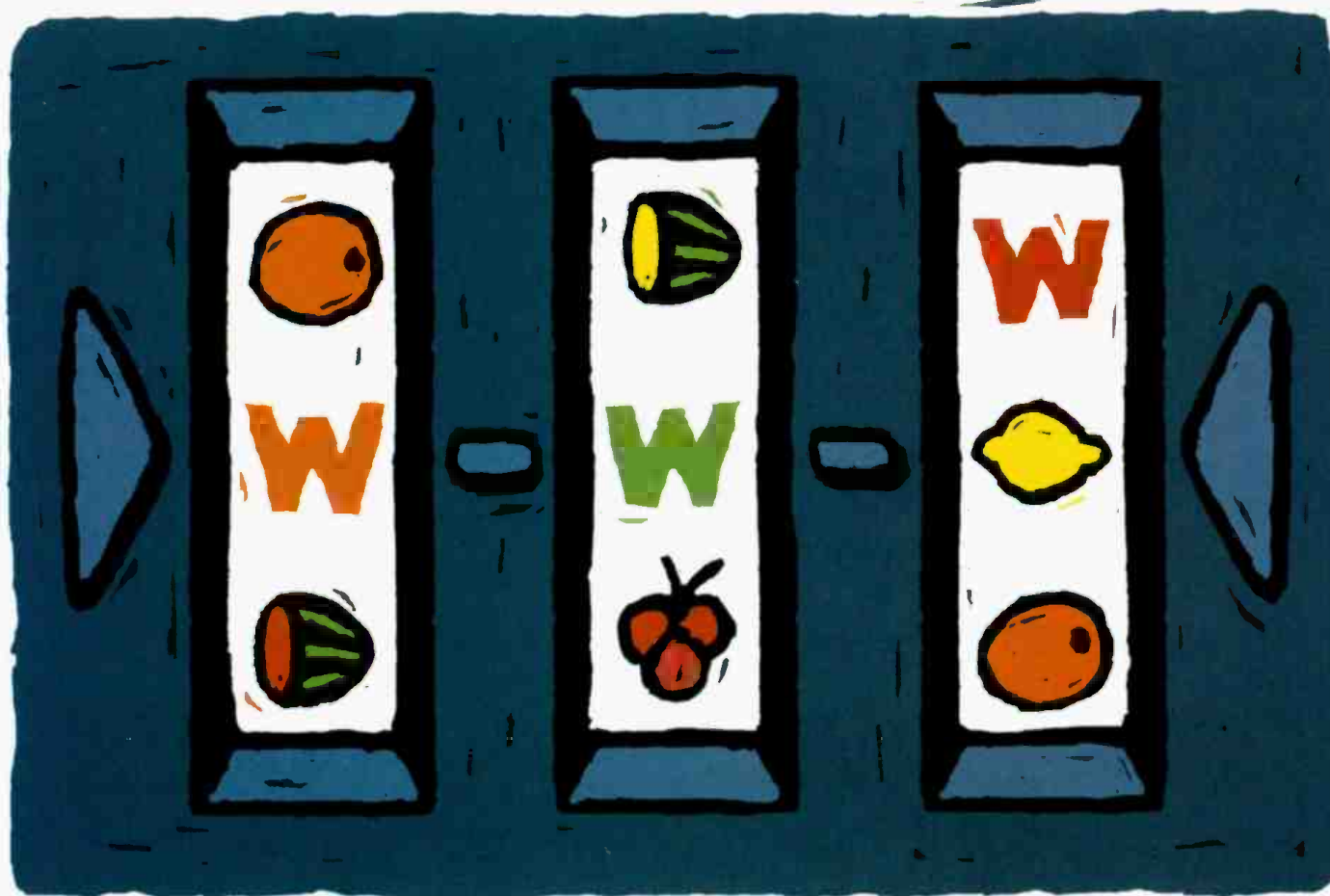
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No **PAYOFF** yet



After missing a quick payoff, old-media companies look for a winning new-media play

By **Carl Lindemann**

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Getting specific: Major media strategies

It seems like the Internet never had a chance to grow up. The billions of dollars invested in the financial markets based on wild speculation twisted any chance for normal growth and development. And broadcasters, particularly of the major-media variety, were hardly immune from the market mania.

The phenomenal cash influx seemed to confirm new-media hype that online ventures would crush existing media. Many online units were turned into separate divisions in the hope of catching up with the dotcoms through lucrative IPOs.

Now the bubble has burst. Many start-ups have crumbled from the crash landing. Consumer confidence—and with it, advertiser spending—has become shaky. With the dotcom downturn, the challenge for the TV/Internet business isn't growing up; it's growing down. This means getting grounded in the realities of maximizing revenues and reducing costs.

At Fox, CNN and CBS, independent Web units are being folded back into core business operations. Internet staffs have been trimmed. NBC spin-offs NBCi and MSNBC are seeking increased interdependence, not independence. Despite appearances, this may not be a retrenchment. Instead, it may mark the crucial turning point for the successful convergence between new and old.

"The point of view we had three years ago came from a fear of the unknown," confesses Jon Richmond, president of News Digital Media. "The Internet seemed a threat. This concern motivated the creation of a centralized organization for our Internet initiatives."

This fear was soon replaced with the hope of launching a successful IPO for the new division. "A year or more ago, given the market, it made sense to have a separate entity," he adds. "Now the reasons why we structured things have dissipated. So we've begun to shift the independent operations back into the main operating units."

Although the change was announced in early January, Richmond expects that integrating FOX.com, FOXNEWS.com and FOXSPORTS.com into the television operations they support won't be completed until summer.

CNN followed suit, announcing a similar restructuring in mid-January. Jim Walton, president of Domestic Networks for the CNN News Group, has had this as a top priority since shifting from CNN/Sports Illustrated last August. "From day one over at CNN/SI, TV and the Web were reporting to the same place," he explains. "We were integrated. When I got here, we talked about how that worked. It made sense to replicate that structure."

For Richmond and Walton, a unified TV/Internet operation promises far more than cut costs. Coherent programming across the different platforms can spark viewer interest with online and on-air tie-ins. Also, the bottom-line motivation is helping the sales staff capitalize on crucial cross-selling opportunities (see box page 52).

Michael Goodman, senior analyst at The Yankee Group, a Boston-based business research firm, sees both as key. "That's the whole purpose of having a multimedia company," he says. "You put all of these elements together to take advantage of synergies. If the different elements don't mesh, then the whole isn't greater than the sum of its parts."

CBS, too, has opted to bring Internet operations in-house. While its announcement came after that of Fox and CNN, CBS may be farther along in realizing the potential power of integration. The reorganization gives David Katz, vice president, strategic planning and interactive ventures, daily management responsibilities for the entertainment elements of CBS.com.

Katz says that this change has been under way for some time. "It's really more of a formalization of how we've been operating over many months." The process began last summer with planning for the first *Survivor* Web-

'We never grew to such a size that we needed to scale back.'

— Jim Samples, Turner's Cartoon Network Online



ABC's internet strategy involves enhanced content and original reporting.



Survivor is an important part of both the CBS old-media and new-media offerings.



NBCi remains the last portal standing among attempted network portal plays.



Fox allows viewers to drill deeper into *The Simpsons* and other network programs.

site operation. "We decided to build it on the West Coast, where the creative operations for the show are located," he notes. "Most of the Internet operations had been in the East. The idea of co-locating the Web and TV producers was a new concept." Because of secrecy issues, providing proper Web support for *Survivor* had special challenges.

"It took a few weeks to hone how and when we wanted to refresh the site," Katz continues. "We had to be nimble about turning over the right information at the right time to the viewers [on the Web site] without revealing any of the secrets. We had to closely mirror what the network publicity was doing."

Success with *Survivor* demonstrated the practical benefits of having on-air and online work together. "It was our first foray

into having an integrated entertainment Web experience," says Katz. "We learned a lot, were extremely successful and realized this was the model we needed to follow for all of our shows."



Jon Richmond, of News Digital Media, says that Internet actions taken three years ago were driven by fear of the unknown.

Do pink slips at many of the Web units indicate that the TV/Internet space is on the ropes? Online operations are still so new that the cuts may be more about getting the right size. CBS MarketWatch CEO Larry Kramer maintains that running Internet organizations with a TV mindset leads to overstaffing. "Network TV and newspaper managers assume it takes more people

than necessary," he asserts. "We run it tight." The total MarketWatch organization has a head count of 275, reaching an audience of 9 million daily.

At Turner's Cartoon Network Online,

General Manager Jim Samples feels lean and limber. "We're being careful, building smartly," he says. "We never grew to such a size that we needed to scale back. We feel very good about the economics of having 68 people running a site delivering 3 million unique users daily."

How such online audiences translate into ad revenue remains nebulous. How much is a "unique user" worth? For ad execs, increased profitability will come only as the TV/Internet market expands beyond direct marketing.

"We're experiencing a very serious downturn in our industry," says Mike Warsinske, CEO of Cybereps, an online ad sales and marketing organization. "We're seeing the continued torturing of the new medium by direct marketers."

Part of the problem comes from overselling the Internet's potential for target marketing. "The technologists in our industry have slowed us down in some ways by pointing to robust profiling and targeting,"



Eight tips for Web producers

With today's limited bandwidth, producing streaming video is like crafting the visual equivalent of a haiku. Michael Silberman, MSNBC's East Coast managing editor, tackled the challenges of new media after 11 years as a producer at CBS News. He offers these suggestions for making the most of the "little screen":

1) Shoot people tighter. Even on TV, you don't want a distracting background. *60 Minutes* learned that a long time ago. It's even more important on the Web. The more pixels that you have to put down the pipe, the more the image degrades.

2) Minimize motion. Action doesn't work well in streaming media, whether it is in the frame or is a pan of some kind. The more motion, the worse the image.

3) Use straight cuts, not dissolves. Streaming video doesn't handle dissolves very well because of all the pixels changing. Like motion, that degrades image quality.

4) Divide graphics by four: Take whatever you learned about presenting information on a TV screen and cut it to one-fourth of that. Say you have a list of 12 bullet points on TV. Translating it into bigger fonts on



Michael Silberman, MSNBC's East Coast managing editor, believes streaming video should be simple and fresh.

the Web brings it down to just three bullet points.

And do not list credits. This kind of information doesn't belong in a stream. Direct viewers elsewhere on the site for a text version.

5) Use the Web-page context. Frame streams in terms of the surrounding Web page, not as a separate piece in a stand-alone video player. If you have an anchor, he or she can point to tabs and buttons on the surrounding page for further information.

6) Keep it brief. Sure, you can put a lot of footage up on the Web. But, for now, users have a short attention span for video. If you go much longer than five or, at most, 10 minutes, you've lost most of your audience.

7) Keep it fresh. Visitors to news sites want live streams or clips on-demand about breaking stories. The day's hot topics get played. Clips of the Concorde crashing was played many hundreds of thousands of times.

8) Maintain high production values. The GIGO rule (garbage in, garbage out) applies when you encode streaming media.

If the source file is low quality, the streaming version will be low quality. Do not think, "It's for the Web; it doesn't matter." Treat it like broadcast, and you get a much higher-quality end result. —C.L.

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he adds. "Yes, there's a great deal of promise for that in the long term. In the meantime, we need to get back to the basic principals of advertising: exposing a brand, creating a preference for it."

Warsinske calls for a re-education and reassessment of the new media. "We need to communicate that to national branding advertisers and fight the unfair direct-response-marketing restraints that have been put on the medium," he stresses. "Can you click on a radio ad? A TV ad? Click-through should be seen as a value-add, not the only value."

Kate Everett-Thorpe, CEO of Lot 21, a San Francisco-based interactive ad agency, claims that both the direct-marketing and branding models underrate the Internet's potential. Online exposure transcends the direct marketing/branding

dichotomy of traditional media. "We're seeing some transition in the way banners are being used," she says. "It's shifting from cost-per-click to branding. Think about the 99% of people who see an ad but don't click

on it. What about the knowledge the viewer takes away? It's very rare when people click on the ad and make the buy right away. Many more shop around and return."

The Walt Disney Internet Group is a prime example of a large media company's taking a fresh look at how it would approach the Internet. The decision to close Go.com in January to refocus on the individual sites followed a yearlong re-examination of the potential of the Go.com brand.

"Building a new brand in that environment is difficult. Besides, we already have great brands," says Steve Wadsworth, president,

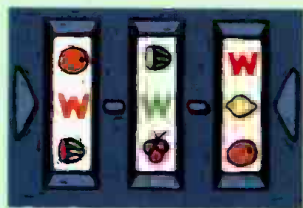
Walt Disney Internet Group. "We already have a great presence. We already have a consumer and advertiser top-of-mind recognition in all of those properties. Those businesses are much more obvious and logical for us."

Dick Glover, executive vice president, Walt Disney Internet Group, sees the move away from the portal concept as a validation of his focus, managing the ABC and ESPN Internet properties. "All of the changes are an affirmation of the strength of the vertical brands/properties. Rather than any kind of retrenchment, this is a rededication of our efforts on the sites."

Disney's experience in attempting to establish a portal is not unique. NBC faced a similar situation in the genesis of NBCi. The company came from the NBC/CNET acquisition of the Snap Internet portal. Rather than attempting to build awareness for the relatively unknown Snap brand, dubbing it NBCi achieved instant recognition for the new Internet division. Such



For Jim Walton, president, Domestic Networks, CNN News Group, integrating TV and Web operations was a top priority when he came on board.



Making a grab for local bucks

One of the major shifts in Internet operations by broadcasters is toward outsourced operations, lessening capital investment for the difficult task of getting started.

"There's been a huge change of attitude from stations," says Mark Zagorski, executive vice president of WorldNow, a third-party outsource for Internet services. "The changes in the market have made us a viable solution, and so we're getting more interest from stations and station groups. Those interested in doing it on their own with the hope of spinning off a big IPO have had to re-evaluate."

Two of the major players helping broadcasters with Internet operations are WorldNow and Internet Broadcast Systems (IBS). The two companies have different approaches: IBS' service provides staff to the station in return for a piece of revenue. (IBS also creates ad buys across its stations.) WorldNow is more of a technology/consulting firm—coming in, getting the operation up and running, training existing station employees, and then letting the station handle part or all of the business aspects of the operation. It has more than 130 stations signed on.

Overcoming the narrow reach of stations and station groups is an incen-



Mark Zagorski, executive vice president, WorldNow, is taking advantage of the shift towards outsourcing.

tive to work with outsource networks, according to Tolman Geffs, CEO of IBS. "The real power behind us is that broadcasters know that, individually or even in groups, they only have so much coverage. Putting this thing together in a network to capture national advertising dollars and to share the considerable structural expense is a big win," he says. At present, IBS client stations are in 53 markets, with 33 in the top 50 station markets.

The Internet can also enable local broadcasters to go after newspaper strongholds, growing revenues despite a tight ad market. "Looking at the ad dollars available, local TV is about \$14 billion a year; radio, about the same. Newspaper revenues are upwards of \$60 billion," says Geffs.

Zagorski is targeting ad dollars like classifieds and yellow pages, usually out of broadcasters' reach. "We're not just redistributing dollars," he says.

WorldNow and IBS are only one part of the local-media menagerie. For others, targeting newspapers may be an exercise in redistributing revenues. Belo Interactive serves both newspapers and television properties under the Belo banner. Senior Vice President Skip Cass remains bullish on the Web's ability to expand revenues overall, not just cannibalizing other media. "There's a distinct opportunity to target new dollars through interactive media, Cass notes. "Content is king, and the real upside is in the possibilities the Internet opens." —C.L.

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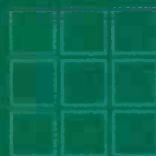


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name-brand recognition also allowed NBCi to ride the turbulent currents of an IPO and subsequent swings in stock valuation.

But being swept up in the dotcom boom stunted NBCi's proper partnership with NBC, according to Martin Yudkovitz, president, NBC Digital Media, and executive vice president, NBC. "When the mania was in full swing, NBCi was getting 95% of its business from other dot-coms," he recalls. "It was virtually sold out. There was so much business from the dot-coms that they didn't have to worry about going to NBC's traditional advertisers."

Today, the dotcom-advertiser base has all but evaporated. Yudkovitz sees this as bringing about the same fusion between NBC and NBCi that is happening elsewhere in the industry. "To me, this is one of the best things

that's happened. Now the NBCi sales staff and NBC sales group are integrating. The advertiser interest in extending their message from on-air to online has increased."

Even so, The Yankee Group's Goodman expects that NBCi will have difficulty achieving the same level of integration possible in rival media companies. "They are at a bit of a disadvantage now that they've had an IPO. As far as markets are concerned, it's a separate company. It's not just a company in a company."

Meanwhile at MSNBC, interdependence, not independence, defines the organization. The kind of assimilation seen elsewhere is out of the question. "It would be unlikely for us to refashion our structure in any way like that given the partnership that is MSNBC," says Merrill Brown, senior vice

president and editor-in-chief at MSNBC. "There's a comfortable balance in the joint venture that makes it work for all involved. I say 'works' cautiously, though, because we're all awaiting the general national advertising economy to turn around. We'll all be vastly happier when that happens."

NBC's Yudkovitz agrees that this is what convergence is all about. "If you can combine interactive, targeted messaging with mass-market brand awareness, you're delivering the best value for the advertiser," he says, pointing out that a concerted TV/Internet campaign is uniquely suited to this.

Winning the ad community's appreciation for this may come as the focus shifts from buttons and banners to streaming media. Judy Carlough recently joined Arbitron Internet Services in the newly created role of vice president, advertiser services. Her mission is to educate advertisers on the power of audio and, soon, video, streams. "Advertisers used to have a Mount Rushmore of choices: TV, radio,



Larry Kramer, CBS MarketWatch CEO, believes running Internet organizations with a TV mindset leads to overstaffing.



\$\$\$ makes the WWW go round

In Internet-speak, the tide has finally turned towards monetizing Web assets.

While many are achieving cohesion by melding separate Internet units into television operations, NBCi's independent status calls for close work between teams. "Every week that goes by, it just gets more and more integrated," says Jim Shineman, senior vice president, business development, NBCi. "It's not just about going out on sales calls with the NBC team. They really understand what we can offer their clients above and beyond the traditional TV advertising campaign."

In a unified sales organization, the managerial challenge is to get salespeople to invest efforts promoting less lucrative online offerings.

"We started in late '95-'96 with a commission structure that rewarded TV personnel for selling the Internet," says Larry Goodman, president, CNN sales and marketing. "We wanted them to see that this was a new and important part of our portfolio. If the typical TV commission was 1%, interactive got 5%. We wanted TV and interactive media bundled together. We wanted the sales staff to see it as a unified sale and not separate things."



Larry Goodman, president, CNN sales and marketing, began rewarding personnel for selling the Internet in late '95-'96.

Convergence goes beyond the back office. Advertisers are being pitched new opportunities that link on-air and online.

Cartoon Network Online General Manager Jim Samples sees this driving sales. "We're starting to go beyond the button-and-banner approach.

Advertisers are eager for a real tie-in with their product, usually a game or a contest." What's cutting-edge in online offerings? "We hope to do more Flash

[Macromedia's animation] presentations," Samples says.

But they all know the challenge. "When there's talk of a recession, one of the first things to get cut is the ad budget," says NBCi's Shineman. "And the more experimental the campaign is, the less likely they are to keep it."

There are other contexts to consider, too. Jupiter Research senior analyst David Card says that frustration over monetizing the new-media market comes from a fundamental misunderstanding. "The Internet audience is growing, but it's still hard to make money off it," he says. "Many looked at the Internet as a technology market where fortunes are made fast. But this is the media business. It takes a long time to build brands in the media business. How long did it take *USA Today* and ESPN to make money?"

—C.L.

The downside of Interactive TV, according to Fido.



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print, outdoors," she says. "Add the Internet, and you get a proliferation that turns Mount Rushmore into a mosh pit."

The problem is that such proliferation has created confusion, not convergence. "At the agency side, convergence means getting the interactive campaign to work in sync with traditional media to make a unified, consistent message," she explains. "They want it finely tuned like a marching band with the full impact of all the different instruments playing together. What you have now is something less than that: The band's playing a few different tunes."

Of course, there are alternative business models beyond advertising. Sarah Cotsten, HBO's vice president, interactive ventures, operates under an entirely different set of criteria: "As a premium network, we're not ad

supported. What we're really interested in is adding enhancements for our audience."

At the same time, HBO.com is adding a direct-marketing aspect to the value-added/branding aspects of the site. Beyond keeping audiences for *The Sopranos* or *Sex and the City* interested between seasons (and between episodes during the season), a new initiative, HBO Express, will allow instant online sign-up for the premium service. For now, HBO Express is being tested in select markets. A national rollout is expected by the end of the year.

Licensing, too, can provide a steady, diversified revenue stream. According to MarketWarch's Kramer, this is a natural for media companies. After all, they are in the content-creation business. "The licensing business is supporting us right now.

It's come to be as much as 50% of our revenue some months," he says. Was this in the business plan? "We knew licensing would be big, but we had more confidence in advertising. We still do. It's just that the advertising market is cyclical. Licensing is less so."

Despite the dotcom downturn, the Internet continues to weave itself into society, building an ever increasing audience. Larry Rosen, CEO, Edison Media Research, says that today's solid growth only seems disappointing given previous unrealistic expectations.

"You almost get the sense that the online market has shrunk," he says. "That is not the case. It just isn't growing at the same, unsustainable rate." In this context, the need for "growing down" in the TV/Internet space may seem unduly negative. Hitting the ground may not be very pleasant to those accustomed to flying high. But those who appreciate the possibilities will be hitting the ground running. ■



HBO's Sarah Cotsten says the key goal for her network is to add enhancements for the audience, not advertising.



So is the Internet a bust?

Fickle financial markets seem to have forgotten that the online boom is still under way. Several recent studies demonstrate that robust growth continues.

The Internet continues to expand across and through consumer consciousness, according to the Pew Internet & American Life Project report released on Feb. 18 (see chart at right). "There has been so much attention focused on the woes of dotcom firms in recent months that many might have lost sight of the fact that the appeal of getting access to the Internet is still very strong," said Lee Rainie, director of the project. The study shows that 56% of American adults now have access, 45% for those under-18. At the end of last year, 58 million logged on in an average day, up 9 million from just six months before. Some of the greatest growth

came from women and minorities, households earning between \$30,000 and \$50,000, and parents with children at home.

Within this expanding universe, the Arbitron/Edison Media Research Internet VI study shows that the popularity of streaming media is accelerating. Subtitled "Streaming at the Crossroads," it points out that, as of January 2001, 13% of Americans had used Internet audio or video in the previous month, up from 10% in January 2000. Such growth is in sharp contrast to a drop in the average weekly time spent online over the same period, down to seven hours and eight minutes from eight hours and one minute.

Ad agencies' acceptance of the power of streaming is growing, too. According to the Measurecast/Yankee Group "Ad Agency Streaming Media Awareness Study," 61% of ad agency respondents had recommended streaming-media advertising in the previous year, and 65% said they were likely to recommend making such buys in the year ahead.

The relationship between online and traditional media becomes clearer in Statistical Research Inc.'s study "The TV/PC Connection 2001." Says SRI Director of Client Services David Tice, "TV use hasn't gone down despite increase in Internet use." —C.L.

Where the Internet population grew

The percent of each group online (±3%)

	May-June	Nov.-Dec.
All Adults	47%	56%
Men	50%	58%
Women	45%	54%
Whites	49%	57%
Blacks	35%	43%
Hispanics	40%	47%
Parents (children >18)	55%	66%
Non-parents	43%	50%
Age Cohorts		
18-29	61%	75%
30-49	57%	65%
50-64	41%	51%
65+	12%	15%
Income brackets		
Under \$30K	28%	38%
\$30K - \$50K	50%	64%
\$50K - \$70K	67%	72%
\$75K	79%	82%

Source: Pew Internet & American Life Project

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GREAT expectations

Younger set demands strong complementary online experience

By Catherine Schetting Salfino

One of the interesting challenges facing any media company is how to make sure it catches the next generation with new media before the competition does. Because, while the older set may still be a bit puzzled about the Internet, it has become obvious that the younger set, which is growing up viewing the Internet and TV as equal media, is going to play a key role in turning new-media ventures into attractive marketing opportunities.

A wealth of opinions surface in discussions of TV and the Internet. Some say Web sites are simply promotional tools for network programming. Others say the Internet is an educational tool when used in conjunction with TV. And still others say there are still kids who just want to kick back and watch a show without multitasking their way through it. Depending on the site, the kid accessing it and the parental supervision involved, each point may hold some truth.

"We think the Internet component is crucial because it extends the mission and educational goals of that program through interactivity," says Michelle Miller, manager, PBS Kids Interactive. "An educational goal can be accomplished through a broadcast with one storyline in 27 minutes. With the Internet, kids can move at their own pace and learning style to foster their creative and critical thinking. For example, if the Internet has a game, kids can take however long they want to learn the concept, using visual and audio clues to learn, instead of just absorbing a linear broadcast."

Disney Channel's Rich Ross, general



Slimetime Live and *Rugrats* (shown) proved to be a powerful online combination for Nickelodeon.

manager and executive vice president, programming and production, says Internet components are something children expect—and expect to be worth their time.

"Playhouse Disney has a site with a subset of its shows; Zoog has a site and a subset," Ross says. "[Kids have] come to expect that, when they watch a show on Disney, there's an online component equally as exciting as what they see on TV. Kids are savvy, so the site has to give them something extra: more information about a show or its characters, games with 'collector

cards,' or other things. Otherwise, they'll get bored with programming."

The biggest difference in thinking between children and their parents is that kids go online for entertainment value.

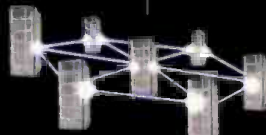
"Cartoonnetwork.com provides a variety of options for kids with things like Web Premiere Toons and short films that are extremely popular," says Tim Hall, Cartoon Network's executive vice president. "The merging of TV and the Internet is one of the most interesting changes that's happened in kids TV. We developed Total



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Immersion cartoons, where we run a show or a special promotion on TV, and online content is offered for a simultaneous experience. During our Toonami block, we ran 'The Intruder.' Every day, when it directed kids to go online at the same time, there were a bunch of really cool games going on. If kids wanted to get to the next level, they had to watch the show the next day. We could see there was no cannibalization of either media. Kids were doing both at the same time."

Which leads to multitasking. More kids than ever have both a TV and computer either in their room or a family room, and they're often using both at once.

Cyma Zarghami, executive vice president and general manager at Nickelodeon, says the trick is to marry the two media to create something more fun than the individual parts.

"Our *Slimetime Live* show plays games that includes kids that are in the audience, online and on the phone," she explains. "Kids online can vote for who they want

Top 20 entertainment sites visited by kids 2-17

January 2001
Source: Media Metrix

Site	Unique Visitors (000s)
1 Disney Online*	6,963
2 Cartoonnetwork.com	2,124
3 Nick.com	2,060
4 Nickjr.com*	1,206
5 Foxkids.com	848
6 Yahoooligans.com	838
7 Smarterkids.com	674
8 KBKids.com	617
9 Barbie.com	613
10 Sesameworkshop.com	561
11 Scholastic.com	486
12 Pokemon.com	452
13 Gurl.com	446
14 Crayola.com	439
15 Mamamedia.com	433
16 Kidsdomain.com	425
17 Unitedmedia.com	377
18 Enchantedlearning.com	327
19 Askjeevesforkids.com	295
20 TheWB.com	293

* Represents an aggregation of commonly owned/branded domain names.
Unique visitors: The number of total users who visited the reported online property at least once in the given month.
Sample Size: More than 60,000 nationwide.

just a recipient. I have a feeling it gives them a different impression of media than when we were kids."

Networks have taken safety into consideration, too. Cartoonnetwork.com has Cartoon Orbit, a safe community for kids where they can trade digital cards, build home pages and more. But there are no open chats, and a pull-down menu has a list of approved phrases.

PBSkids.org is also concerned with issues of privacy, commerce and technology. Sponsors may display only a static logo, rather than a moving banner ads. Also, when kids click a link button, a bridge page informs them they're leaving PBSkids. "It's a kind of a Web-literacy tip," Miller says, "like what to know before you go. For example, 'Don't talk to strangers on the Web.' They're leaving PBS Kids, so we want them to be hyper-aware."

In the end, the question is: Should the Internet drive network business or be a business unto itself? Zarghami says the speculation for a long time was that the

The biggest difference in thinking between children and their parents is that kids go online for entertainment value.

slimed. Our BubbleCast lets kids play a game in real time during a show. They answer questions based on what's happening during the show. With each correct answer, they get points, and the names on the left of the TV screen show who's in the lead. We've done it with *Slimetime* and *Rugrats*. When we did it with *Rugrats*, we almost shut down the server because there were 130,000 kids trying to play at one time."

Midge Pierce, vice president of programming at WAM!, says the network's most popular programs have companion Web sites where tween viewers can learn more about their favorite stars through live chats or by following the online diaries of a character. It not only helps kids feel connected to each other, but, by providing instantaneous feedback loops to programmers, it helps kids influence programming decisions.

Pierce does say, however, that TV still seems to be a bigger draw than the Internet. "True, kids love to chat online and watch their favorite programs at the same time. But the latest trends show that Internet usage among this age group is tapering. Clearly, the novelty of the Net is waning. I think the anonymity of the Internet is taking its toll. Kids want to feel connected and see who their peers are."

While that may be true, PBS' Miller says the network can tell from its traffic that each TV program drives kids to the Web site at the end of every program.

"Traffic spikes at the end of the half-hour when a show ends and kids go online," she says. "Then, they go back to the shows. There's a loop of viewership. Plus, when they can do something like make a Teletubby wave to them, it makes them feel like they're a part of the action, rather than

Internet would make kids watch less TV. "That turned out to be the opposite," she says. "There were more kids using the Internet last year, yet 2000 was the highest TV-viewing year for kids. The only way the Internet and TV can work together is if it makes the experience richer. One won't replace the other."

"Everyone is trying to figure out the convergence element," says Joel Andryc, executive vice president of programming and development at Fox Family and Fox Kids. "It's an evolving process. Where TV was in the '40s or '50s is where we're at with the Internet now. We will probably see more convergence with TV and the Internet, where you can pop up different windows, view different camera angles and become a director in your own house. You'll just have to figure how to get the buttons on the remote to work it." ■

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Waxing philosophical on the ins and outs of Internet strategy has practically become a cottage industry all its own. But the time for philosophizing is over. It's now time to turn promise into profits, and each of the major media companies has its own different approach to the business of the Internet. The following pages offer focused looks at how the Internet is affecting those companies and their strategies moving forward.



Sam Donaldson (l) brings some solid off-line presence to ABCNews.com with New York Gov. George Pataki.



AOL, Time Warner look to sync and swim

The greatest shift in the TV/Internet space won't be coming in the wake of the dotcom downturn. Instead, it's the final fruition of the AOL Time Warner merger forged at the height of the market mania. Now that the deal is done, the challenge of making the massive media conglomerate click has just begun.

The first step in the reorganization came with the March 6 announcement that The WB broadcast-network founder and CEO Jamie Kellner would head a new division gathering The WB and Turner Broadcasting TV, cable and Internet properties under one roof. Finding symbiosis among these, along with additional opportunities from AOL.com, Netscape and the

A screenshot of the AOL 6.0 website interface. It features a blue header with the AOL logo and "AOL Anywhere" text. Below the header is a "Members Sign In" section with input fields for "ScreenName" and "Password". To the right, a promotional box offers "700 hours FREE!" of "High Speed Access", "Instant Messaging", and "7 E-Mail Addresses". At the bottom, there is a "Search" bar and a "Shop@AOL" section.

AOL Time Warner is working to reorganize and find synergy within its many online holdings.

exploding instant-messaging phenomenon, will take some time. Even so, anticipation of the merger has altered some strategies already.

"We've shifted focus to finding synergies within AOL Time Warner," says Mindy Stockfield, Cartoon Network Online's director of marketing. "This makes us a lot smarter with our marketing efforts, cutting back on spending but seeing how we can accomplish even more working internally."

Jim Walton, president of domestic networks for the CNN News Group, expects that outreach efforts will continue as before. "Prior to AOL, the Turner Networks didn't put themselves just on Time Warner cable," he says. "TNT, TBS and CNN looked to get on every cable system. We'll continue to do that in the interactive space, as well. We'll try to make our content available to whoever wants to have it."

The sheer size and reach of the AOL Time Warner holdings are enormous both online and off-line. A Jupiter Media Metrix report states that one-third of

all time spent online in the U.S. is with content controlled by the media conglomerate. Its reach to consumers is almost all encompassing, with at-home and at-work penetration over 72%. —C.L.



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CBS plays the quiet one and slips under the radar

The CBS "Eye on the Internet" hasn't blinked, according to Leslie Moonves, president and chief executive officer. In an address at the Jupiter Media Metrix conference in early March, Moonves claimed bragging rights for success with what some had claimed was a non-existent strategy.

"Suddenly, we have some of the hottest sites in all cyberspace," he said. "That's a change for us ... Everywhere I went, at every industry gathering or cocktail party, I had to explain why we didn't have an Internet strategy." But these misperceptions, not the strategy, were off the mark. "I would tell them, very reasonably ... we do have a strategy. We're trading advertising and promotion for equity positions in companies that



CBS' strategy, according to President and CEO Leslie Moonves, is to build "destinations we can drive people to with our programming."

make sense to us. And we're building destinations we can drive people to with our programming."

Has that changed with the February 15 announcement that the independent CBS.com and CBSNews.com Web sites are being absorbed back into television operations? "That was, and remains, the strategy, although we are now starting to focus more and more on our in-house, wholly owned sites," Moonves said.

"Some of the other networks were forced into making these changes more for financial reasons," notes David Katz, CBS vice president, strategic planning and interactive ventures. "We made these changes a while ago for strategic reasons." The details of the consolidation bear this out: There have not been any significant layoffs from the reorganization. Instead, Katz says, the investment was in making sites like that for *Survivor: The Australian Outback*. "For the past couple of years, it was all about hype and press releases," he says. "You didn't see us participating in a lot of this because we were focused on results. Hopefully now, the rest of the Internet space has caught up to where we've been going: demonstrating value to constituents." —C.L.



Disney prepares for a marketing evolution

Though hardly suffering the fate of so many dotcoms, Disney and ABC have had a major shakeup in the TV/Internet marketplace. Closing Go.com gave Disney an \$800 million hit in the fiscal second quarter. Shares of the Disney Internet Group will convert back into Disney common stock as of March 20. And, to Steve Wadsworth, president, Walt Disney Internet Group, putting the portal concept behind means better things ahead.

"Now that we're fairly focused on our core branded sites—ESPN, ABC, ABC News, Disney—we're seeing strong market reaction to the fact that we have off-line sister companies of the same brand that have significant reach and presence in the marketplace," he

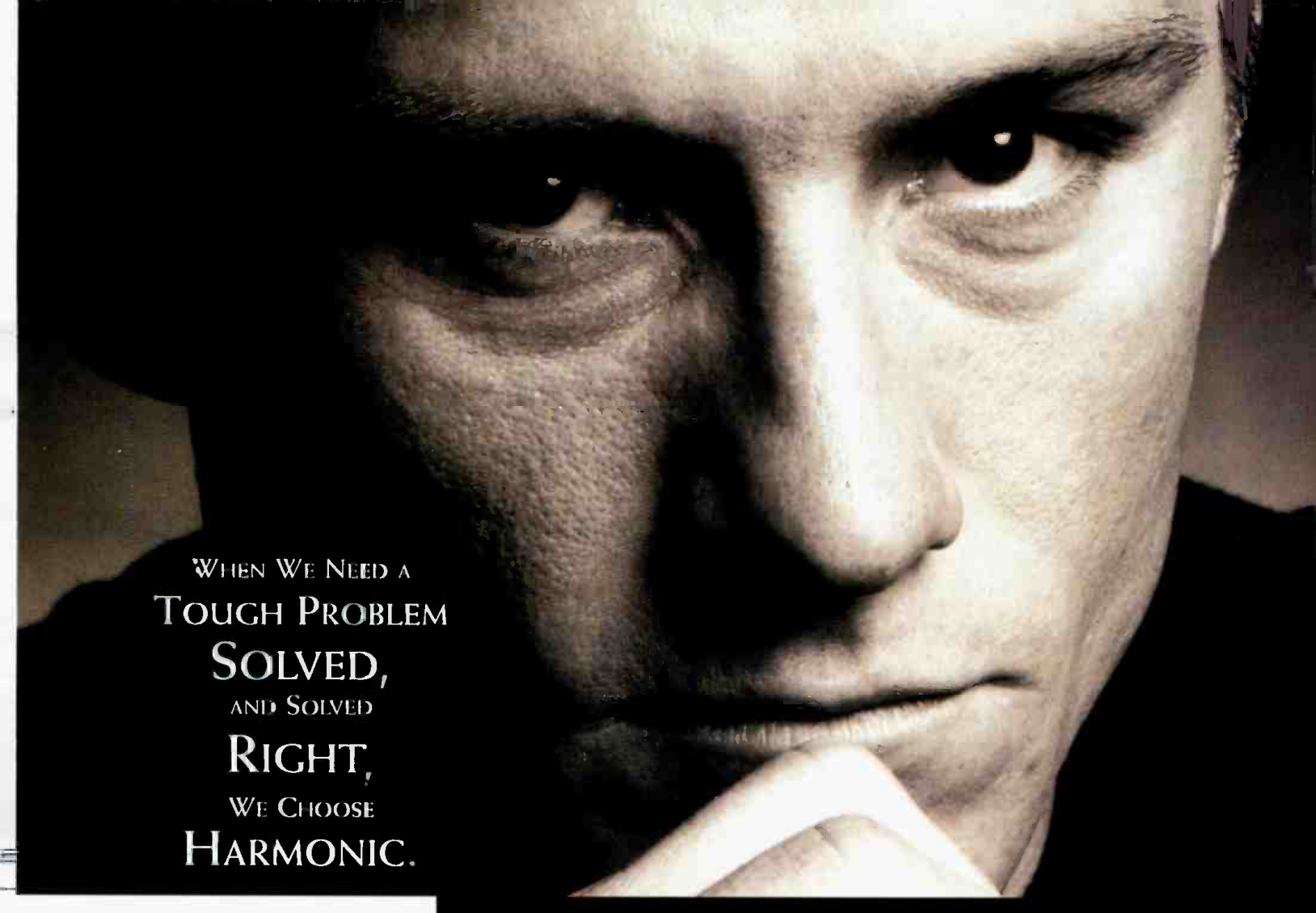


Walt Disney Internet Group is focusing on its strong brands, like ESPN, and targeted advertising.

says. "These strong, well-known brands have existing relations with the media marketers through our sister divisions. Our Internet components in those areas are doing quite well, showing good revenue growth. Our enhanced-TV products are doing particularly well."

Dick Glover, executive vice president, Walt Disney Internet Group, says that the company will stay the course he has charted with ABC and ESPN Web properties. "There is no change in our attitude, in our perspective. We are always looking to create compelling consumer experiences as efficiently as we can."

With operations pared to leanness, the greatest growth ahead will come from tapping the Internet's ability to deliver market intelligence. "The big thing that needs to happen is maximizing the opportunity from a customer-relationship-management perspective," says Wadsworth. This can transform advertising from being intrusive to inviting. "How do we deliver advertising so targeted that the consumer doesn't see it as advertising, but as a benefit?," he asks. "If the consumer sees ads that way, it's a home run. The medium has that potential but hasn't achieved it yet. This will come as a slow evolution, not as a watershed event." —C.L.



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Reorganization savings add up for News Corp.

News Corp.'s dismantling of the News Digital Media subsidiary as an independent entity will likely go unnoticed by Fox viewers going online. "If anything, consumers will see an improvement because the sites will be far more linked with the broadcast brethren, going directly onto the sites with no filtering from the news, sports or entertainment source," says Andrew Butcher, News Corp.'s vice president of corporate affairs and communications.

The announcement of the reorganization at the start of the year came despite an upswing in visitors and sales, according to Jon Richmond, president of News Digital Media. "We were having a great deal of success. Our traffic increased from 2 million to 7 mil-



News Corp. announced decentralization plans even after experiencing increased traffic to its many sites, such as that for *The Simpsons*.

lion unique visitors. We were on target to meet our revenue projections. We wanted to decentralize once we'd built such significant traction."

Aside from bringing together online and on-air production, significant savings will come from outsourcing the back-end Internet operations. "Clearly, such infrastructures are not our core competencies," adds Richmond. "The decision to transfer these capabilities to Loudcloud [an Internet operations provider] came prior to decentralizing."

How will long-term strategies be affected? "We're still very bullish about broadband. But original broadband programming will probably take a backseat for the time being until the consumer demand grows to support it," Richmond says.

The biggest change from the reorganization is in expectations for the profitability of Internet businesses. "The key for us on the corporate level is that the monetary savings will be significant," says Butcher. "This becomes an overriding concern

given our findings that the advertising-based ad model is not viable now. We do see that there is a tremendous future for the Internet, especially when combined with Interactive TV." —C.L.



NBC's objective: broadband and streaming ads

The NBC-NBCi-MSNBC troika is largely unchanged despite consolidation at competitors. "I'm not sure that route would make the most sense for us," says Martin Yudkovitz, president, NBC Digital Media, and executive vice president, NBC. "There are certain parts of NBCi that work very well that we want to continue to exploit. Likewise, there are certain parts of the portal business that haven't worked out as expected."

For all the swings in stock prices at both NBCi (where NBC has a 40% stake) and MSNBC partner Microsoft, the game plan stays in place. "The beauty of Microsoft and [NBC parent] General Electric is that we're highly diversified with exceptionally strong balance sheets. Sure, GE's stock is down; MS'



NBC believes introducing streaming ads to its sites, including MSNBC.com, will drive broadband usage and advertising sales.

stock is down. But unlike a dotcom, that's not going to effect our day-to-day business practices."

At MSNBC, the "retrenchment" has actually seen an expansion in preparation for broadband. "We're transforming our company to make it much more video-based," says MSNBC Senior Vice President and Editor-in-Chief Merrill Brown. "We have changed our mindset from thinking of ourselves as an Internet news site to a production company creating content for different platforms." MSNBC is outsourcing some of the back-end operations to enhance streaming capabilities. "We have deals with Akamai and the Microsoft Network. We're not going to solve every technological problem related to high-speed distribution. We're a content company."

To help drive broadband adoption, MSNBC has forged a number of deals with DSL and cable-based services. Their goal is to create the streaming-ad market. "The beauty of streaming ads is that the ad world gets it," says Brown. "It's a very familiar model, not a reinvention of advertising. Also, it combines the magic of video advertising with the direct-marketing component. People can interact with advertisers in ways they can't with conventional TV." —C.L.



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MSOs ARE FINALLY MAKING ROOM FOR LONG-INCUBATING NETWORKS

By John M. Higgins

No cable network can do much with 10 million subscribers. But what can it do with 40 million? That's the key question facing the wave of digital cable networks that have started up over the past few years. For four years, they've limped along on programming leftovers from their libraries, financially hamstrung by digital cable's limited penetration. But operators had a tough time selling digital cable packages with programming recycled from MTV and, for a while, Fox Family Channel.

But after years of slow starts, cable operators are doing their part, turning in startlingly strong growth in digital cable. MSOs that had been holding back from investing the capital for pricey \$350 to \$400 digital set-tops are now upgrading thousands of subscribers a month. Morgan Stanley

media analyst Richard Bilotti counts 8 million digital cable subscribers among the eight MSOs he follows, for penetration of about 15% of their basic homes.

A few years ago, many MSO executives predicted that they'd be lucky if digital cable penetration hit 20% to 25%, or 14 million to 17 million homes out of 67 million basic cable subscribers. Now they see 30% in easy reach and discuss unhesitatingly about how to push penetration as high as 50%.

There's a lot of room for growth. Few operators are offering digital to all their systems. And one major MSO, Cablevision Systems Corp., hasn't even begun deployment.

"It's come on surprisingly well," says Charter Communications Executive Vice President Steve Schum, whose operation grew from nearly zero digital subscribers to

1 million in a year, penetrating 16% of its 7 million basic homes. Further, many "digital cable" networks get big kicks from DBS services EchoStar and DirecTV, which give them a potential audience of up to 15 million additional homes.

Networks are the beneficiaries. They first rushed to give cable operators some product to advertise and, of course, to block some upstart programmer from getting shelf space on cable systems.

But no network is moving quickly from an original business plan that assumed that limited distribution would handcuff them for many years.

Right now, pure-digital networks resemble Hamburger Helper. Executives pull stale, leftover shows out of their libraries and try to repackage them into a palatable meal. Lifetime Movie Network, HGTV's Do-It-Yourself Channel and any number of Discovery

Network splinters are programmed that way. Distribution to 3 million to 10 million subscribers each means little license-fee revenue and practically no ad revenue.

Digital networks are holding their budgets to just \$5 million to \$10 million each. Home Box Office spends that much just promoting *The Sopranos*.

A&E Senior Vice President of Affiliate Sales David Zagin says no quick changes are in store for his company's two digital networks, the History Channel and Biography Channel International HCI, for example, is just getting to the point where it is acquiring programming exclusive to the channel in the United States, generally tapping foreign networks.

When each network hits 10 million subscribers, "it becomes a more viable package," Zagin adds, noting that the networks will probably be sold as a package with each other and their parent basic cable networks. "At 20 million subs, it possibly has some legs on its own to generate some ad-sales revenue." Right now, the digital channels are filled with a lot of promotional spots for A&E's other networks.

Consumers find the word "digital" sexy, but digital on cable has been fairly bland. The primary benefit of digital cable is compressing eight to 10 channels into the 6 MHz slot occupied by a conventional analog channel. Initially, the most aggressive operators were those most vulnerable to the 200-channel attacks by DBS. Their systems were inadequate, but they couldn't or didn't want to spend money to rebuild and increase the capacity.



into 14% of its cable homes, up from 4% in 1999. Cablevision is planning to put high-end digital boxes in the homes of about half its 3 million subscribers within three years, whether they buy digital packages or not, figuring they'll at least buy more pay-per-view movies.

Bilotti expects to see 20 million digital cable homes by the end of next year.

Few, if any, digital networks will reach

100% of those available homes.

Another crimp on programming economics is how aggressively operators package digital services

into news, sports, family or some other

tier. A given tier might reach

only 20% to 70% of a system's

digital customers, merely 8% to 28% of the basic customers of a system with 40% digital penetration.

"All of our digital channels' business plans get us to around 30% on an aggregate basis," says Charles Humbard, general manager of Discovery

Networks' six-channel digital operation. "Some MSOs are going to be more aggressive in tiering, so you're seen by fewer people."

That limits the gains of the other beneficiaries of digital cable: the established networks still

scrounging for carriage. Even HGTV, with 60 million subscribers, will get full-time carriage for the first time on AOL Time Warner's Manhattan system this week. Previously, the network split a channel with Bravo, airing only from 7 to 11 a.m.

Hybrid networks would prefer wider carriage, but they'll settle for carriage on digital as opposed to nowhere. "There's no such thing as a bad eyeball," says Joseph Gillespie, COO of Paul Allen's computer and technology channel Tech TV. "I'd rather not have to, but, if I wound up with all-digital carriage, I could make a business plan out of it." ■

That's particularly true for the somewhat-neglected Tele-Communications Inc. operation now owned by AT&T Broadband. But other operators got motivated after AT&T found that digital customers generated an extra \$16 to \$18 a month in revenue and \$9 to \$10 in cash flow. That's huge, given that basic customers provide an average \$40 to \$45 monthly revenue and \$16 to \$20 in cash flow.

AOL Time Warner has pushed digital

DISCOVERY'S DIGITAL WORLD

Discovery's goal is to create programming that can appeal to everyone in a household

By Karen Anderson Prikios

Discovery's diverse digital networks were created to attract a wide audience, as well as to serve enthusiasts of specialized interests. In doing so, the network believes, it is helping to increase the appeal of digital cable among viewers.

In keeping with its Explore your World theme, Discovery Digital Networks' goal is to create programming that can appeal to almost anyone in a household with its Family Pack of programming.

"There is something for everyone in the household, so it has more appeal," says Charley Humbar, senior vice president and general manager for Discovery Digital Networks. "This helps operators sell digital cable into these homes."

Discovery Digital Networks' biggest network is Discovery Science Channel, designed to allow its 10 million subscribers to explore scientific advances. Discovery Kids Channel, with 7 million subscribers, provides educational programming for children 2 to 14. Discovery Wings Channel gives its 5.5 million subscribers an in-depth look at the innovations and history of aviation. Discovery Civilization Channel, which also has about 5.5 million subscribers, explores the evolution of mankind and social issues. Discovery Home & Leisure

Channel also has about 5.5 subscribers. Discovery en Español gives its 1 million subscribers an array of nonfiction programming appealing to Latin American viewers.

Discovery believes the channels give its audience new perspectives on important issues and events. Humbar says the networks are being used to bring multiple perspectives to events as they happen.

For example, Discovery is already planning programming for the 60th anniversary of the Pearl Harbor bombing with shows that will air on various channels, including the Civilization Channel and Discover Wings Channel.

Discovery is producing a show for the Science Channel that will look at the technologies used in warfare during World War II. Discovery Civilization will tell stories of the war and the bombing from the perspective of the survivors and those who were involved. The Wings Channel will take a look at the military tactics and aircraft behind the bombing.

"Each of these brands brings greater coverage," says Humbar. "It's been very effective for viewers in understanding more about these events. All of these channels bring their own unique value."

And that's the message Discovery has been conveying to advertisers as it began to sell the individual networks this year. It has added some additional sales people to handle just the digital channels. In addition, some sales staffs that handle its analog chan-

nels also sell airtime on the digital channels.

"This is our digital magazine rack," Humbar says. "This year we are starting to hit our numbers for distribution. Our brands are appealing to advertisers."

Although the digital channels are still new, Humbar says advertisers are responding positively. "So far its up to our expectation. It's a learning curve for advertisers." Digital cable, "in their minds, is still an emerging medium, although going forward, it's going to be a very important part of their future."

Humbar says it's no mystery why advertisers have been responding so positively to Discovery. Discovery Digital Networks ranked No. 1 in Beta Research's 1999 Cable Subscriber Study Among Emerging Networks with participants age 18-49, and

it ranked No. 1 in the ad-supported emerging-networks category among cable subscribers interested in getting a satellite dish. The Beta survey is based on a random national sample of 903 digital cable subscribers age 18 and older. In addition, Discovery Digital Networks ranked No. 1 among digital networks in the 1999 Cable Operator Study on Channel Carriage by Beta Research.

"The real growth here is in supporting operators," Humbar says of the advanced features. "What we want to do is to grow their business with interactive digital set-tops." These services have "huge appeal to the consumers, and it's a huge step in home entertainment." ■

'It's a learning curve for advertisers.'

— Charley Humbar, Discovery Digital Networks



Discovery Digital Networks offers up six channels, including (l-r) Wings Channel, Science Channel and Civilization Channel.

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MTV NETWORKS LISTENS UP

Network offers channels to better serve music fans and drive interactive services

By Karen Anderson Prikios

For MTV Networks, offering its digital services is all about providing its viewers with unique and diverse programming and helping the network better connect to the audience.

"From the inception of our very first service, it has been about our connection to our audience," says Susan Keith, vice president of affiliate marketing and broadband for MTV Networks. "With any business decision we make, we ask ourselves: Will this enhance the viewer experience? We do tons and tons of research and focus groups."

In fact, its children's channel, Nickelodeon GAS (Games and Sports for Kids), launched in March 1999, is the product of its focus groups. "We knew there was more that we could be providing for kids and parents," says Keith. "It captures the fun and spirit of play and sport."

The network sees this as a way to better serve not only its viewers but also MSOs and DBS providers. "We knew that digital was the new platform for our distributors," says Keith. "We had an opportunity to provide them with more quality programming."

MTV Networks offers an array of services under its digital umbrella. MTV launched its first digital service, MTV2, in 1996, 15 years after it launched MTV. With more than 30 million subscribers, MTV2 serves as the flagship for the network's digital music services.

Following the success of MTV2, the network launched MTV "S," featuring Spanish-language music videos; MTV "X," appealing to the underserved "rocker" market and fea-



Nickelodeon GAS (Games and Sports for Kids) puts a new spin on sports programming in response to focus groups that showed it was something viewers would want.

turing videos from the '80s and '90s; VH1 Classic; and VH1 Soul.

In February 1999, MTV Networks launched Noggin, the kids "thinking channel" from Nickelodeon and the Children's Television Workshop for children ages 2 to 12.

Noggin, which is also available for analog distribution, is currently distributed in 20 million households.

Nick Too is an extension of Nickelodeon that allows viewers to watch programs at different times throughout the day.

Regarding advertising:

Because the digital networks are still in their infancy, those plans have yet to be set. And some of the smaller and more specialized channels are designed to have no advertising. Noggin, for example, will most likely use a sponsorship model. But larger channels, such as MTV2, are exploring a national advertising model.

The digital platform also allows MTV Networks to expand their interactive offerings, as digital set-tops become part of

home entertainment systems. MTV already provides interactive services across its analog networks. "Our digital services have a wonderful opportunity to be multimedia," says Keith. "We've been warming up our audiences to interactivity." And audiences warmed up for interactive service could help cable operators find a new way to keep viewers from moving to DBS.

For example, one of MTV's most popular shows, *Total Request Live*, lets viewers log on to its Web site to request music videos they want to see. Nearly half the show's approximately 823,000 "savvy" viewers participate interactively, says Keith. She's also looking forward to the future of true two-way interactive-digital television that is possible with digital cable, but she admits the industry has a way to go.

"There are technological hurdles in order for that to be available to a wide array of audiences, and the number of people who have two-way interactive digital set-top boxes is very small," she says. "We know that our consumer wants to interact ... When the technology really becomes available, it's going to be such an easy transition." ■

'We know that our consumer wants to interact.'

— Susan Keith, MTV Networks

A close-up portrait of Dwayne 'The Rock' Johnson wearing sunglasses and a black t-shirt, with his hands clasped in front of him. The background is a blurred crowd of people at a WWE event under blue lighting.

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STARZ SHOOTS FOR JUST THAT

Network logged 30 million new subs in 2000



To promote the new Starz Super Pak, the network launched a \$40 million national advertising campaign branded with the "#1 in New Hit Movies" message.

By Karen Anderson Prikios

Starz digital network strategy is simple, says Senior Vice President of Marketing Mike Hale: provide value pricing and a great premium movie-programming service.

"What we did was really revolutionary in the industry," Hale says. "We've come out with Starz Super Pak: 12 channels for \$12 dollars a month. It used to cost \$12 for one channel, and it's not just time-shifting of one channel."

And Hale is quick to point out that the strategy is working for the network that is a relative newcomer compared with competitors like HBO and Showtime. Since the introduction of Starz Super Pak, the number of subscribers has jumped from about 58 million pay-subscription units at the end of 1999 to 88 million units at the end of 2000. Paying subscribers typically have access to three to 12 pay units.

There's no denying that HBO leads the way when it comes to offering original programming, including *The Sopranos* and *Oz*,

as well as music and sporting events. And Showtime has followed suit with such programming as *The Chris Isaak Show*, *Stargate SG-1*, *Rude Awakenings*, *The Red Shoe Diaries* and sporting events. "[Showtime] always followed HBO," Hale says. "They always had HBO envy."

Who wouldn't. But Hale and Starz saw a market opportunity as HBO and Showtime diversified beyond movies, making an offering of all-movie channels "a huge, wide-open position" in the market.

"We're taking advantage of the digital bandwidth to be able to offer greater choice, greater convenience and greater value at home," adds Hale, "and we're energizing the price/value category in the industry."

In addition to its premier movie channels Starz and Encore, it offers channels including Wam, a commercial-free channel for kids; real-life drama with True Stories; and Black Starz (formerly BET Movies), as well as action, mystery and westerns.

According to Starz, The Super Pak channels offer exclusive, first-run theatrical movies from studios including Touchstone Pictures, Hollywood Pictures, Miramax Films, Universal Studios, New Line Cinema, Revolution Studios and, coming Jan. 1, 2005, all theatrical releases from Sony Pictures. The focus is clearly on movies.

"We brought so many more hit movies," Hale says. "We play them more times in prime time than anyone else, and we put



Since the introduction of Starz Super Pak, which offers 12 channels and popular movies such as (l-r) *The Sixth Sense*, *The Hurricane* and *Erin Brockovich*, the number of subscribers has jumped from about 58 million pay-subscription units at the end of 1999 to 88 million units at the end of 2000.



Mike Hale, senior vice president of marketing, says Starz' strategy is to help operators sell more digital boxes at home and to capture the public's imagination.

them on the appropriate channel."

With so many theatrical releases available for viewing, one would think Starz has no need for original movies, but it does produce two or three a year. "We do it with a purpose in mind," says Hale. "We only do it if it makes strategic sense. We want to be totally differentiated in the market and to be something that stands for quality with our viewers."

Starz also isn't standing pat. To further promote the new Starz Super Pak, the network launched a \$40 million national advertising and campaign branded with the "#1 in New Hit Movies" message. The "#1 in New Hit Movies" claim is based on the year 2000's total number of prime time airings of first-run theatricals with at least \$20 million in box-office receipts.

Hale says the strategy will most likely remain unchanged for the future. "Our digital strategy is to help operators to sell more digital boxes at home and to capture the public's imagination," Hale says.

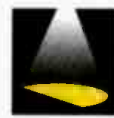
For cable operators, offering larger digital cable packages results in more of a competitive advantage over DBS providers like DirecTV[®] which have built their business plans around the ability to provide hundreds of programming channels.

"Cable has the advantage over DBS," Hale says, adding that "14% of the of population has a dish, but cable can lose that dominant market share. You can't rest on your laurels." ■

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HBO: DIGITAL TO THE MAX

New channel package increases choice, channels

By Karen Anderson Prikios

Expanding upon its digital offerings, on May 17, Home Box Office will offer HBO/Max Pak, a multiplex package designed to more broadly appeal to the unique interests of its viewers, according to Olivia Smashum, senior vice president, subscriber marketing and business development, HBO.

The new service combines HBO's original programming with Cinemax's movie offerings under a single, comprehensive service. "With HBO/Max Pak, we feel we offer the consumer the best of both worlds with two strong brands," Smashum says.

The HBO/Max Pak, which is similar in concept to Starz' 12-channel Super Pak that rolled out last year, features seven HBO channels and eight Cinemax channels, including four new Cinemax ones: WMax, @Max, OuterMax and 5StarMax.

The HBO/Max Pak will be available to all HBO and Cinemax distributors and will be transmitted digitally in East Coast feeds. HBO is currently discussing carriage of the new package with cable and satellite affiliates.

"As operators increase their channel capacity, the premium channels are a reason people would sign up with digital," Smashum comments.

"They recognize the value of [HBO's premium service] as they have channel space available. We have been very successful in securing distribution. Satellite operators understand the importance of having the increased choice for consumers to make the additional investment," she adds.

'As operators increase their channel capacity, the premium channels are a reason people would sign up with digital.'

—Olivia Smashum, HBO



With channels like HBO Plus, HBO can offer *The Sopranos* in both wide-screen and standard format.

The HBO/Max Pak will consist of the branded channels HBO, HBO Plus, HBO Signature, HBO Comedy, HBO Family, HBO Zone, HBO Latino, Cinemax, MoreMax, ActionMax, ThrillerMax, WMax, @Max, OuterMax and 5StarMax.

HBO Latino is the latest in HBO's digital networks. "It is a fast-growing audience and is really important to the growth of digital cable and satellite," Smashum says. HBO Plus shows the same programming as the main feed of HBO for "more choice and opportunity to see first-run programming," she says.

She describes Signature as the destination for women (who, she says, as a group tend to be underserved) and HBO Family as a "high-quality place that kids and families can watch without any concerns and reservations." There's also HBO Comedy and HBO Zone, offering programming geared toward viewers

ages 18-35, with an emphasis on the 18-25 age group. "These are the people that are now coming into the category," she explains. "When they think of entertainment, we hope that they think of HBO."

The network employs a similar strategy for Cinemax, which is preparing for the launch of its four new channels.

WMax was designed for women; @Max was developed for adults ages 18-30, with movies included; 5StarMax is designed to offer the broadest appeal with new movies and some classics; and OuterMax will offer sci-fi, horror, action-adventure and fantasy films.

HBO has no advertising on any of its digital networks and plans to keep it that way. "That's another thing that makes us valuable to the consumer," Smashum says. "We're non-commercial, non-ad-supported, with no interruptions."

"Having a large digital universe is key," says Smashum. "From HBO's perspective, we are looking for deeper, richer relationships with the subscribers ... and to increase acquisition and retention." ■



THE GREAT WAIT

New-generation set-tops play gatekeeper for new services, channels

By Lee Hall

The cable industry, burned repeatedly in the past for promising what it could not deliver in a timely manner, may be on the verge of ditching a huge albatross. For years, the industry has

prophesied the introduction of digital set-tops that would permit consumers to interact with their television sets, buy and sell merchandise, and surf the Internet with ease.

The current generation of set-tops, represented by the Motorola DCT-2000 and the Scientific-Atlanta Explorer 2000 series, has proved capable of handling digital video, an interactive program guide and video-on-demand.

Powerful though they are, these "thin-client" devices are limited by their relative-

ly puny processing capability and on-board memory.

Just around the corner—yes, the industry still employs that hackneyed cliché—awaits the next generation of set-tops.

Termed "thick-client" devices, Scientific-Atlanta's Explorer 6000 and 8000 series, Motorola's DCT-5000 and a new entry from Sony Electronics will herald a new generation of services.

If all goes according to plan, cable subscribers will be able to engage in online gaming, digitally record and time-shift video programming, and set up home networks.

The question remains, when.

"The thick-client versions add more memory and more capacity for middleware solutions to be implemented on them," says Powell Bedgood, vice president of digital services, Charter Communications.

Charter has been one of the more aggressive MSOs to deploy digital services and says that it has 1.2 million digital set-tops in place now. The company is field-testing the DCT-5000 boxes and expects to deploy the next-generation box in the third quarter of this year.

Motorola late last year shipped its 10 millionth digital set-top and has a current order backlog of 2 million. The company has agreements with most major U.S. cable operators.

Scientific-Atlanta, the No. 2 set-top manufacturer, has shipped about 4.5 million digital units and says its orders from cable and satellite operators are running at about 500,000 units per month.

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Deployment of advanced set-tops has been plagued by the usual suspects. After spending billions of dollars to upgrade their networks, cable operators are just now ready to offer the two-way broadband capabilities the new boxes require.

The DCT-5000 has been plagued by software difficulties that have slowed its development.

Motorola contends that its engineers have addressed the problems. A parts shortage last year limited production of advanced boxes, although both S-A and Motorola maintain they are getting caught up with demand.

Cablevision Systems, which had planned a major summer deployment of advanced digital set-tops co-developed with Sony, reversed field in mid-February and said it would delay introduction until fall.

Price is an issue as well. The current generation of set-tops costs cable operators on the order of \$200 to \$400 apiece. Advanced boxes will cost at least 50% more.

Even after the new devices become widely available, the rollout may be lengthy simply because of the sheer logistics of replacing old boxes with new ones.

"It's a terribly long-term process," concedes Ed Graczyk, director of marketing at Microsoft's TV Platform Group, which is looking to place its Microsoft TV operating system into the digital set-top boxes. "Putting a new set-top box in the home requires a truck roll and an engineer to install it. That simply takes time."

So-called advanced set-tops will not likely replace the current versions entirely. MSOs intend initially to place one in each subscribing household and link it to other devices.



The Motorola DCT-5000 set-top box has had its development slowed by software difficulties.

If all goes according to plan, cable subscribers will be able to engage in online gaming, digitally record and time-shift video programming, and set up home networks.

"One of the things we're focusing on is using these boxes as part of a home network so that you could hook up your computer and other network appliances using the advanced box as the gateway," says Bill Wall, technical director, subscriber networks, Scientific-Atlanta.

Then there is the lingering question of whether consumers are really ready for all the services these newfangled gizmos can offer. If cable operators misjudge consumer interest, the financial consequences could be enormous.

"It has always been our view that interactive television would only happen through industry push, not consumer pull," says David Mercer, vice president, consumer practice, Strategy Analytics. "It's an education process, but operators must invest in this process in order to reap the long-term benefits of higher revenue."

Mercer cites the European example, wherein millions of homes have interactive-capable set-tops but usage levels generally remain quite low.

Bernadette Vernon, marketing director for Motorola's DigiCable division, agrees that manufacturers and cable operators alike may have to do a lot of evangelizing—a process that is already under way. "Cable operators are getting people used to the behavior of interacting with the set-top

through video-on-demand and Internet services.

"And there is a big generation of younger people who have grown up with interactive technology," she continues. "That will help it along."

Provided they are successful in selling consumers on interactive services, MSOs are prepared to reap substantial rewards.

In a February research report, Merrill Lynch analyst Jessica Reif-Cohen projected the return on investment for advanced digital services at better than 70% and suggested that interactive-television services alone could bolster cable operators' cash flow by an average of 26%.

MSOs also see interactive services as a way to attack the high customer turnover that has plagued digital cable.

For example, Cox Communications believes that interactive television will become an integral part of its successful product-bundling strategy.

"We know that customers who take our phone service in addition to digital video churn less frequently," says Lynne Elander, vice president, video product management. "If we can get both digital and that second product into the home, we stand a much better chance of retaining that video customer."

Other studies have shown that interactivity can reduce customer churn.

"We have seen with WebTV that people who participate in interactive programming develop a deeper relationship with that programming," says Graczyk, adding that users of Microsoft's Web TV service increase television viewing by an average of 30 minutes per day.

The success of the new set-tops depends as much on what the boxes can do as on the devices themselves.

CableLabs, the industry's research consortium, recently issued its OpenCable Application Platform for industry comment. OCAP seeks to develop a set of software standards for developers to produce interactive services that could operate over the broadband cable network. Ultimately, CableLabs hopes the standards will lead to retail sales of set-tops directly to consumers. ■



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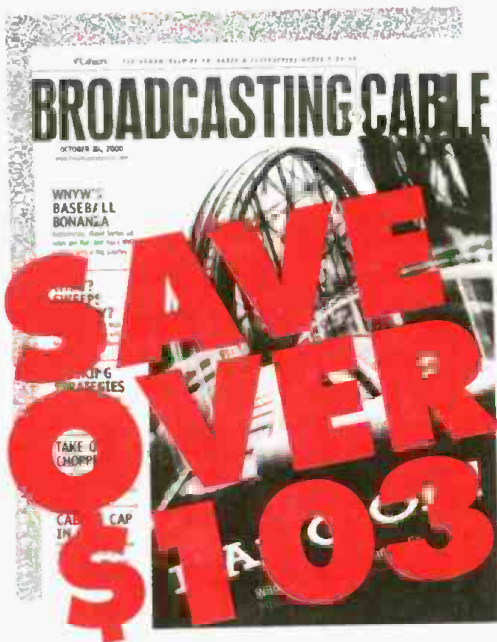
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This Week

March 20-23 CTAM Digital & Pay Per View Conference. Hilton New Orleans Riverside, New Orleans. Contact: Seth Morrison (703) 549-4200.

March 21 IRTS Foundation Gold Medal Award Dinner. Waldorf-Astoria, New York. Contact: Michelle Marsala (212) 867-6650, ext. 303.

March 22 National Academy of Television Arts & Sciences, New York Chapter The 2001 Television-Internet Conference. Marriott Marquis Hotel, New York. Contact: Gordon Hastings (212) 768-7050.

Also in March

March 29 ANA Television Advertising Forum. The Plaza Hotel, New York. Contact: Susan Pralgever (212) 455-8021.

March 30-31 AP/RTNDA/SPJ/Emerson College Regional Conference and Awards Dinner, featuring *60 Minutes'* Andy Rooney. University of Massachusetts, Boston campus. Contact: Bob Salsberg (617) 357-8100.

April

April 1-3 Association of America's Public Television Stations Capitol Hill Day. Washington. Contact: Joyce Burgess Horton (202) 887-1700.

April 3 SalomonSmithBarney and BROADCASTING & CABLE The Big Picture:

The Changing Media Landscape. Grand Hyatt Hotel, New York. Contact: Duncan King (212) 816-4723.

April 4-5 Illinois Broadcasters Association 2001 Convention. Oak Brook Hills Resort, Oak Brook, Ill. Contact: Dennis

Lyle (217) 793-2636.

April 5 T. Howard Foundation 8th Annual Fundraising Dinner. Marriott Marquis Hotel, New York. Contact: Benné Gallion (703) 739-8368.

April 5 Satellite Broadcasting & Communications Association, and SkyTRENDS SkyFORUM Financial Symposium. Marriott Marquis Hotel, New York. Contact: Brian Lynch (703) 549-6990, ext. 361, or Noelle Cartier, ext. 352.

April 10-12 SCTE Telephony Seminar. Radisson Hotel O'Hare, Chicago. Contact: Ginny Nagle (610) 524-1725, ext. 210.

April 13-14 National Association of Black College Broadcasters 23rd Annual Black College Radio Convention. Renaissance Hotel, Atlanta. Contact: Lo Jelks (404) 523-6136.

—Compiled by Beatrice Williams-Rude
(212) 337-7140
bwilliams@cabners.com

Major Meetings

April 21-26 National Association of Broadcasters Annual Convention. Las Vegas Convention Center and Sands Expo Center, Las Vegas. Contact: Kathleen L. Muller (202) 775-3527. **TVB Annual Marketing conference, April 23-24.** Contact: Janice Garjian (212) 486-1111.

May 21 George Foster Peabody Awards 60th Annual Presentation. Waldorf-Astoria, New York. Contact: Louise Benjamin (706) 542-5019.

June 10-13 National Cable Telecommunications Association Annual Convention. McCormick Place, Chicago. Contact: Bobbie Boyd (202) 775-3669.

Aug. 2-4 SBCA National Satellite Convention and Exposition. Opryland Hotel, Nashville, Tenn. Contact: Laurie Nappi (703) 549-6990, ext. 366.

Sept. 5-7 National Association of Broadcasters Radio Show. Ernest Morial Convention Center, New Orleans. Contact: Gene Sanders (202) 429-4194.

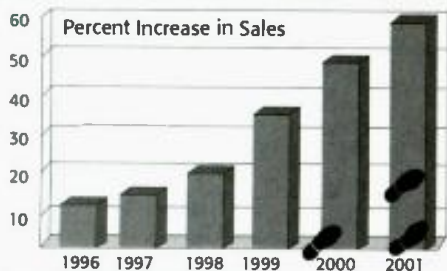
Sept. 12-15 Radio-Television News Directors Association International Conference and Exhibition. Nashville, Tenn. Contact: Rick Osmanski (202) 467-5200.

Nov. 12 BROADCASTING & CABLE 11th Annual BROADCASTING & CABLE Hall of Fame. New York Marriott Marquis, New York. Contact: Steve Labunski (212) 337-7158.

Nov. 27-30 California Cable Television Association Western Show. Anaheim Convention Center, Anaheim, Calif. Contact: Paul Fadelli (510) 428-2225.

Jan. 21-24, 2002 National Association of TV Program Executives 38th Annual Conference and Exhibition. Las Vegas Convention Center, Las Vegas. Contact: Lana Westermeier (310) 453-4440.

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—Rocky Wagonhurst, LSM, UPN-24 Baltimore, 11/2/00

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Out and speaking out

Jesse Jackson came out of self-imposed hibernation to take on the new FCC chief Michael Powell and the rest of the Bush administration at the annual awards dinner of the National Association of Black Broadcasters (NABOB) in Washington. Pledging to keep fighting to get more minorities in broadcasting, Jackson said, "When we protect your right to broadcast, we protect our right to survive." He was on-hand to receive NABOB's public-service award. Other honorees included music producer Clarence Avant, actor Charles Dutton, soprano Jessye Norman and recently retired CNN anchor Bernard Shaw.

People F A C E T I M E

Time flies

Surely, *60 Minutes* is the only place in television where 70-year-old Phil Scheffler can be considered a kid. Celebrating his 50th year with CBS, Scheffler started with the network as a copy boy for *Douglas Edwards and the News* in 1951 and has now spent 30 years with the long-running magazine series.



In 1980, he became executive editor and "has had a hand in producing every *60 Minutes* report broadcast since 1980," said CBS.

When Don Hewitt, with whom Scheffler had worked on the evening news, made the pilot for *60 Minutes*, he used some of Scheffler's reporting and asked his longtime colleague to join

the show. "I turned it down on the grounds that it was not a serious program," Scheffler recalls of the first *60 Minutes* opportunity. "I didn't think it would be around for long." But by 1971, he was with the show and produced nearly 60 segments for Mike Wallace, Harry Reasoner, Morley Safer and Dan Rather before moving to the show's management.

Clearly, he acknowledges, he hasn't been waiting for the show's top spot. Although Hewitt's now 78, "I believe I'll retire before Don Hewitt does. He has got much greater staying power. But this is the best place in America to work in this business."

TEN TIMES A CHARM?

While his *Millionaire* gig has made him an icon—and helped make him a BROADCASTING & CABLE Hall of Fame winner last year—Regis Philbin hasn't made that many victory speeches. In fact, he has never won a daytime Emmy for work on his Buena Vista talk show. And, to say this as Regis might, THE SHOW HAS BEEN IN SYNDICATION SINCE 1988!!! He has become daytime's new Susan Lucci.

But last week, Philbin was nominated for the 10th time for a daytime statue for best talk host and best talk show but without ex-co-host Kathie Lee Gifford, who took her name out of contention after she left the show last year. (She's



hosting the prime time awards show on NBC May 18.) With Oprah Winfrey voluntarily retired from the competition (she won top daytime talk host seven times, and her show won nine times), odds look pretty good that Regis could be a daytime winner at last. Competition includes Rosie O'Donnell, Donny and Marie Osmond, and the cast of *The View*. Overall, ABC and PBS tied with 53 nominations, CBS had 51, and NBC got 14. Syndicators snagged 49; Showtime, 19.



Black is golden

Carole Black, president and CEO of Lifetime, has her hands full these days—with awards that seem to grow as the cable network's popularity does. On March 9, the KNBC-TV general-manager-turned-cable-executive picked up the Media Leader of the Year Award from the National Association of Women Business Owners of Los Angeles during its 2001 Hall of Fame Awards Luncheon.

This week, Black will receive the NOW Legal Defense and Education Fund, which will anoint her, along with 24 others, as one of the most influential women in American business. The cable network has teamed up with NOW for a campaign tentatively titled "Standup Against Violence," which seeks to advocate on behalf of women worldwide.

F A T E S & F O R T U N E S

Broadcasting

Sam Rosenwasser, president/GM, KXTV(TV) Sacramento, Calif., named senior VP, Gannett Television, Sacramento, Calif.

Promotions at Granite Broadcasting, New York: **Ellen McClain**, VP/treasurer, corporate development, promoted to senior VP/CFO; **Lawrence I. Wills**, VP/controller, finance, promoted to senior VP/chief administrator officer.

Bill Morningstar, VP, eastern sales, The WB, New York, promoted to senior VP, media sales.

Robert Long, VP, news, WRC-TV Washington, named VP, news and operations.

Promotions at Hearst-Argle Television, New York: **Alvin R. Lustgarten**, manager, information services, named VP, administration and IT; **Leslie Jacobson**, assistant controller, named controller; **Linda Yu**, financial analyst, named manager, financial analysis.

Mark McKay, president, Ubiquity Communications Inc., Longview, Texas, joins

KMID(TV) Midland-Odessa, Texas, as VP/GM.

James R. Berman, director, programming and research, WBBM-TV Chicago, joins WETM-TV Elmira, N.Y., as GM.

Tish M. Robinson, general sales manager, WUHF(TV) Rochester, N.Y., named GM, WRWB-TV Rochester, N.Y.

Mychal Grenawalt, sales manager, WBL-TV Lansing, Mich., named regional sales manager, WB 100+ Station Group, Lansing, Mich.

Cable

Appointments at Comcast Cable: **David H. Nevins**, president, Nevins & Associates, Baltimore, joins as president, Home Team Sports, Baltimore/Washington; **Craig A. Snedeker**, GM, Comcast Broward County, Fla., named VP/GM, Chesapeake Bay Group Systems, Md.; **Adam Perel**, director, national sales, Comcast, New York, promoted to VP, national advertising sales; **Art Salisch**, director, research, Rainbow Advertising Sales Corp., New York, joins

Comcast Advertising Sales, New York, as senior director, research.

Appointments at Time Warner Communications: **Laure Nordholt**, GM, Columbus, Ohio, promoted to VP, advertising sales; All of the following are in New York: **Mark Clark**, senior director, production, promoted to VP; **Michael Gans**, senior account executive, promoted to director, sales; **Joanne Tombrakos**, national sales manager, promoted to director, sales.

Journalism

Shannon Sollars, intern, MSNBC, Secaucus, N.J., joins WBKP(TV) Calumet, Mo., as reporter/anchor.

Kathy Vara, anchor, KNBC(TV) Los Angeles, joins KABC-TV Los Angeles, as anchor.

Kiran Chetry, morning anchor, KXTV-TV Sacramento, Calif., joins Fox News Channel, New York, as anchor.

Jennifer Desmarais, reporter, Bay News 9, Tampa,

Fla., joins WBFF(TV) Baltimore as weekday morning anchor.

Programming

Appointments at Odyssey Network, Los Angeles: **Alan Perris**, senior VP, programming, Telepictures, Los Angeles, joins as senior VP, programming; **Ron Stark**, founder/president, Star Kreative Services, Alta Loma, Calif., joins as VP, affiliate marketing.

Appointments at ESPN, Bristol, Conn: **Len DeLuca**, senior VP, program development, adds to his duties senior VP, programming strategy; **Mark Shapiro**, VP/GM, ESPN Classic, adds to his duties management, ESPN Original Entertainment.

Appointments at TRIO, New York: **Andrew Cohen**, senior producer, CBS News' *The Early Show*, New York, joins as VP, original production; **Kris Slava**, director, drama, A&E Network, New York, joins as VP, acquisitions and scheduling.

Debbie McClellan, senior



Ellen McClain



Mychal Grenawalt



David H. Nevins



Laure Nordholt

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Communications and the Net in the New Economy: Who Will Tie It All Together?
Keynote Address
Dr. Eric Brewer
Co-Founder and Chief Scientist, Inktomi



Super Session

Media on the Net - From Small Streams to a Sea of Revenue
Keynote Address
Lou Dobbs
Chairman and CEO
Spacenet.com



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Interactive Lifestyles - Personalizing the Net
Keynote Address
John Gage
Chief Researcher
Sun Microsystems



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NAB MultiMedia World
Keynote Address
Jeff Mallett
President, Yahoo



Super Session

Broadband - The Dawning of a New Era in Communications
Keynote Address
John Sidgmore
Vice-Chairman
Worldcom/Uninet



FCC Chairman's Breakfast
The Honorable
Michael Powell
Chairman, FCC



All-Industry Opening Ceremony
State of the Industry Address
Eddie Fritts
President and CEO
National Association
of Broadcasters



All-Industry Opening Ceremony
Keynote Address
Jack Valenti
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Exhibits: April 23-26
E-TOPIA Exhibits Premiere: April 22
Las Vegas, Nevada USA

F A T E S & F O R T U N E S

director, corporate communications and special projects, The Jim Henson Co., Los Angeles, promoted to VP, corporate communications and publicity worldwide.

Tamara Brown, director, project management, Mamamedia.com, New York, joins Fox Family Channel, Los Angeles, as VP, marketing.

Appointments at Bravo Networks: **Wendy Conrad**, regional sales manager, southern region, Dallas, Texas, promoted to account director; **Brittany Griffin**, regional sales manager, eastern region, New York, promoted to account director.

Technology

Phil Thompson, VP, engineering, WAN Systems Group, Lucent Technologies, Holmdel, N.J., joins GeoVideo Networks Inc., Monmouth County, N.J., as senior VP, engineering.

Albert Shuldiner, lawyer, Vinson & Elkins, Washington, joins, iBiquity Digital Corp., Columbia, Md., as VP/general counsel.

Doug Butler, director, engi-

neering, Post Perfect, New York, joins A.F. Associates Inc., Northvale, N.J., as director, engineering.

Internet

Appointments at Cartoon Network Online, Atlanta: **Phil Sharpe**, VP, systems and software engineering, iXL Inc., Atlanta, joins as senior VP, technology; **Paul Condolora**, director, multimedia, Sony Pictures Imageworks, Los Angeles, joins as VP, business development.

Advertising/Marketing/PR

Lyla Foggia, VP, publicity, TriStar Pictures, Los Angeles, joins SSA Public Relations, Encino, Calif., as VP, entertainment.

Beth T. Hampton, senior strategic communications professional, American Chemistry Council, Arlington, Va., joins Cable & Telecommunications Association for Marketing, Alexandria, as VP, membership marketing.

—Compiled by P. Llanor Alleyne
(212) 337-7141
palleyn@cabners.com

Obituaries

Morton Downey Jr., former controversial talk-show host, died March 12 at Cedars-Sinai Medical Center in Los Angeles, following ongoing lung problems. He was 67.

Downey is most famous for his syndicated talk show, *The Morton Downey Jr. Show*, which premiered in 1987. Touted then as the antithesis to Oprah Winfrey and Phil Donahue and noted subsequently as a precursor to Jerry Springer and Jenny Jones, Downey was a chain-smoking, in-your-face conservative, whose guests could look forward to yelling, finger-wagging and name-calling if they did not share his views. Though wildly popular with viewers, Downey's show lacked advertising support and was cancelled in 1989.

Although he attempted to break back into the talk-show business, Downey never quite caught on again. A long-time smoker, he became an advocate against the habit when he lost a lung in 1996.

He is survived by his wife, Lori Krebs; four daughters, Seanna Micaela, Tracey, Kelli and Melissa; and seven grandchildren.

Robert T. Howard, former NBC network president, died March 11 in New York of heart disease. He was 73.

Howard began his career with NBC as a page in 1947. Steadily working his way up through the ranks, he became vice president and general manager of KNBC Los Angeles in 1966. He became vice president of administration and operations in 1973 and, the following year, was named president of the network, relocating to New York. He remained president until 1977.

He helped negotiate NBC's acquisition rights to 1980's Moscow Olympic Games. However, as a consequence of the Soviet Union's invasion of Afghanistan, the U.S. pulled out in protest.

Howard is survived by his wife, Joan; three sons; and two grandchildren.

—P. Llanor Alleyne



Tamara Brown



Phil Thompson



Doug Butler



Phil Sharpe

11TH ANNUAL



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SETTING THE STAGE

Niraj A. Gupta - Managing Director, Salomon Smith Barney

Jill Krutick - Managing Director, Salomon Smith Barney

PANEL DISCUSSION

TV Networks, Cable and the Digital Future

MODERATOR

Herbert S. Schlosser - Senior Advisor and Consultant to the Global Media Group, Salomon Smith Barney

PANELISTS

Peter Chernin - President and COO, News Corporation

Eddy W. Hartenstein - Senior Executive Vice President, Consumer Sector, Hughes Electronics Corporation

James Robbins - President and CEO, Cox Communications

Sir Howard Stringer - Chairman and CEO, Sony Corporation of America

Richard Wiley - Managing Partner, Wiley, Rein & Fielding/ Former Chairman of the Federal Communications Commission

Bob Wright - Vice Chairman and Executive Officer, GE/ President and CEO, NBC

SPECIAL INTERVIEW

Stephen Case - Chairman of the Board, AOL Time Warner

Gerald Levin - CEO, AOL Time Warner

Interviewed by: Sir David Frost

KEYNOTE SPEAKERS

Michael Powell - Chairman, Federal Communications Commission

Robert Rubin - Director, Chairman of the Executive Committee and Member of the Office of the Chairman, Citigroup/Former Secretary of the Treasury of the United States

PRESENTATION

Richard E. Belluzzo - President and COO, Microsoft Corporation

PANEL DISCUSSION

The Internet One Year After the Crash

MODERATOR

Tom Brokaw - Anchor and Managing Editor, NBC Nightly News

PANELISTS

Richard E. Belluzzo - President and COO, Microsoft Corporation

Martin A. Nisenholtz - CEO, New York Times Digital

Andrew Rasiej - CEO and President, Digital Club Network

Tom Rogers - Chairman and CEO, P-1media

Barry Schuler - Chairman and CEO, America Online, Inc

Jeff Taylor - CEO, TMP Worldwide (Parent Company of Monster.com)

INTERVIEW

Mel Talks to Wall Street

Mel Karmazin - President and COO, Viacom Inc.

Interviewed by: Niraj A. Gupta, Managing Director, Salomon Smith Barney and Jill Krutick, Managing Director, Salomon Smith Barney

PANEL DISCUSSION

Programming the Media: The Old and New

MODERATOR

Donald West - Group Editor-in-Chief, Broadcasting & Cable Magazine

PANELISTS

Tom Freston - Chairman and CEO, MTV Networks

Geraldine Laybourne - Chairman and CEO, Oxygen Media

Leslie Moonves - President and CEO, CBS Television

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T H E F I F T H E S T A T E R

Destined for politics

Goodlatte is the House go-to guy on technology issues

Rep. Robert Goodlatte (R-Va.) was one of those guys in college you knew was going to end up in public office. Former president of the student body and the Bates College Republicans, he seems to have politics etched in his genetic code. Coincidence and timing have helped him fulfill that genetic destiny, getting him to the House of Representatives, where he is known as one of the most technologically savvy players on Capitol Hill.

This year, besides being co-chairman of the Congressional Internet Caucus, Goodlatte upped his stature by becoming vice chairman of the House Subcommittee on Copyrights and Intellectual Property.

"He is very well versed on intellectual-property issues and, I believe, in due time would be a very fine chairman for our subcommittee," said Rep. Howard Coble (R-N.C.), the subcommittee's current chairman. Besides working closely together on the House subcommittee that is the starting point for all copyright-related legislation, Coble and Goodlatte also meet regularly on the tennis court.

Intellectual property is increasingly a hot-button topic in Congress. Such issues as Napster's file-swapping service, copyright protection of free over-the-air TV broadcasts, and compulsory licenses for streamed radio signals on the Internet may come before Congress this year. If they do, they will start in Coble and Goodlatte's subcommittee.

Although he represents Roanoke, Lynchburg and the rest of his southwest Virginia district with the zeal of a native, Goodlatte is a New Englander by birth. He ended up at the stalwart Southern school of Washington and Lee after the dean of his alma mater, Bates College, and the dean of Washington and Lee's law school thought he would be a

perfect candidate for it.

"The dean of the law school impressed me very much," Goodlatte says. "He actually had his own plane he flew around the country, conducting interviews of college students himself. He was dedicated to building up the reputation of his law school, which ultimately over a long period of time he succeeded in doing."

During law school, Goodlatte decided he wanted to work on Capitol Hill and sent a letter to the Washington office of Rep. Caldwell Butler (R-Va.), who represented the district that Goodlatte represents now. Butler had no openings but said he would keep his résumé on file.

Giving Capitol Hill one last shot after law school, Goodlatte



Robert William Goodlatte
Member, U.S. House of Representatives

B. Sept. 22, 1952, Holyoke, Mass.; B.S., government, Bates College, Lewiston, Maine, 1974; J.D., Washington and Lee University School of Law, Lexington, Va., 1977; district office manager for Rep. Caldwell Butler (R-Va.), Roanoke, Va., 1977-79; owner, private practice, Roanoke, Va., 1979-81; partner, Bird, Kinder and Huffman, Roanoke, Va., 1981-92; current position since 1992; m. Maryellen Flaherty, 1974; children: Jenny (17) and Bobby (15).

set up an interview with Butler's office. When he arrived and handed Butler his résumé, the congressman said, "I've seen this before. We've been looking for you." Turns out, Butler's district office manager had resigned, and Butler had been searching for Goodlatte to offer him a job. So Goodlatte and his wife settled down in Roanoke.

Two years later, looking to put his law degree to good use, he started his own law firm. But he stayed in politics, chairing the Roanoke City Republican Committee from 1980 to '83 and then chairing the 6th District Republican Committee until '88. He also chaired the local campaigns for Sen. John Warner (R-Va.) and former President George Bush.

His opportunity arrived in 1992, when Rep. Jim Olin, a Democrat, retired. "Because I had the support of Caldwell Butler and a fellow named Don Huffman, who was Republican state party chairman, I started garnering a lot of support. I won the nomination pretty easily."

In the House, Goodlatte met fellow Virginia representative Rick Boucher and soon discovered that he and the Democrat thought alike. Together, they have become the place to go for complicated policy on technology issues. The two chair the Congressional Internet Caucus for the House, which has become one of the largest, most active caucuses in the House, Boucher says.

Last December, efforts by Goodlatte and Boucher bore fruit when President Clinton signed a spending bill that included a \$1 billion federal loan guarantee for companies that wanted to build systems to bring local TV signals to rural markets.

The two also are working on a large bill that would provide direction for federal regulation of broadband companies.

—Paige Albinaki

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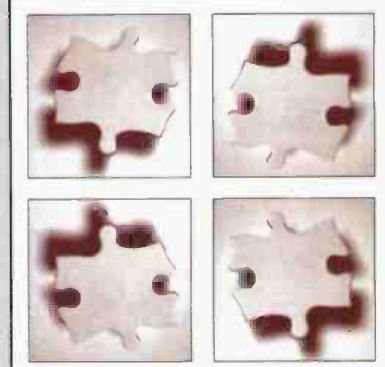
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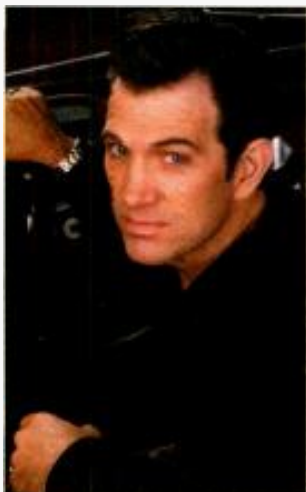
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—Steve Johnson of the Chicago Tribune reviewing Chris Isaak's new Showtime series.

"As for *The Lost Empire*, Confucius says skip it."

—Howard Rosenberg, The Los Angeles Times, on the shortcomings of NBC's glossy two-parter.

"Had Tauzin and company really tried to censor or intimidate the networks, that would have been interesting, but it is damn near impossible to imagine. As a comprehensive report on media lobbying by the Center for Public Integrity demonstrates, when it comes to mutual back-scratching, the primates in the National Zoo have nothing over the networks and Congress."

—Eric Alterman, The Nation, on the travesty of recent Tauzin-led hearings in Congress on the networks' election-night debacle. According to a CPI report, the Louisiana represen-

tative received more PAC money from media companies than any other candidate.

"Once, they could ignore teenagers, figuring that they would watch the networks because they had no choice. The changes in the past decade have left those executives feeling rather like children after a visit to the planetarium, realizing that they are not the center of the universe but only a speck in the cosmos."

—Julie Salamon, The New York Times, on the problem facing advertisers and executives at the networks due to the unpredictable habits of 12- to 17-year-olds.

"That's not true. I didn't do sleaze. There were times that I did things that were a little sleazy, but I didn't

do shows on my neighbor's collie dog having sex with my neighbor's wife."

—King of '80s trash TV Morton Downey Jr., speaking in 1998 on the distinction between him and Jerry Springer. Downey died last week. Excerpted from The Baltimore Sun.

"According to another student, Murdoch noted that, with the exception of a single donation in his native Australia, he never made political contributions before he acquired American media properties. Of course, he learned pretty quickly how to gain access to politicians in the U.S."

—Peter Keating, on Salon.com, covering the media baron's question-and-answer session with Columbia School of Journalism professor Al Gore.

"Let's face it: Some kids are just knuckleheads who would set themselves on fire or pounce on a toddler even if all they ever watched was *Rugrats*. But when a kid's behavior becomes dangerous to them or their playmates, somebody has to take the fall."

—Cheryl Everette, Gist.com, on assigning responsibility when reality allegedly imitates TV.

"TV has not gone through a major consolidation yet. Just wait until the Federal Communications

Commission lifts the limits on station ownership. It's going to look like radio's game of monopoly all over again."

—KWGN Denver General Manager Derek Dalton, as excerpted from an interview with Joanne Ostrow, Denver Post.

"George W. validates the indignation I have always felt when asked to omit my middle initial—most memorably on one occasion when producers were trying to shorten a television news script. Looking for a word here or there that could be sacrificed, they finally suggested I drop the 'R' in my signoff, Irving R. Levine. I held my ground. 'No,' I said, 'I'd rather drop the 'B' in NBC!'"

—Irving R. Levine, The New York Times.

"First *Will & Grace*, now *Will & Guido*."

—Howard Rosenberg, The Los Angeles Times, on Italian-American stereotyping in CBS comedy *Some of My Best Friends*.

"51 million viewers were watching *The Mole*, *JAG*, *Three Sisters* and *Titus* on ABC, CBS, NBC and Fox. The minute the four networks switched over to the interior of the House for Bush's speech, they lost 15 million viewers."

—Richard Stengel in Time.

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Editorials

COMMITTED TO THE FIRST AMENDMENT

A new sheriff in town

FCC Chairman Michael Powell backed up his talk that he would be taking the agency in a more deregulatory direction than his predecessor Bill Kennard. Last week, he approved 32 radio deals involving 62 stations that Kennard had flagged for fear that they would result in too much radio consolidation in the 26 affected markets. Powell said he acted because the review process had hung up the sales in the FCC bureaucracy too long: "I do not believe the public interest is served by inaction."

Reading between the lines reveals that Powell has little patience for a process that puts the FCC in the trust-busting business. Having served earlier at the Justice Department, he knows that other government agencies are charged with that duty and far more capable of executing it. The FCC's market-concentration review process is still in place—10 deals are still snagged on it, in fact—but the betting here is that it will last about as long as Monmouth did in the NCAA tourney.

Powell's action must be discouraging to the broadcast-network affiliates who have been running around Washington decrying the power of the networks. The affiliates are hoping that their complaints will give them a little more leverage in their negotiations with the networks and discourage Powell from relaxing the broadcast ownership cap, which would allow the networks to muscle up by acquiring still more stations.

Powell is the real deal. The burden of proof is on those who want to keep regulations in place—ownership or otherwise. And that burden is a heavy one.

Wakeup call

Sen. John McCain went after broadcasters again a couple of weeks ago, demanding free time for political ads as part of his quixotic campaign to reduce the influence of money in Washington. But we're used to it: McCain has made broadcaster-bashing a regular part of his straight-talk shtick.

What we are not used to is House Energy and Commerce Committee Chairman Billy Tauzin's scolding broadcasters. Last week, he warned them that Congress might have to impose a "hard deadline" of 2006 for completing the transition to digital and giving up their analog channels. Right now, broadcasters can hang on to both their analog and digital channels until 2006 or until 85% of American can receive the latter. That 85% clause, as Tauzin and other lawmakers are now well aware, places the analog giveback not in 2006 but in ... you pick it.

We are not too alarmed, however, knowing that Tauzin is more bark than bite. But it wouldn't hurt broadcasters to show him some respect by getting a little more serious about DTV. It's time for ABC, NBC and Fox to match CBS' output of HDTV programming and all broadcasters to support the planned broadcast-technology center to work out the kinks in the 8-VSB transmission standard and tackle other DTV problems. TV-set manufacturers could also help by sponsoring more HDTV programming and dropping their opposition to legislation requiring them to build sets with DTV tuners. After all, the manufacturers have the most to gain in the shift the digital. We're talking hundreds of million of new TVs.

Such initiatives, we suspect, would go a long way toward placating Tauzin and other lawmakers who are just catching up to the fact that the DTV/HDTV rollout is not going as smoothly as they expected it would when they granted broadcasters the digital channels in 1996.

Listen to Tauzin. Show a little good faith.

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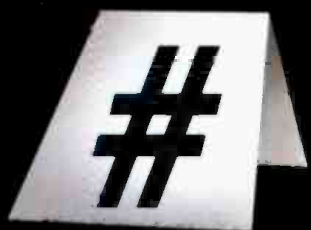
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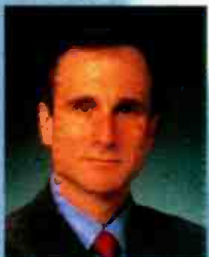
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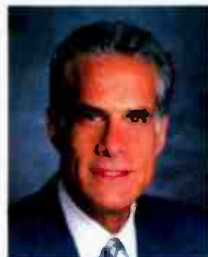
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