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THE BUSINESS OF COMMUNICATIONS
VOLUME 10, NUMBER 17 NOVEMBER 19, 1990

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Major-Market Surgery

Cutbacks hit newsrooms in top-20 markets just as pressure mounts to add more news.

BY JANET STILSON

It was a day of hope for the Twin Cities. A series of rapes had struck fear in the hearts of northeast Minneapolis residents for several months. Three sexual assaults occurred during September alone, and one victim was an 18-month-old girl. Finally, on September 30, local news departments could report the arrest of a suspect.

But when the news broke there was a sense of failure at WCCO-TV. While the local competition had detailed accounts from reporters on their evening newscasts, "we were lucky to get a reader," says the station's news director, John Culliton.

The reporter covering the story was working on an investigative piece and wasn't available when the arrest occurred. "We just looked at each other and said, 'This is bad,' " Culliton recalls.

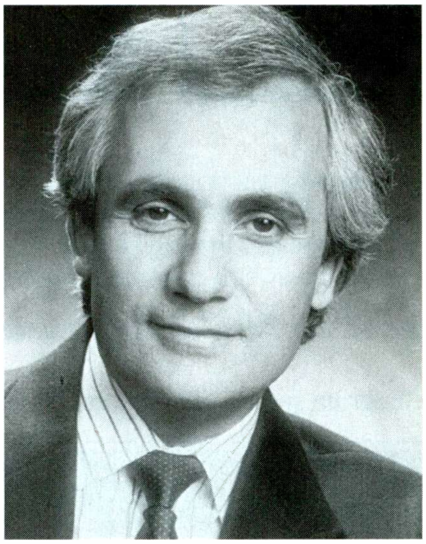
With the news staff downsized by three or four people over the past year and hopes of expansion dashed, the station has been fighting the odds that important stories will slip through the cracks. It's the same problem faced by a growing number of outlets in top markets.

In recent years, most staff reductions have occurred at small or medium-market stations. Now, with the economy in a blue funk, a softened advertising marketplace and some stations struggling with debt, no one is immune. Across the country, consultant Ron Tindiglia estimates news budgets are down 3 to 10 percent. Recent news-staff reductions have occurred in such cities as Boston, Washington, Chicago, Pittsburgh and Minneapolis/St. Paul. Sources indicate that Philadelphia and Los Angeles will join the list shortly.

"It's no longer a matter of discussing with management what percentage a station's budget is going to increase, but whether it will be able to maintain parity with the previous year," comments Terry O'Reilly, vice president, North America for the news service Worldwide Television News.

The cuts come at the same time stations are feeling pressure to differentiate themselves from a swelling list of competitors by increasing their news programming. In some cases where news programming has grown dramatically, stations haven't reduced staff. But in Pittsburgh, a market that learned how to cut back years ago when the steel industry collapsed, ABC affil WTAE has doubled its hours of news and reduced its staff from 68 to 61 since 1981.

WTAE may have been cutting, but more stations were adding staff in the early '80s. As they contemplate the surgeon's knife, execs say the trend toward larger news staffs made them fat as well as sassy.


WJLA's Casazza enforced a mandate to cut staff.

"There was no pressure to get reporters on the air with regularity," says Steve Ridge, vice president of consultation at Frank Magid Associates. According to Ridge, specialists covering such obscure beats as personal relationships became the norm.

Peeling away some of these extras, Ridge says, and introducing such labor-saving equipment as robotic cameras has made some personnel cuts a more efficient way of doing business.

Computerization and a move to half-hour news-show formats were key to WTAE's efficiencies, says news director, Joe Rovitto. "But you reach a point of diminishing returns," he cautions. "Many stations are close to that, including ours."

In Boston, WCVB is also concerned about brushing that danger zone. "You try to have the waters fold over where a person has left, but it doesn't always work that way," says news director Emily Rooney. So far, her unit has withstood the effects of New England's horrendous economy by making reductions through attrition.

That's also the case across town at WBZ's news department—not counting the departure of 12 people connected with the cancelled *Evening Magazine* program. But another Boston station, WHDH, lopped off 20 percent of its staff earlier this year, including photojournalists, managers, writers and reporters —"a little bit of every segment," according to news director Jacques Natz.

There are few positions that aren't vulnerable. Bob Casazza, v.p. of audience development and former acting news director at Washington's WJLA, responded to a mandate in August to reduce the news department by cutting out a camera person, a technician, and a consumer-news unit employing three full-time staffers and ten interns.

He also changed the format of the 5 P.M. news interview show, *In Person*, to a traditional newscast—eliminating the series' five-person team. In all, the staff shrank to 83, down ten from '89 levels.

Despite all the cuts, it's not that much tougher to get a TV-news job these days, according to Don Fitzpatrick, president of head-hunter Don Fitzpatrick Associates. The proliferation of independent TV newscasts and cable news channels is opening doors just as fast as other stations are shutting them. Whether spreading reporters more thinly across more units will spark good, competitive journalism, or cause stories to slip through the cracks, is still unknown. •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Takes you there.

A Contender In the Wings

With ad verification more important than ever, newcomer BDS challenges Nielsen.

BY FRAZIER MOORE

In the never-ending game of broadcast verification, A.C. Nielsen is a veteran player, answering the question, "Just *what* was broadcast *when*?" for syndicators and advertisers since 1980. But now a rookie, Broadcast Data Systems, is suiting up, ready to challenge Nielsen with a different style of play.

Verification has never been more necessary than it is today. "Stations are moving both syndicated and network shows around the schedule more than ever before, to find where they fit best," says Tim Duncan, executive director of the Advertiser Syndicated Television Association (ASTA). Add to this endless tinkering a few last-minute preemptions and the occasional programming glitch, and confusion can easily result. In today's $35-billion broadcast advertising marketplace, an error factor of just 1 percent would throw $35 million into question.

For a decade Nielsen has responded to the call with its AMOL (Automated Measure of Lineup) reporting. With AMOL, each program to be tracked is electronically tagged. When the show airs, so does its code, which Nielsen equipment then detects and logs as confirmation of broadcast.

According to some clients, however, AMOL just doesn't measure up. Jay Leon, director of research for Camelot Entertainment Sales (King World's barter ad-sales division), reports, "We see a lot of instances where we know a show ran and still the AMOL system didn't pick it up."

"Slapping a code on a show and getting it read by a machine someplace does seem like a primitive technology," says ASTA's Duncan. "Clearly there's room for improvement."

Broadcast Data Systems (owned by BPI Communications and Affiliated Publications) may well provide that improvement. With BDS, the audio portion of each program or commercial to be tracked is digitally entered into the system. Later, monitoring the airwaves, BDS compares intermittently gathered audio samples against its own store of data, continuously looking for a match. On finding a corresponding aural "fingerprint," the system automatically identifies and logs what it's found.

BDS successfully tested its system with King World's *Jeopardy!*.

Terrence Meacock, BDS v.p. of airplay recognition systems, explains that as a so-called "passive" system, BDS operates at an advantage by not relying (as "active" systems do) on an appended code, which can be overlooked or misread by tracking equipment—or even tampered with to alter results. Instead, programming to be monitored is received by satellite or on tape for computer entry at BDS's Kansas City headquarters. Data is then downloaded to local computers in each market BDS serves. Results are relayed back to Kansas City. Reports are compiled and electronically delivered to clients overnight.

Any program interruption or preemption, no matter how sudden or brief, will be detected, says Meacock, as well as any instances of lexiconning (skimming split-second slices from a program to create more time to sell). "The really clever part of the system," says Meacock, "is the degree of differentiation the computer is able to establish, even between things that might sound very similar."

If Meacock seems confident, part of the reason is that for about a year BDS has marketed companion services that monitor radio commercials and playlists. The company-reported accuracy rate is 99.8 percent, a level of performance, Meacock claims, that should be matched by the TV service. (Nielsen releases no performance figures for AMOL, although its reliability has been upgraded in recent months, according to a company spokesperson.)

By the second quarter of '91, BDS expects to offer full-service TV tracking in the top 100 markets. Although he is not yet ready to quote prices, Meacock anticipates a responsive marketplace, if initial tryouts with a few prospective clients are any indication.

According to Leon, a three-week test with such Camelot programs as *Jeopardy!* and *Wheel of Fortune* yielded no system-related errors. Mark Gaston, v.p. and assistant controller at Grey Advertising, is similarly pleased with BDS. "From what I've seen so far, it seems to work," he says.

Meanwhile, Nielsen stands by AMOL, says Jo LaVerde, manager of press relations. Although unfamiliar with BDS, she notes that "there have been many, many verification services that have come along. A lot of them aren't around now." With BDS on the field, however, this may be a whole new ballgame. ●

Frazier Moore is a freelance writer based in New York.

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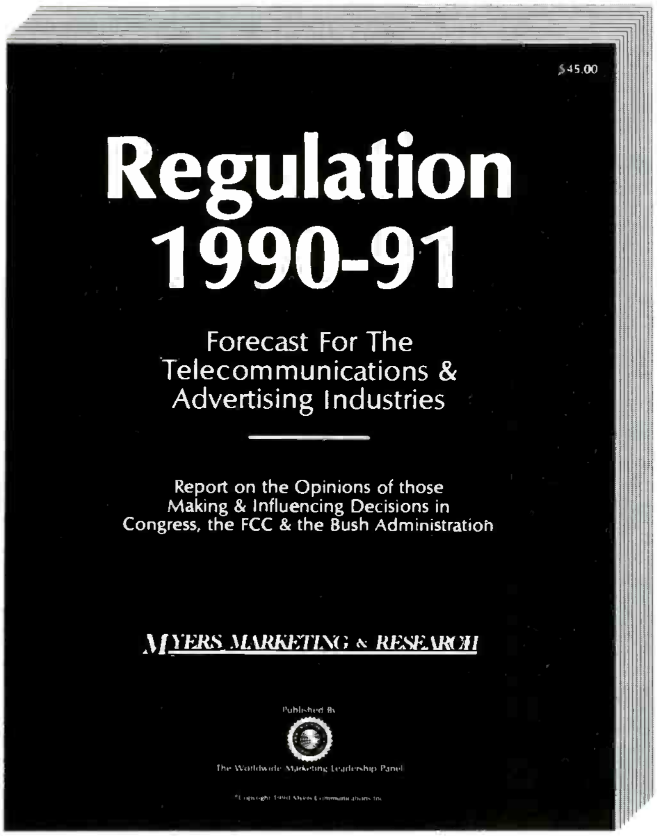

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Personalizing The Numbers

By next fall, old-fashioned household diaries will be history.

BY MICHAEL COUZENS

Of course a set meter is more accurate than a diary, right? After all, meters are untouched by human hands, while diaries depend on the vagaries of all-too-human memory. Whatever the merits of that argument, the old pencil diary will make a dramatic reappearance in 1991, in the process providing local television stations with the demographic fix they've been searching for.

Over the past three years an industry task force has been working on a new and improved pencil diary. This summer COLTAM—the Committee on Local Television Audience Measurement—finally reached agreement on a set of prototypes. Now these are in the hands of Nielsen and Arbitron, and the two ratings services aim to fully implement a new diary system by the start of the 1991 fall season. It will be, insists Gerry Hartshorn, the National Association of Broadcasters' director of audience measurement and research, "the talk of the industry."

COLTAM's objective is to replace the household diary with a personal diary sent to each member of the viewing household. Gone are the days when Mom or Dad sat at home and filled out Nielsen's television diary for the entire nuclear family. Arbitron already surveys the radio audience with a personal diary, and the expansion of viewer choice and multiplication of sets in homes makes TV much like radio. Individual pairs of eyeballs, not family groupings, are the target of advertisers. "Ninety-five percent of advertising 'avails' are requested in terms of personal demographics," notes Hartshorn. Personal diaries, it's hoped, will produce more precise demographic information, not to mention increasing ratings and PUT levels—Persons Using Television.

Beyond the top 25 or so metered markets, local ratings already depend on diaries; they are mailed, collected and analyzed at least five times a year. In metered markets, they are still the only source for demographics.

Once COLTAM began scrutinizing the old family diary, the committee realized that the new personal diary could help resolve some nagging problems. Public exhaustion from surveys and mailed solicitations in general is compounded by widening concern about basic literacy. The present Nielsen and Arbitron diaries are geared toward the seventh- or eighth-grade level, says Gary Chapman, chairman of the NAB's television board and LIN Broadcasting president. "We brought it down to the fifth grade. We believe semi-literates can fill out this diary." The prototype diary uses peelable stickers for broadcast and cable channels. The diary keeper installs the local lineup, and then is able to record viewing all week with a simple penciled line. One prototype even uses stickers for program names. Simple pictograms can be used to indicate VCR usage and viewing outside the home.

Innovations like a separate diary for kids could mean better demographic information and higher ratings for stations.

The current ratings system does not record viewing outside the home. Several changes were made in the new diary to capture that information, and clients and ratings services alike hope that will result in higher ratings. The current books are stapled at the top with pages that flap upward and downward. The new diary is more like an easily transportable book, 4 1/2 inches wide and 8 1/2 inches tall. Blank stickers are furnished for entering additional program channels, including those that might be viewed outside the survey area, such as in a hotel room. "We want to know what you watch," says Chapman, "no matter how much or how little, in the home or away." The individual diary also allows for the design of a separate kids' book with its own cover art and instructions.

Hartshorn says that the NAB has supported this effort for the benefit of better research, whether it boosts overall ratings or not. Yet he acknowledges that the implementation could create many of the same disruptions as the people-meter transition. "It's a problem any time you don't have a direct trend," he says.

Whatever the ratings outcome, Chapman expects the implementation to be a boon to television. "Metered markets will have better demographics," he notes. "Smaller markets will just have better diaries. Stations with children's programming may be helped—or those with football, or early morning and late night . . . really whoever has local spots."

If that sounds too good to be true, don't be so sure. The family diary has grown so outmoded that the personal diary is sure to be widely touted as a dramatic improvement. •

Michael Couzens is a Channels *contributing editor.*

WHO

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NEWS

Playing Hardball In Lotusland

The first product from the fourth network's national news operation,* Fox Entertainment News *tries to prove that tough reporting about show business is not an oxymoron.

By Alex Ben Block

Earlier this fall, in the midst of klieg lights and paparazzi, TV camera crews converged on Meryl Streep and a parade of other celebrities arriving for the premiere of *Postcards From The Edge* at a West L.A. theater. One news crew, however, trained its cameras on the competition, as well as on the caterers, limousine drivers and publicists.

Welcome to *Fox Entertainment News*, where reporters pursue a stated goal of getting the business news behind the show business. In this case it was the marketing campaigns that lead studios to spend thousands of dollars on premiere shindigs. "If an event is happening in Hollywood," says William Knoedelseder, executive producer of *FEN*, "it's almost always a staged event. And that's not what we do."

One-year-old *FEN* is trying to apply print sensibilities to show-business journalism, while still feeding the tube's insatiable appetite for pictures. It's all part of a plan by the Fox Broadcasting Co. to launch a daily national newscast next year built around prepackaged news segments—national, international, sports and entertainment. The network's affiliates will have the option of choosing what they like from the menu for inclusion in their locally produced news shows. The first of the segments to go into daily production, observers believe that *FEN* is intended to set the tone. "I've heard from many people that [Fox chairman] Barry Diller has really been emphasizing

William Knoedelseder (front l.), executive producer o
Bryn Freedman and Henry Shipper, producer Jane Ga
commentator Mitchell Fink, and producers Jan Richards

PHOTOGRAPH BY DAVID STRICK/ONYX

FFN, with (l. to r.) reporters
braith, gossip columnist and
and Rhys Thomas (standing).

credibility," says *Los Angeles Times* television columnist Rick Du Brow, "and this is a very good way to establish credibility in this town."

Though already on the air for a year, *FEN* isn't yet well-known because it's only picked up by a few Fox O&Os—all five to seven minutes of each daily installment by WTTG in Washington, D.C., as part of a morning news and talk show and during the early evening newscast; and in whole or in part on WNYW New York, WFLD Chicago and KRIV in Houston.

Critical reaction in those cities has been mixed, with some questioning how impartial news coverage can be when the operation is owned by one of the very studios it must cover, Twentieth Century Fox. "I think *Fox Entertainment News* is extremely suspect," says Tom Shales, TV critic for the *Washington Post.* "What I've seen has been extremely heavily weighted toward Fox stuff like [the film] *Die Harder* or [the Fox network show] *The Simpsons*. I've never learned anything from it. I see [anchorwoman Janet Zappala] rolling her eyes and making smart-alecky remarks."

Others have responded favorably, noting that *FEN* has shown itself willing to go further than such predecessors as *Entertainment Tonight.* "Television has been notoriously bad at covering itself," says Du Brow, "and it almost never happens that you have a negative report about entertainment. You never hear criticism of a company in the business or a decision by an industry business. That's why when Fox's own station does a report that says putting *The Simpsons* on Thursday had been a disaster [during the early part of the fall season], as *Fox Entertainment News* did, it's pretty good television and very unusual."

"It's nothing like any other entertainment television show," says one movie industry executive. "From the studio point of view it's become just one more headache in your day. The negative stories aren't all they do," he adds, "but it's what is most noticeable."

While the jury's out on the question of quality, *FEN*'s utility is manifest. Stations outside L.A. pick up the five-minute feed as an option, but KTTV, sitting in the heart of Hollywood, runs it every night. KTTV exercises very little control over the content—the group operates as a semi-autonomous unit based at the station. Knoedelseder informs KTTV news director Dick Tuininga of what his crew is doing, including how it will handle coverage of big events like the Emmys and Oscars. But Knoedelseder doesn't report to him.

Tuininga says that relinquishing control over five minutes of his newscast and all entertainment coverage doesn't bother him: "It's a unique addition to our newscast, and something that gives us the appearance in the marketplace, which is very crowded, that we have news that is not duplicated anywhere else. It leaves us more time to concentrate on city and state government and things we're more comfortable with."

An inescapable question, of course, is whether the *FEN* approach will work outside of big cities and entertainment capitals, let alone as a full-length show in competitive time slots. Jim Van Messel, executive producer of *Entertainment Tonight*, won't comment on *FEN*. But he makes it clear he doesn't think Middle America is hungry for inside industry news. He points out that ratings for *E.T.* have risen steadily as it has cut back complex industry coverage in favor of more news about high-profile stars.

Knoedelseder has heard the arguments, but he remains convinced that the kind of news his team produces can play in Peoria. "I've covered show business since 1977 and I've seen one major thing happen," he says. "*Entertainment Tonight* came along. People were interested. People started tuning in to that stuff. So and so's aunt in Peoria now knows what sweeps are. They know how this business works more than you think."

FEN is currently doing a series of one-hour specials that will be broadcast on the Fox network before going into syndication. The first special, about the last days of Marilyn Monroe, illustrates the tensions inherent in a studio-owned news operation that reports on show business. It draws extensively on never-before-seen footage from Monroe's last, unreleased movie—a Fox film. "To simply screen the footage it helped enormously to be an insider," acknowledges Henry Shipper, one of *FEN*'s field producers. "To get the go ahead to actually use that footage would have been extremely difficult if you were just coming in from the outside."

Still, Knoedelseder and his crew maintain that they show no fear or favor. There's some evidence to support that contention. When they covered the production difficulties and budget overruns on the Fox theatrical *Die Harder* last spring, *FEN* ignored protests from its sister company and a refusal by Twentieth Century Fox publicists to cooperate. Over several weeks it ran stories about the filmmakers' expensive search for snow, and detailed the bloating of the budget from $40 million to more than $60 million. It wasn't what the studio wanted to hear. Asked to comment on *FEN*, the studio's v.p. of publicity would only issue a terse "no comment."

FEN's first network special uses exclusive footage from Marilyn Monroe's last, unreleased Fox movie.

During a sweeps period, one series of reports by gossip columnist Mitchell Fink irritated Jon Peters, the former hairdresser who became a movie producer and, after Sony's purchase of the studio, one of the top executives at Columbia. Mitchell repeatedly referred to Peters as Barbra Streisand's ex-boyfriend, told of extravagant expenditures of Columbia/Sony's money and related instances of Peters' legendary explosive temper. While Peters refused comment, a source who knows him calls *FEN* "the most consistent thorn in the side of Jon Peters . . . the source of considerable pain and agony."

Another Fox competitor that feels *FEN* has gone too far is the Walt Disney Company. It particularly objected to a story on Mickey's Kitchen, a new restaurant in Montclair, Calif., that Disney has been testing as a theme for a franchised chain. Fox's irreverent coverage tweaked the concept and its commercialism. "They made fun of it," says Erwin Okun, senior vice president and head of corporate communications at Disney. "It looked like a purposeful hatchet job."

Since then, Knoedelseder says his staff has had trouble getting help, or even clips, from Disney for stories. That can be a particular hardship for TV news, which relies so heavily on visuals. "The people who control the pictures are the same people you're covering," notes Knoedelseder. "The first thing they do when they are unhappy is shut off the pictures." Disney's Okun denies there is any ban on *FEN*: "There is no policy in relation to them as a news media unit," he insists. "We cooperate with everybody."

In another case, Fox took on CBS in a hard-hitting series called "The Eye Spies." After two months of investigation, Fox alleged that CBS was spying on its own employees with hidden cameras to find drug users. Moreover, Fox said, CBS had improperly taken confidential information from an in-house counseling service set up to help employees.

CBS refused to cooperate with Fox, responding only to deny any wrongdoing and claim that ongoing litigation made comment inappropriate. When asked about *FEN*, CBS spokesperson Susan Tick declined to comment.

While these may seem like examples of enterprising reporting, some think Fox has a hidden agenda. For example, Disney is run by executives who used to work with Diller at Paramount, but with whom he has since become extremely competitive. There has been a flurry of lawsuits between the two studios.

Critical reaction has been mixed, with some questioning how impartial news coverage can be when the operation is owned by one of the very studios it must cover.

Andi Sporkin, a former employee of both Disney and CBS who now heads public relations for the Fox-owned stations, insists there is nothing personal about the coverage. "*Fox Entertainment News* is really a news organization," says Sporkin. "It happens to be created by Fox. I don't believe that who signs their paychecks really matters in terms of who they go after. I think they have pretty much annoyed every company in town."

Questions of partiality are partly deflected by Knoedelseder's solid journalistic credentials. An investigative reporter for the *Los Angeles Times* before joining Fox, Knoedelseder had made a reputation for himself covering mob influence in the record industry, writing a string of articles about a federal investigation of MCA's record division. He's preparing a book on the subject.

FEN was the brainchild of Fox chairman Diller, who, when he was at Paramount, championed *Entertainment Tonight* and took an active role in developing it. He touts *FEN* as the next generation. "I believe that if it gets really good at what it does, everybody will watch it," he says. "It's like *L.A. Law* or *The Simpsons*. It's much too highbrow to possibly work, or so people think before they see it. They say it's going to sail over everybody's head. But guess what? They get it."

In the beginning, however, even Diller wasn't sure there was a large-enough appetite for hard news about entertainment among the mass viewing public, even if it was packaged with interesting pictures. But, he says, it provided the opportunity to carve out another distinctive niche for the Fox network.

If *FEN* succeeds, a lot of the credit will have to go to Knoedelseder. Yet he was an odd choice for the job, since he had absolutely no TV experience. That's just what he told Barry Diller in mid-1989.

The two had only met once before, when Knoedelseder had reported a story a few months earlier on Fox Broadcasting for the L.A. *Times*, a story which never ran. In mid-1989, Knoedelseder's name came up again while Diller was having lunch with Michael London, another Fox movie development executive who at one time covered the film beat at the *Times*.

The Fox chairman called and asked Knoedelseder to come by for a visit. Knoedelseder says that when Diller first called, the conversation went like this: "I said, 'Barry, we're talking about a news organization whose entire universe will be the entertainment industry, populated by people you do business with, your friends.' I said, 'My question is what will you do, how will you react, are you prepared for what will happen if we start doing the kind of journalism you want us to do?' And he said, 'Good question,' " recalls Knoedelseder. " 'I'll tell you my answer. I'd say to them, 'If you're calling to say we got it wrong, I'll look into it. If you're calling to say you don't like it, then I can't help you.' And I said, 'O.K. That's about the best answer anybody could give on that.' "

Among Knoedelseder's first key hires were two reporters from *Daily Variety*. Jane Galbraith, a former A.P. and L.A. *Times* writer who covered film, and Henry Shipper, a former music critic for *The Real Paper* in Boston, both had pure print backgrounds.

For hands-on TV experience, Knoedelseder recruited Rhys Thomas, whose credits included *Thicke Of The Night* and several game shows.

From the existing entertainment news staff at KTTV, Knoedelseder tapped Janet Zappala, who had a dozen years experience in local TV news, to be prime anchor; Peter Barnes, a former *Wall Street Journal* and local TV news reporter, became primary reporter. Barnes quit broadcasting altogether in early '90, and was replaced by Bill Ritter, a former investigative reporter in San Diego who had recently joined KTTV as reporter and weekend anchor.

Knoedelseder also inherited Mitchell Fink, who was already doing a celebrity gossip segment modeled on his column in the L.A. *Herald Examiner*, which soon folded. *Washington Post* critic Tom Shales, who finds Fink annoying, says, "He seems to be from that freak school of television personalities that gave us Robin Leach, Richard Simmons and Morton Downey Jr.: People you wouldn't want to have dinner with, but who are good for a giggle."

For better or worse, however, it's often Fink's gossipy items which bring *FEN* the most attention. And that's consistent with Diller's marching orders. "As I said to Billy Knoedelseder," recalls Diller, " 'You can't ever be ordinary. You can only succeed by telling the most interesting story in an interesting way.' " •

Alex Ben Block is the former editor of Show Biz News *and executive editor, special projects at* The Hollywood Reporter.

Go Without The Flow

ABC follows Ted Koppel with on-the-job training for Rick Dees, a radio deejay who's making a rocky transition to late-night host. *By Steven Beschloss*

Rick Dees: (Clutching a cucumber) *I see you brought the magic cucumber* (laughs).
Richard Simmons: (Taking the cucumber) *How many calories? Thirty calories.*
Dees: (Taking the cucumber back) *In that whole thing?*
Simmons: *Yes.*
Dees: *Oh, wow.*
Simmons: *And it's all water and really good for you.* (To the audience) *Isn't it, huh?* (Audience cheers.)
Dees: *You were, thank you, throwing cucumbers to the crowd here—into the night.*

"This is not brain surgery," Rick Dees says in a telephone interview from Los Angeles.

No kidding.

Five nights a week since July, Rick Dees has been stepping out before a shrieking studio audience. Like a deer staring into the headlights of an oncoming car, he gazes into TV cameras financed by Capital Cities/ABC. It's a remarkable sight that the nation's viewers can witness night after night—no less than the ultimate realization by network executives that the remote control has rewritten the rules of the game.

As unlikely as the idea of programming this breathless, grinning radio deejay after the sobersided Ted Koppel might have seemed a few years back, the arrival of *Into the Night Starring Rick Dees* suggests the willingness of programmers to operate on almost any level to attract viewers.

"You just have to look at *Nightline* and look at the Dees show," acknowledges Michael Brockman, ABC president of daytime, children's and late-night entertainment. "These are not the most compatible shows that ever have been programmed together."

Talk about understatement: One minute the serious interlocutor is gravely grilling the Iraqi foreign minister about the release of American hostages. Minutes later the dazed-looking host who created the multi-million selling spoof record "Disco Duck" is rambling on about a bikini-clad girl with big breasts. Even by commercial TV's standards, this seems like crazy logic.

Yet in conversations with ABC sales and research, Brockman was convinced that the advertising base was not deep enough to support another info-news show after Koppel. To launch one, the network would risk "diminishing the value of the existing franchise"—exactly the reason for worry over CBS News' new late-night entrant, *America Tonight* with Charles Kuralt and Leslie Stahl. Advertisers lusting after young adult viewers 18 to 49, on the other hand, were on the rise.

While programmers have traditionally operated on the assumption of "audience flow"—that one program provides a lead-in to the next—ABC was prepared to scrap that thinking. Between Johnny Carson, David Letterman and Arsenio Hall, ABC was counting on *Into the Night* to draw viewers flipping from show to show. "With the remote control," says Brockman, "you are no longer dependent on your lead-in for your audience. You can draw from other channels."

With a testing pilot, the follow-up to a rough production on which Dees and wife Julie spent $130,000 of their own money to land him a network gig, ABC determined the L.A. disc jockey could score with young adult female viewers. That suggested an alternative to the success of David Letterman with young adult male viewers.

In Dees, Brockman believed he had found a "personality," but the show still lacked an agreed-upon format. Enter Jay Wolpert, a veteran producer of game shows *The Price is Right* and *The New Price is Right* who cites the game show *Window Shopping* as his first TV experience. As co-executive producer, he was interested in creating something more akin to a variety show than a talk show, driven more by its comic bits than its guests. "*The Price is Right* was very close to a variety show," he says. "Each of the prizes was like a guest." Indeed, Rick Dees has the look and feel of a game-show host—always up, like a used-car salesman on speed.

The network and its affiliates are still waiting for the public to take the bait: Since the show's July launch, its national Nielsen ratings have hovered around 1.7, compared to an average 4.8 for Carson and 3.8 for Arsenio. Airing live in about half the country with more than 90-percent coverage by ABC affils, *Into the Night* has sought to boost sampling through on-air promotions in other dayparts. Meanwhile, the show was granted another 13 weeks in September and Brockman says there's no plan to pull it.

"The ratings, demographics and sales are on target of where we expected to be," he insists. "I think we have to be realistic about what we can expect at this time in the show's life, which is in some sense still in its infancy." Words of patience are rarely a network executive's strong suit, but Brockman tries to remember that *The Tonight Show* has been on the air for 27 years and *Late Night with David Letterman* for nine.

From the beginning, ABC understood that Dees would take time to develop. After all, a stint with *Solid Gold* was his only other regular experience before the camera. Dees has indeed become more skilled at reading the teleprompter during his opening monologue. But once he's let loose into the less controlled structure of an interview, he still seems lost. No amount of forced laughter can hide that.

To add to the hurdles, ABC agreed to a show with a diversity of music, guests, formatted comic bits, contests and money prizes—a constantly varied potpourri tailor-made for short attention spans. The first weeks of the show were loaded with comedy bits, an exhausting format that Dees was struggling to control. "What we learned was not only could the pace not be kept up, but you couldn't keep the caliber of the comedy up for 60 minutes," Wolpert notes. Now the show has pared

"You just have to look at *Nightline* and look at the Dees show. These are not the most compatible shows that ever have been programmed together."

down to three or four "non-guest things."

Attracting top-flight guests has been a continuing challenge for the show, an inevitable fact of life when competing against better-established and better-watched programs. Dees' shaky interviews, particularly in the early going, have not made the booker's job any easier. The night actor Elliot Gould came on to plug his latest movie, *The Lemon Sisters*, the painfully uncomfortable interview deteriorated into thinly veiled attacks by both men. Gould wanted to talk about his movie, while Dees was determined that the interview should start with questions about Gould's early years in Brooklyn. It was the actor's birthday, and Dees' staff had prepared a cake in the shape of Brooklyn; Gould did not find the bit funny or much fun.

"Elliot came on with such a chip on his shoulder," says Wolpert, who remembers that interview as one of the show's darkest moments. "When we started talking about Brooklyn, he thought we were fucking with him."

"Wasn't that wild?" says Dees. "Before the show, I shook his hand and patted him on the back and said, 'I'll see you downstairs. Hey, let's have some fun.' " By the time it was clear that Elliot was not going to have fun, even on his birthday, "I basically said, 'Why are you being so mean? I baked you a cake.' The good news is that it's my show."

Not everyone is so sure that's the good news. Curiously, in Dees' home turf of Los Angeles, the show is garnering ratings representing less than half the national average, including a .7 in October. The show replaced reruns of *The Twilight Zone*, which was generating ratings two or three times higher.

At WABC in New York, the show replaced the midnight movie. Starting out with a 2 Nielsen rating and a 9 share, it edged up to a 3 rating with an 11 share in the first half of October. Yet that's still below its network competitors and the syndicated *Arsenio*. It's also below the performance of the midnight movie, which was earning a 4 rating/13 share last November. "My own feeling is that it's still in development," says Art Moore, WABC director of programming. "I think it's a little forced. They try too hard to be hip."

At WSB in Atlanta, Dees has been pulling in an average 3 rating/18 share and on good nights a 4/25. The Cox Broadcasting-owned station is not running a live feed of the show, instead broadcasting it at 1 A.M. after Paramount's *Hard Copy*. Those numbers better the national average, but program manager Van Cantfort notes they are still below the numbers of the show it replaced. "Rick Dees is not coming up to *Love Connection*, which on a good night was doing a 5 or a 6," Cantfort says. "But it may build."

Cantfort, like many of his affiliate peers, recognizes that late-night shows have historically taken time to build. But he doesn't sound particularly enthusiastic about *Into the Night*. "It's probably worth another 13 weeks," he says, "but I think he has to improve during that period of time."

If Rick Dees has reason to worry about his fate, he's not inclined to let on. After all, he's spent years aiming for a spot on late-night TV. "I feel so lucky to get a show," he says. "I feel great. I just love what I do. If it doesn't work one night, I always have another."

For now, though, Dees is keeping his day job as a top-rated deejay at radio station KIIS. "I'm still selling Amway and Herbalife," he jokes. The radio show also gives Dees a chance to cross-promote himself. Not a bad idea: You never can tell when fickle network and affiliate executives will tire of paying for on-the-job-training. •

Steven Beschloss is a contributing editor of Channels.

Cable Keeps Its Sights on Basic

A newly released survey shows cable operators think basic growth is their best bet, and pegs AMC as the net to beat. *By John Flinn*

Despite the potential for new revenues from pay-per-view and local ad sales, cable operators think increased basic penetration is their leading opportunity for revenue growth in the next 12 months. And as a score of fledgling or hopeful programming services fight for channel space, operators most often cite the relatively low-sizzle American Movie Classics as the network likely to expand fastest.

Those findings are from the fifth annual Survey of Cable Operator Executives, just released by New Jersey-based Myers Marketing & Research. Conducted in conjunction with *Channels*, the survey, a written questionnaire sent to over 1,000 cable-system and MSO executives, is an attempt to gauge operators' attitudes toward individual cable nets and the cable landscape in general.

In addition to the nearly 70 percent of the respondents who cited increased basic penetration as a path to greater revenues, 48 percent pegged increased pay penetration and 46 percent cited improved customer service. Local ad sales growth was named by 38 percent, and pay-per-view limped in with only 24 percent. Revenue-generators such as home shopping and tiering brought up the rear at 5 and 7 percent, respectively.

The results are based on 740 responses, with the following breakdown in the sample:

- 48 percent local-system general managers; 22 percent MSO national or regional management; 18 percent local-system marketing managers; 9 percent local-system ad sales management.
- 43 percent from systems with 25-36 channels; 26 percent have 37-48 channels; 20 percent have 49-65 channels; 7 percent have 12-24 channels; 3 percent have 66 or more channels.
- In system subscriber-base size (or average sub base for MSO respondents), 47 percent of the respondents represent systems with under 15,000 subs; 21 percent have 15,000 to 29,999; 12 percent have 30,000 to 49,999; 9 percent have 50,000 to 75,000; and 12 percent have over 75,000 subs.

After tabulating initial results, Myers Marketing convened an advisory panel of MSO representatives in Denver last month to discuss and interpret the findings. The panel included Suzanne Cyman, v.p., marketing, Vista Cablevision, a Denver-based MSO with five systems; Larry Fischer, president of Time Warner Citycable Advertising, the ad sales arm for T-W's five cable systems in New York City and a hard-wired interconnect that reaches about 700,000 cable homes; Bob Block, v.p., marketing, of Denver-based MSO Rifkin Associates; Jerry Maglio, senior v.p., United Artists Cable; John Mathwick, group v.p., marketing, Jones Intercable; and Jack Myers, president of Myers Marketing & Research.

In reviewing the survey results, members of the panel said they weren't surprised by the support for cultivating basic penetration, even though the finding is in stark contrast to last year, when 53 percent named rate increases as their best revenue opportunity.

The Myers marketing advsiory panel: (rear, l.-r.) Jerry Maglio of United Artists, Vista's Suzanne Cyman, John Mathwick of Jones, Jack Myers of Myers Marketing; (front, l.-r.) Rifkin's Bob Block and Larry Fischer of Time Warner.

PHOTOGRAPHS BY BARRY STAVER

"We find our efforts to grow constantly rewarded, given the financial lever-

'In too many places, people are aggressively pursuing the past.' Jerry Maglio, senior v.p., United Artists Cable

age of what a basic unit means from a revenue standpoint, and the fact that it's a platform for other revenue opportunities as well," said United Artists' Jerry Maglio. "Once we bring a person onto basic, we're increasing our base for ad sales, we're perhaps giving ourselves a PPV opportunity, we can perhaps sell a pay TV subscription, either concurrently with the original sale or subsequently so."

But John Mathwick of Jones noted that with the industry already at 60 percent penetration, each incremental increase in basic will be harder won. "Most of the people who don't have cable TV are what you would call light television viewers," said Mathwick. "Those people don't see television as a high priority in their lives. Their willingness to even listen to a message from us, particularly the messages we have historically sent, has been very low. They're the people who throw out direct-mail pieces before they even see where it's from. Our challenge is to get our message to those people."

Bob Block noted the "dynamic" nature of cable—on the network level, with program offerings, and at systems, in terms of customer service or technical capacity—as a spur to growing basic. "We forget that our products change daily, weekly, monthly, annually," he said. "The people who subscribed five years ago and may have had a problem with service, or with programming or technical quality or whatever, will find that cable is very different from what it was five years ago."

Vista has developed a direct-sales program in which even current subscribers are contacted face-to-face to make sure they're aware of all that's on cable. Vista's Suzanne Cyman said her company has seen increases in basic penetration of 9 or 10 percent, within six months of acquiring a new system, just from such efforts.

Customer service placed third in the survey, and while the advisory panel acknowledged its importance, Maglio noted a problem getting recognition for the improvements his company has already made. "We are spending a lot of time and investing a lot of talent and money in making substantial improvements that we're not getting credit for in the minds of people in communities we serve," he said. "We feel we need to spend more time being visible in the community as a good citizen, and letting our subscribers know the investments that we've made, and how hard we are really working for them."

The panel warned against putting too much weight on pure image campaigns like the recently announced TCI spots created by Hal Riney. Jones' Mathwick said, "The process of promoting yourself, branding yourself, has to be an ongoing exercise," not just a sweep with a couple of spots. And as Vista's Cyman noted, "It's important that whenever you run an image campaign, your service and the quality of product you're delivering definitely back it up. Otherwise it can make you look foolish rather than enhancing your image."

GROWING REVENUE

Leading opportinities for revenue growth in next 12 months

	% respondent mentions
Increased basic penetration	68%
Increased pay penetration	48%
Improved customer service	46%
Expanded local ad sales efforts	40%
Increased subscriber fees for basic	34%

Least important opportunities for revenue growth

Increased home shopping revenues	5%
Expanded network carriage capabilities	6%
Increased tiering of basic networks	7%
Increased sub fees for pay networks	8%
Expanded regional interconnect ad sales	9%

Source: Myers Marketing.

The panel seemed to agree that more effort should go into instilling customer-service goals in the entire company, especially at the system level. Bob Block noted that simply outlining an attitude isn't enough: Workers have to be given motivation to improve. "In many cases, the attitude at the system level is, what's in it for me?" Block said. "And do we provide an incentive? It doesn't have to be monetary. Does the [customer service rep] or technician or the guy who runs the warehouse have any kind of incentive to grow the business? Probably not. And we have to provide that environment. If not, you end up with people who go through the motions but don't really care."

Image advertising can be an important part of local sales, however. Said T-W's Fischer, "We've just hired an agency to help us market on the sales side. They've put together a sales-promotion video for us, and they've helped us with our media kit. We're waiting to see what the effects are."

Despite a general attitude in the cable industry that pay TV is mature, increasing pay penetration actually ranked second in the survey. But the panel recognized a score of problems, from technology to programming, that make pay TV a tough sell.

The proliferation of ways to get movies into the home, and the steady shift backward of pay TV's window, remains the most important factor.

"Seven or eight years ago, pay was the first opportunity to get these movies into your home uncut," said Mathwick. "They've lost that." Added Maglio, "It's in the video store first, it's on pay-per-view second, and it's on pay TV third. They've gone from first to third in an addressable home. Cable's become the best place to see a hit movie *again*."

The panel also acknowledged, however, that subscribers often disconnect their pay service—or simply stop paying for it—as a mild revolt against the cable operator for any number of perceived sins: rising rates, service problems and more. Said Block, "I'd venture that 50 percent or 60 percent of the nonpays are not people that can't afford the product, it's a silent protest."

Cyman, whose local cable service is provided by a different company than the one that employs her, agreed. "I've dropped two or three premium channels, one every time I had a bad experience with the local system: One when I couldn't get through on the phone for nine days, another for service problems that were happening three times a

ON THE AGENDA

Issues rated based upon probability of their occurring in the cable industry within the next 24 months.

	% rating probable or extremely probable
Improving customer service in your system	89%
Increased federal regulations governing cable subscriber fees and operations	75%
Increased local ad sales efforts	64%
Continued acquisition by cable industry of professional and major college sports	55%
Expanded viewer promotion	54%
Increased federal regulations governing exclusivity of cable programming	52%
Increased consolidation of system ownership by major MSOs	51%
Agreement by programming networks to provide service to DBS operators	46%
Expanded DBS distribution of programming to homes	45%
Overall improvement in programming quality of basic networks	44%
Increased MSO ownership of programming networks	40%
Overall expansion of pay-per-view	40%
Successful launch of one or more basic networks	38%

'Most of the people who don't have cable TV are light television viewers. Our challenge is to get our message to those people.' John Mathwick, group v.p., marketing, Jones Intercable.

week." Cyman also noted, however, that recognizing why people sometimes disconnect pay can be the first step toward keeping the customer signed up.

"If you have a nonpay, don't treat them like a deadbeat, find out why they're nonpay," she said. "We have a sales rep who goes to collect converters after a customer has not paid his bill or disconnected, and he has such a great demeanor and a sales approach that with maybe 20 percent of the converters returned, he actually turns them into sales. Because he sits there and listens [to the customer's complaint] and gives us a second chance."

Such diligence may be crucial given that pay is not only an important revenue stream for the operator, it significantly contributes to subscribers' feelings about cable's worth. The panel noted that systems' highest-rated channels are often the pay-TV channels. So while the subscriber's monthly bill decreases when he shuts off a pay service, his total enjoyment of cable probably goes down as well. The panelists noted that operators and the networks need to work together to not only better market and support pay TV, but to reconsider its dollar value to subscribers in today's VCR-heavy world, and act accordingly. Said Maglio: "We need more harmony, more integration, and more willingness between premium service suppliers and cable operators to innovate."

The other side of keeping subs happy with programming is adding new services. Looking at survey results, though there were two different measures, American Movie Classics can definitely be called a hot network. When operators were asked to name the three networks most likely to expand rapidly, 41 percent cited AMC, considerably more than named the number two net, The Comedy Channel, which was cited by 23 percent. A different ranking asked those systems planning to add one or more basic nets which ones they had slated. On top was CNBC, which 19.8 percent of respondents named. Following CNBC was a generic "regional sports network" category (19.3 percent), the Sci-Fi Channel (19 percent), American Movie Classics (18.8 percent), The Learning Channel (18.5 percent), E! Entertainment Television (12.8 percent), SportsChannel America (12.6 percent) and HA! (12.1 percent). Another 14 networks followed.

THE HOTTEST NEW NETWORKS

	% respondents naming as one of three networks most likely to expand rapidly
American Movie Classics	41.2%
The Comedy Channel	22.9%
The Learning Channel	22.7%
The Sci-Fi Channel	21.9%
CNBC	21.7%
HA!	20.9%
Regional Sports Networks	20.3%
SportsChannel America	18.9%
E! Entertainment Television	17.1%
The Nostalgia Network	13.3%
Country Music Television	12.4%
WGN	10.0%
Mizlou Sports News Network	8.6%
Prevue Guide	7.6%
The Cowboy Channel	6.8%
Video Jukebox Network	4.8%

Source: Myers Marketing

The panel agreed that the primary appeal of AMC is its commercial-free format. "Our focus groups keep telling us that American Movie Classics is a good service," said one panelist. "It's a service that provides a lot of satisfaction because the movies are shown in a way people would really like to see them: without commercials. They're not all cut up like similar movies on WGN and TBS." In fact, AMC recently weighed changing its commercial-free policy, then decided not to. At least one panelist said he'd be willing to up the per-sub fee his company pays in order to keep ads out of AMC films. •

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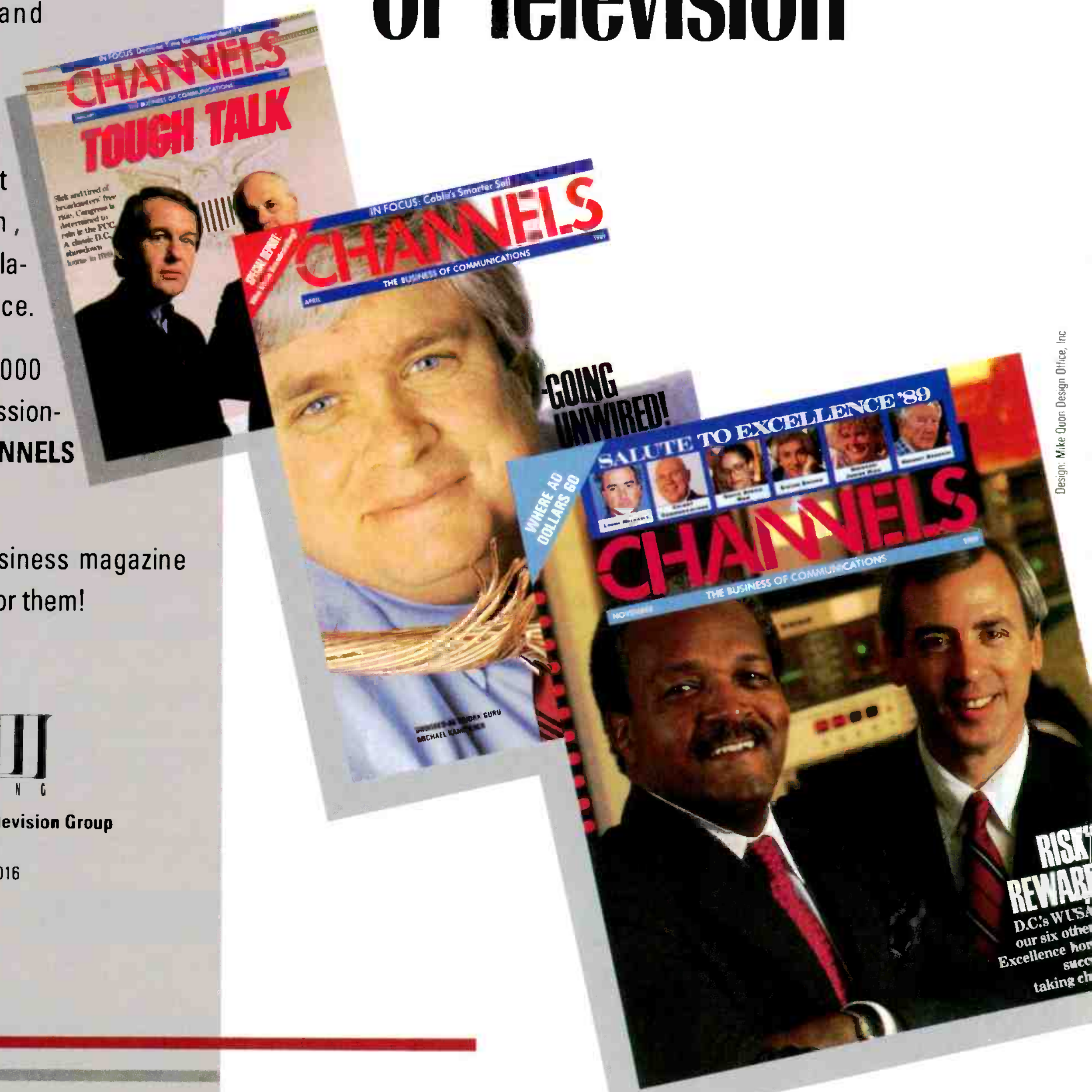

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We acted as financial advisor to VS&A Communications Partners, L.P.
July 1990
VERONIS, SUHLER & ASSOCIATES INC.

MWT, Ltd.
a Utah limited partnership
has sold
KSTU (TV)
Salt Lake City, Utah
to
Fox Television Stations, Inc.
a Delaware corporation
for
$41,000,000
We initiated the transaction, acted as financial advisor to, and assisted in the negotiations as the representative of MWT, Ltd.
April 1990
VERONIS, SUHLER & ASSOCIATES INC.

Travel Agent
a publication of
Fairchild Publications
a subsidiary of
Capital Cities/ABC, Inc.
has been sold to
a partnership headed by
Richard Friese
We acted as financial advisor to, and assisted in the negotiations as the representative of Capital Cities/ABC.
August 1990
VERONIS, SUHLER & ASSOCIATES INC.

Rotor & Wing
a publication of
PJS Publications, Inc.
has been sold to
Phillips Publishing, Inc.
We initiated the transaction, acted as financial advisor to, and assisted in the negotiations as the representative of PJS Publications, Inc.
August 1990
VERONIS, SUHLER & ASSOCIATES INC.

Financial Services Week
a bi-weekly newspaper of
Fairchild Publications,
a subsidiary of
Capital Cities/ABC, Inc.
has been sold to
Investment Dealers' Digest, Inc.
a subsidiary of
United Newspapers plc
We acted as financial advisor to, and assisted in the negotiations as the representative of Capital Cities/ABC, Inc.
July 1990
VERONIS, SUHLER & ASSOCIATES INC.

Lane Publishing Co.
Publishers of
***Sunset* Magazine and Sunset Books**
has been sold to
Time Warner Inc.
for
$225,000,000
We initiated the transaction, acted as financial advisor to, and conducted the negotiations as the representative of Lane Publishing Co.
May 1990
VERONIS, SUHLER & ASSOCIATES INC.

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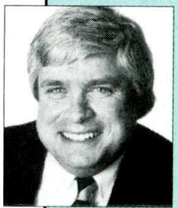
A decade ago, total television ad spending reached $11.5 billion. By 1989, that figure had more than doubled to $26.9 billion, at least according to Robert Coen, senior v.p., director of forecasting at McCann-Erickson. With such dizzying growth has come growing pains. Michael Burgi examines how local sales managers are pitching new advertisers as the traditionally strong automotive dealers cut spending.



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And Al Jaffe explores the increasing competition and changing face of the unwired networks as ad agencies enter the mix.

CARS WRECK AD SALES

With local sales faltering, stations try new ideas.
By Michael Burgi

TV stations in Syracuse, N.Y., the country's 68th ADI, are trying to squeeze some local ad dollars out of a mall war in which combatants have so far spent all their money on print and radio ads. Fifth-ranked ADI San Francisco's local ad dollars suffered when two different media buyers moved their operations to other cities within the past 18 months, resulting in a 5 percent total loss (about $13 million) for the market. With automobile ads leading the way, stations are watching their usual sources of ad revenue dry up.

A recession is imminent—if not already here—and TV stations around the country are tightening their belts in anticipation of tougher times ahead. Many expect to feel a particularly painful wallop in local sales. Growth is flat: according to the Television Bureau of Advertising (TvB), local ad sales grew a negligible 1 percent in the first half of '90 over the comparable period in '89.

What's causing the local market to fizzle? Normally strong categories—especially automotive—are backing away, and general sales managers are struggling to cope with the erosion by finding other categories to fill gaps. In a speech to the Yellow Pages Publishers Association last October, Robert Coen, senior v.p. and director of forecasting at McCann-Erickson, predicted only 3.5 percent growth in local television sales in 1990 over '89.

"The local marketplace as a general rule is not at its strongest right now," explains Lynn Fairbanks, vice president of regional development for TvB, with more than a hint of understatement.

The biggest blow so far to local ad dollars is the crumbling of support from the traditionally reliable automotive dealers, whose contribution dropped from 7.2 percent of all local ad dollars in the first half of '89 to 5.9 percent for the same period in '90. This represents close to a 20 percent drop in auto dealers' spending.

Not all stations have fallen victim to the car crash. While automotive budgets are down across the country, according to the TvB's numbers, Milwaukee ABC affiliate WISN actually boosted its auto dollars. By tying in viewer contests with pre-season NFL Packers games, WISN upped that category 6 percent for January to September 1990 over the same period in '89. "The forced viewing contest worked for us here," says WISN's g.s.m. John Stewart. "I think we're the only station in Milwaukee that did that with auto dealers." However, Stewart still thinks the Milwaukee market will experience flat to negative growth in 1991, a rather bleak prospect.

Another problem is the hesitancy of local advertisers to commit to advertising on any long-term basis. It's a chronic condition, but it's been exacerbated by fears of a recession. Sales managers across the country bemoan the abundance of last-minute buys.

The Ten Fastest Growing Local Ad Categories
(Out of the top 25 categories)

Rank	Category	(Spending on local television) January - June 1990 (000s)	January - June 1990 (000s)	Percent change	Rank in $ volume
1	Personal services, misc.	$39,073	$24,278	61%	22
2	Health clubs & reducing salons	62,156	45,056	38	13
3	Financial planning services	21,569	16,880	28	25
4	Legal services	48,416	39,856	21	19
5	Leisure time activities & services	80,506	69,327	16	8
6	Optical services & supplies	42,536	37,005	15	21
7	Appliance stores	68,027	61,654	10	12
8	Medical & dental services	78,227	71,925	9	9
9	Amusements & entertainment	74,401	69,558	7	10
10	Home centers & hardware stores	57,259	54,636	5	15

Source: Television Bureau of Advertising.

The Five Fastest Shrinking Local Ad Categories
(Out of the top 25 categories)

Rank	Category	(Spending on local television) January - June 1990 (000s)	January - June 1990 (000s)	Percent change	Rank in $ volume
1	Banks, savings & loans	$89,985	$110,173	-18%	7
2	Auto dealers	143,890	174,001	-17	3
3	Department stores	69,347	80,830	-14	11
4	Radio stations & cable TV	94,241	106,110	-11	6
5	Education services	57,270	63,541	-10	14

Source: Television Bureau of Advertising.

"Business is now coming in on a month-to-month basis," complains Rocky Daboval, WBRZ Baton Rouge's general sales manager.

The good news is that other categories have come to stations' rescue, saving many from showing a decline relative to last year's dollars. Political spending, though it's for off-year elections, has helped keep budgets afloat from Baton Rouge to Boise, Idaho. Hospitals have also upped their TV budgets, in Milwaukee and Savannah, Ga., among other markets. Depending on the economic climate in each market, other categories have come through as well.

The TvB's numbers reflect the growth of some of these surging categories. For example, stations in every region of the country say ad spending is up for medical and dental services (which rank eighth on the chart above). While political advertising doesn't appear on the chart because it varies so widely market to market, it's having a profound effect as well, as state and federal elections and referendums like California's Big Green take place across the country. Other categories such as paid programming, personal services, home improvement and furniture show an upward trend.

But not all markets are lucky enough to have one category riding over the hill like the cavalry at the last minute, saving stations from a disastrous year. And as McCann-Erickson's Coen points out, the categories that are showing percentage growth don't contribute much in actual dollars to station coffers in comparison to major hitters like auto dealers.

The key for stations is to get out and work on those categories that are flat or are dropping their inventories and moving them to other media. "I know I sound like a broken record, but the way to struggle through tough times is get more market share from the newspaper advertising," says TvB's Fairbanks. "We [TV stations] can't beat each other up for the TV budget in a market. We have to unite to expand TV's share of the budget in each market. In doing regional work, I have spoken to so many retailers out there who can't stand working with the newspapers, but they do anyway. If we can convince them that local TV is the way to go, there wouldn't be enough room for all the spots." Some markets have prepped their sales force to heed Fairbanks' words and pursue those elusive dollars.

Savannah, Ga., is a prime example of how the recession and current events have roughed up the marketplace. "Our market has really been affected by the Iraq crisis," explains Dwight Van Horn, sales manager for NBC affil WSAV. About 20,000 Army troops based in the market at Fort Stewart are now in Saudi Arabia, which has had "a tremendous impact" on local retailers that relied on Army business. As a result, retail business has backed off of TV.

Van Horn has picked up sales tools Like Maximizer and Custom Target Aid from Arbitron to help lure those retailers back. The tools allow stations to match consumer habit data with ratings and shares and seem to bring the desired results. "Take a show like *Divorce Court*," explains Van Horn. "We can show the advertiser which people watch that show and why that advertiser should be on that show. It simply helps us to sell, and the newspapers have been doing this for years. Why shouldn't we?"

New malls can also bring in badly needed local dollars *if* stations aggressively pitch the potential advertisers. The Savannah market benefited from a new mall. But it can mean feast or famine for stations, depending on whether or not they pursue the advertising possibilities. When the Carousel Center, a brand-new, $350 million retail complex, swung open its doors in Syracuse, N.Y., earlier this year, stations were largely ignored—promotion and ad dollars were poured into radio spots and newspaper ads, according to the general sales manager at one of the affiliates. The new center presented a rich opportunity for a mall war, however, since four other malls already existed in the market.

WSYT-TV, Syracuse's Fox affiliate,

rolled up its sleeves and went after the combatants, hoping to grab a slice of the market share. "We're attacking the mall war ourselves and are getting a response," says WSYT's general sales manager Will McManus. How is he getting business if the affiliates are complaining there's none to be had? With Bart Simpson and event marketing, for starters. He tried to tie in event marketing with one of the existing malls, revolving around a Halloween or Thanksgiving theme. Putting a theme together with one of the malls, he says, is facilitated by the competition from the new mall in town. McManus, who has only been at the station for two months, admits to having a very soft market to work with, which makes it tough to lure new advertisers to the station—Syracuse will probably end up down about 5 to 7 percent from last year in local sales. "We can't wait around, though. We've got to take it to them," he notes.

McManus and Syracuse have gotten some help from paid programming. "The paid programming you really have to be careful with," warns McManus. "You want to take some of it, but you don't want to bastardize your ratings. We can't look too much like cable."

Stations in the Milwaukee market, the 28th ADI, have also dabbled cautiously in paid programming as a local ad sales alternative. NBC affiliate WTMJ airs one or two paid shows per week, being "real careful as to what we air," according to Norb Ryan, WTMJ's g.s.m.

Political advertising has helped in Milwaukee and many other markets, boosting October's numbers for most stations. "Political made October the biggest month so far in '90," says Elliot Bass, vice president and general sales manager at Minneapolis NBC affiliate KARE. It helped to offset a big drop (almost 20 percent at KARE) in banking and financial advertising. "They're missing the boat on this one," argues Bass, who is trying to cultivate more banking advertisers using the rationale that banks need to get the word out to people now when their image is somewhat muddled.

An influx of political dollars has also pumped up midsized and smaller markets—where a larger percentage of political dollars fall under local spending—like Baton Rouge, as well as Boise, Idaho, and Tucson, Ariz. The market that needed the political shot in the arm most, however, is San Francisco. When Pacific Bell left the market last year, moving its media buying to New York (which then places ads in San Francisco through national spot), it took with it about 2.5 percent of the local ad dollars, roughly $6 million. Shortly afterward, DMB&B shifted its clients, including Cadillac, Denny's Restaurants and Pontiac, out of San Francisco to Los Angeles, taking another 2.5 percent of the local market pie with it. These two desertions meant a $13 million loss for the market.

KPIX, Group W's CBS affiliate in the market, felt the sting, but still expects to come out about 5 percent ahead of 1989, according to g.s.m. Kennen Williams. The market, Williams expects, will end up flat in 1990 compared to the previous year.

Few stations will predict anything above a 5 percent growth rate for local dollars in 1991. It all depends on whether station execs feel their market is about to go into a recession. WBRZ Baton Rouge's Rocky Daboval sees his market as healthy and ready to bounce back. At KTTU, a Clear Channel TV-owned independent in Tucson, general sales manager David Joseph also predicts a bullish year, having recently spent close to $2 million on improving the sales staff and equipment. Others are considerably more cautious. Kristi Edmunds, local sales manager for NBC affiliate KTVB in Boise, admits that "we projected some increases that may have been optimistic, but we're more cautious now."

Whether they're bullish or cautious, sales managers must keep thinking about new sources for their local ad dollars, warns TvB's Fairbanks. "We're doing all we can at TvB to help them find those new niches," Fairbanks says. "But many advertisers' exposure to TV can be negative. We have to change that opinion." •

WCCO's Flat Tire

In 13th-ranked ADI Minneapolis, every station in the market—save one—has seen automotive budgets increase. In fact, all the other stations are increasing their automotive revenues at the expense of WCCO, the market's CBS affiliate. WCCO is the only station with a consumer reporter, and over the past two years that reporter, Silvia Gambardella, has run a host of stories critical of the car industry. "I'm a thorn in the side of car dealers," says Gambardella with pride.

Back in February, Gambardella aired a series of stories on how consumers could get better deals on used cars from car-rental companies than local car dealerships. The dealers, usually strong advertisers (one station estimates dealers represent close to 8 percent of local dollars), lashed back at the station by pulling all spots from WCCO and redistributing all their inventory to other stations in the market. While no sales staff would comment apart from saying that automotive advertising had been pacing the previous year until September, Gambardella recalls being told that WCCO was expected to lose a projected $1 million in local ad sales for 1991.

Fallout at the station took a few turns before the situation was resolved. Under pressure from the sales department, WCCO decided not to renew Gambardella's contract. When that move brought an outcry from the news department and many viewers, management about-faced and brought her back on staff. "They told me it had nothing to do with my reporting," Gambardella explains. "But you see consumer news being cut and reporters' hands being tied in other places."

NBC affiliate KARE, owned by Gannett, seems to have been the prime beneficiary of the fallout. "Auto was monstrous for us this year," says vice president and g.s.m. Elliot Bass, quoting an 11.5 percent jump in the category for January-September 1990 over 1989. Sales managers at the other stations, who did not want to comment on the record, say automotive has not surged considerably. They will say that their stations didn't lose advertisers because of news pieces, hinting strongly that they felt Gambardella's piece had not been totally objective.

Otherwise, the local market has been flat. "It's less than what anyone hoped for this year," Bass says, noting that it's hard to make numbers grow after a banner year. M.B.

The Unwireds Draw A Crowd

Despite a soft market, agencies and others join the unwired fray.
By Al Jaffe

The entry of national ad agencies into the unwired network business is both good news and bad news for the existing lineup of unwireds. The good news: It proves to the incumbent unwireds that their faith in this hybrid medium is justified. The bad news: The incumbents are facing some heavy competition.

Unwired TV networks were created as part of the everlasting search for advertising cost efficiencies. They were meant particularly as an escape from the heavy hand of rising network CPMs. They've been sustained by the continued popularity and expense of the Big Three, still the nation's premier mass medium, and have finally expanded into a full-fledged alternative. The unwireds offer more choices than ever and, now, new entries from an unexpected quarter.

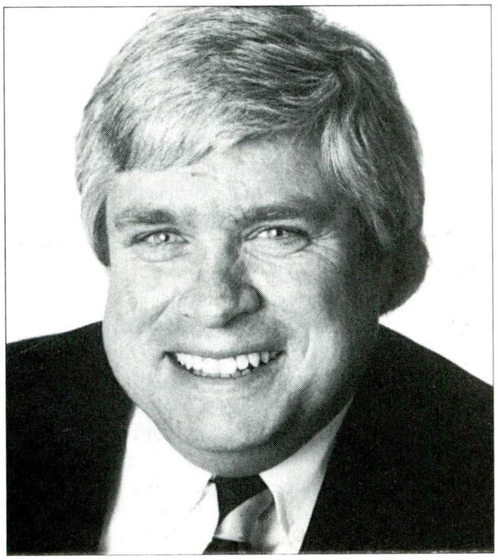
Since mid-summer, three top ad shops have entered the unwired arena, impelled by what they consider questionable practices on the part of some unwired operations. The trio are J. Walter Thompson, Saatchi & Saatchi and BBDO.

Unfortunately for them, they've entered the game at an inopportune time. Traditional network scatter for the fourth quarter has hit the skids—prices have been cut drastically, one agency source maintaining that some of the unit costs are as low as those of the bigger cable nets.

Mike Kammerer, who created the first, modern unwired setup, now dubbed the Independent Television Network, calls the current ad economy "incredibly soft," and, as for the near future, "[I] don't even know what questions to ask." Kammerer acknowledges that as the biggest unwired biller, ITN has been taking its lumps, but maintains that its share of unwired business has risen.

These developments—the impact of the Big Three networks' business climate on unwired revenues and the advent of shiny new unwired competition—raise basic questions about the future of unwireds. How tightly bound are the fortunes of the unwired to the ups and downs of the wired chains? Will competition from the agencies, as well as from other entities that have entered the fray within the past year or two, mean a shake-out of the weaker unwired sisters?

Mike Kammerer: It's a soft marketplace.



RUEDI HOFMANN

Lead agency in the unwired sweepstakes is J. Walter Thompson, which has had its operation in development for a year. Jean Pool, senior vice president and director of local broadcast, reports that JWT signed up four of its clients for unwired outings and that the operation had its baptism on October 1 with its first client. Pool won't reveal the names of JWT's unwired clients, but allows that the agency's unwired network is "not a must-buy. If we're competitive, we'll get the business. I put together the package, but the buy is decided by the network negotiator."

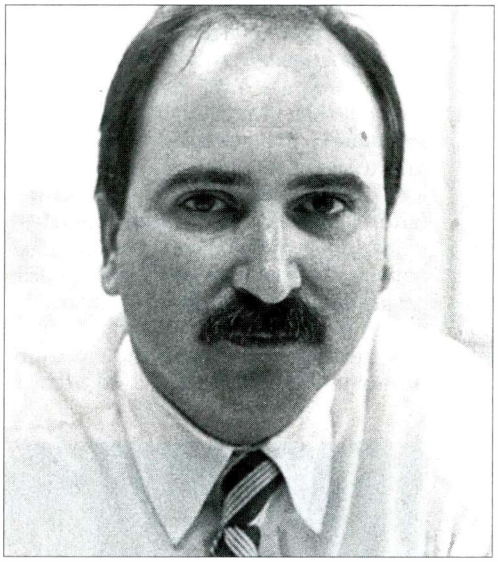
Explaining the agency's motives for getting into the unwired business, Pool voiced a complaint echoed throughout the ad community: The client does not always get the commercial clearances that were promised. She's talking about missing markets, missing spots and/or a different station than the one that was ordered. "I won't stigmatize the industry," she adds quickly. "There are good third-party unwired networks. But there is an undersupply of good ones and an oversupply of not-so-good ones." Touting her own contender, Pool states: "What J. Walter Thompson promises, the buyer gets."

JWT's media execs chose a specific niche in setting up their unwired operation—local news programs and early and latefringe dayparts. This dictated, in part, affiliate lineups, in contrast to the independent lineups of the pioneering unwireds. The agency set up its unwired network by making deals with station groups, an even dozen chosen to avoid duplication. The lineup consists of 74 stations covering about 80 percent of U.S. TV households, and there are plans to expand. The network includes only a couple of markets with competitive stations and only one indie.

At Saatchi & Saatchi, now in the process of setting up an unwired operation, Peggy Green, executive vice president and director of broadcasting, describes the agency's move as a near must: "Any agency placing national business has to explore all the options." Like JWT, Saatchi will examine competitive unwireds and, Green promises, "take the best buy." She maintains that Saatchi "is not [basically] in the unwired business." But she notes that outside vendors will have a tougher time now.

Green also makes clear her belief that an agency unwired network is positioned to do a better job than an outsider. She contends that an ad shop can be more flexible, taking more trouble to customize a buy. Such third-party vendors as ITN and Television, Radio, Cable have that capability, too, Green acknowledges, but she doubts that they would go to the trouble. She also argues that agencies understand clients' needs better than do outsiders. And she says an agency can be more objective about an unwired buy, since it isn't making money on the agency's unwired operations.

BBDO's unwired setup, as described by Peter Stassi, senior vice president and local broadcast director, has a distinctly informal character. He notes that it is not an "official type" of unwired network and that there are no contracts with stations. What Stassi's local broadcast group did was construct a list of stations that they found offered excellent efficiencies over the past five years, "stations we can deal with." This list was submitted to the network group a few months ago. So far, according to Stassi, there are no takers because of the lowball numbers offered by the Big Three in the scatter market. (BBDO missed the upfront window.)


Mark Shottland: Katz's unwired is flexible.

J. Walter Thompson's unwired network is "not a must-buy. If we're competitive, we'll get the business." —Jean Pool

Stassi sees his agency's unwired offering as a powerful competitor with the existing roster of unwireds. First off, he says that from the agency's experience during the past five years in national spot, "we know our efficiencies are better than the unwired networks." (By Stassi's estimate, BBDO ranks second or third among agencies in spot spending.) Second, "When we propose a network, we guarantee ratings per market, rather than a bottom-line rating, as the unwired networks offer." This guarantee exists whether the client wants equal or unequal weight per market.

The recent history of unwireds testifies to rising expectations about their future, but this may not be the most propitious time for agencies and others to move into the market. They're shouldering into what seems to be a crowded field. Since ITN proved an unwired network could work early in the '80s (there were earlier efforts), not only has it been joined by others, but there has been a proliferation of daypart packages within existing unwired companies. ITN has either nine or 11 packages, depending on how you count them. TVRC has eight packages and ALIN (America's Leading Independent Network) has six. The total number of unwired networks, agencies excepted, is about a dozen, though some of these are marginal.

Among the players to enter the market in the past year are the Premiere Announcement Network, with a core consisting of Group W and NBC-owned stations, selling local news lineups; the very similar Orbis Prime Target News Networks, which kicked in about six months ago; and the Network of Independent Broadcasters, which sells kids lineups. Local news offerings via the unwired route have exploded, with the existing unwireds also putting them on their menus. Among the agencies, Saatchi & Saatchi is joining J. Walter Thompson in targeting local news lineups. As JWT's Pool explains, "News is an attractive, quality vehicle and the daypart is in demand. After all, there is only a half-hour of network news in the nearly evening." The boom in local-news unwired networks and packages is such that duplication of stations is beginning to raise questions about redundancy.

The rep networks are a special case since they already have hard-wired relationships with their "affiliates." In setting up unwireds, the reps have broken through station fears of rate-cutting. Most stations now accept the fact that unwired rates must be less than spot rates—as long as unwired business is not "stealing" from spot. Three reps with lists long enough for national or near-national coverage are now jousting for unwired business—Katz, Blair and Petry.

The reps are quite upbeat on unwired selling, though one might argue that certain aspects of it are heresy to national spot philosophy. Despite the current business climate, Petry has been getting three or four orders a month, according to William Wiehe, vice president of the rep's marketing group. Don Williams, vice president of marketing at Blair Television, found wider acceptance of his unwired offerings in the upfront market. Mark Shottland, vice president, special sales projects, Katz TV Group, is confident about growth for rep unwireds.

The line between traditional spot and unwired networks appears to be blurring. Katz, for instance, will sell regional networks and even customize the region. It will offer copy splits and "controlled GRPs," i.e., level ad weight per market. It also offers program networks, such as a sitcom lineup, and demographic audiences across the board. However it's tailored, the buy represents money they would not otherwise get, stations are told by their reps.

In the more traditional unwired network area, ITN illustrates some of the changes going on. Four years ago, Kammerer's operation was concentrated 100 percent in independent prime time. Today, Kammerer says, only 20 percent of his business is in prime time and he's dealing with affiliates as well as indies. Meanwhile, the expansion of Fox Broadcasting in prime time is narrowing the unwired's universe.

Kammerer claims he finds the agency invasion of his domain "very encouraging." It shows, he says, that they understand the value of unwireds. But he wonders whether they know what they're getting into, what with the complexities of the paperwork and the risks in meeting guarantees. "Are the agencies in the risk business?" he asks. "Will they expose themselves to risk?"

The ITN founder has become intensely involved in the paperwork aspect of unwired networks. He's going the in-house route after using outside computer services and has hired a programmer to set up a system for ITN. Kammerer believes the agencies will heartily welcome his new service on the grounds that it will increase their confidence in the reliability of his information on commercial clearances. In fact, he intends to set up an outside computer-service company and offer his services to others.

Kammerer lays great stress on developing computerized paperwork systems for unwired networks because the complexity of the medium requires sophisticated automated systems to avoid errors. Some unwired network executives yearn for an industry-wide solution. Martin Waters, TVRC senior vice president, says, "We would like to have analysis [of commercial delivery] done by an 'offshore' firm, who would then send the data to Nielsen [for ratings estimates] to obviate suspicion. We would like a third party to do this so everybody does it the same way."

The issue of reliability has certainly not escaped the Network Television Association, which is preparing a presentation that will slash at the soft underbelly of the unwired networks. The presentation will point out that, among other things, "there is virtually no on-air monitoring being performed by an independent service to verify that all those spots have run." NTA also charges that in most cases CPM/GRP guarantees are achieved with "severe disparities in delivery market to market," and argues that NTI retrocoding (after-the-fact Nielsen rating estimates) makes more difficult the cross-checking between "actual commercial schedules, programming and unwired lineups submitted by the unwired network."

Nevertheless, as noted, the unwireds have survived such slings and arrows and even flourished under a cloud of doubt. What about the future? Opinions vary, but some sources see a shake-out in the near term, with firms squeezed out either by a crowded field, poor business or lack of confidence in their reliability. Kammerer says there's a possibility that even "well-managed" unwired operations may fold. Another view comes from Arnold Semsky, executive vice president and director of media and programming services at BBDO, who feels, "There aren't that many stations available." That is, there may be too many unwired networks for the inventory available. Blair's Don Williams and Katz' Shottland see ranks thinned among the so-called "third-party" unwireds, but, predictably, think the rep chains will be unscathed,.


Jean Pool: There are good guys and bad guys.

> "Are the agencies [setting up unwired networks] in the risk business? Will they expose themselves to risk?"
> —Mike Kammerer

There's no clear consensus. JWT's Pool sees the possibility of a shake-out, but leans toward the view that there will be continued growth in unwired business because of escalating network costs in the future. Edward Goldman, president of Group W TV Sales, who leads the troops pitching the Premiere Announcement Network, also sees the possibility of a shake-out, but adds that the way sales are going on the local level, it's unlikely the stations will run out of inventory for unwired networks. In any case, says Goldman, the reliable unwireds will survive.

Pool's assumption that unwireds will be kept alive and kicking by rising network costs is conditioned by the realization that it works both ways, that unwired network fortunes will expand and contract in rhythm with rising and falling sales by the Big Three. In the final analysis, it appears, the traditional networks will have to continue fighting off attacks on their flanks by unwireds for the foreseeable future.

So far these attacks are pecks rather than large bites. Reliable estimates of unwired billings aren't yet available. The most common figure mentioned is a round $100 million for 1990. That's only about 1 percent of network TV billings—and some say that the $100 million figure is inflated. The eventual ceiling predicted by one agency executive is $200 million—only 2 percent of network billings. But the search for cost efficiency never ends. •

Al Jaffe is a New York-based freelance writer specilizing in TV sales.

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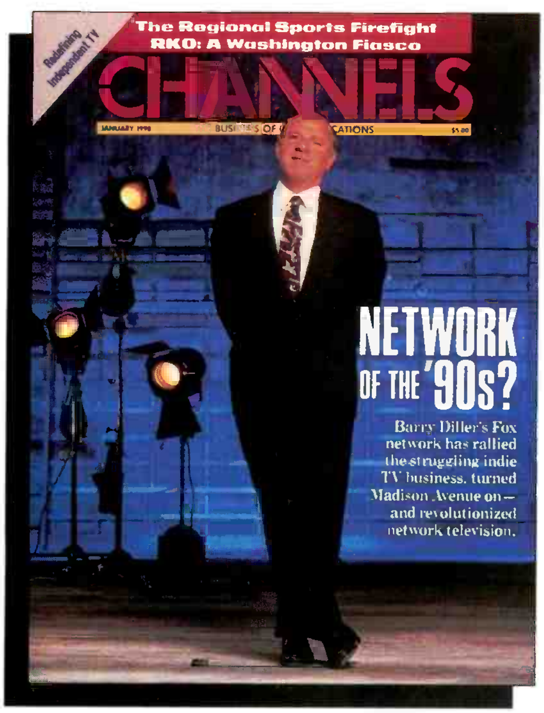
The First Word On Television.



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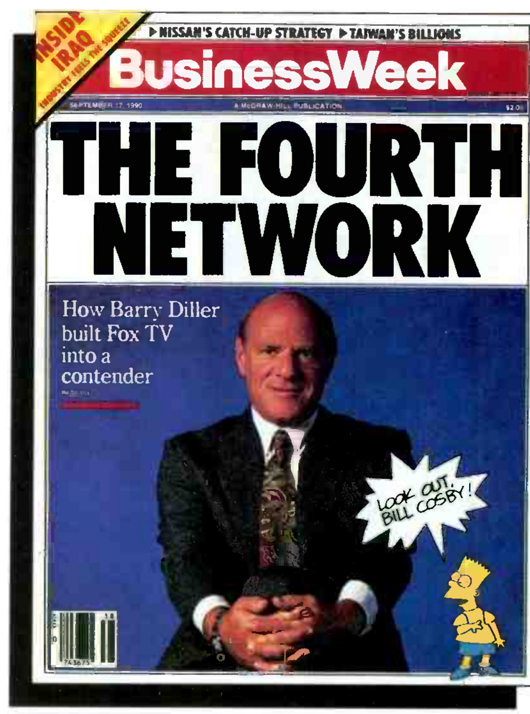

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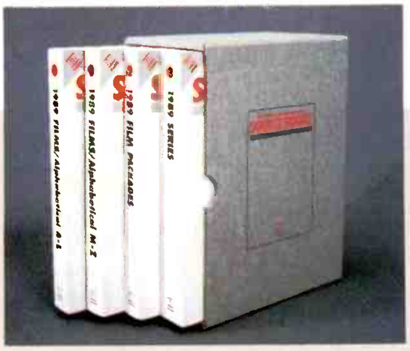

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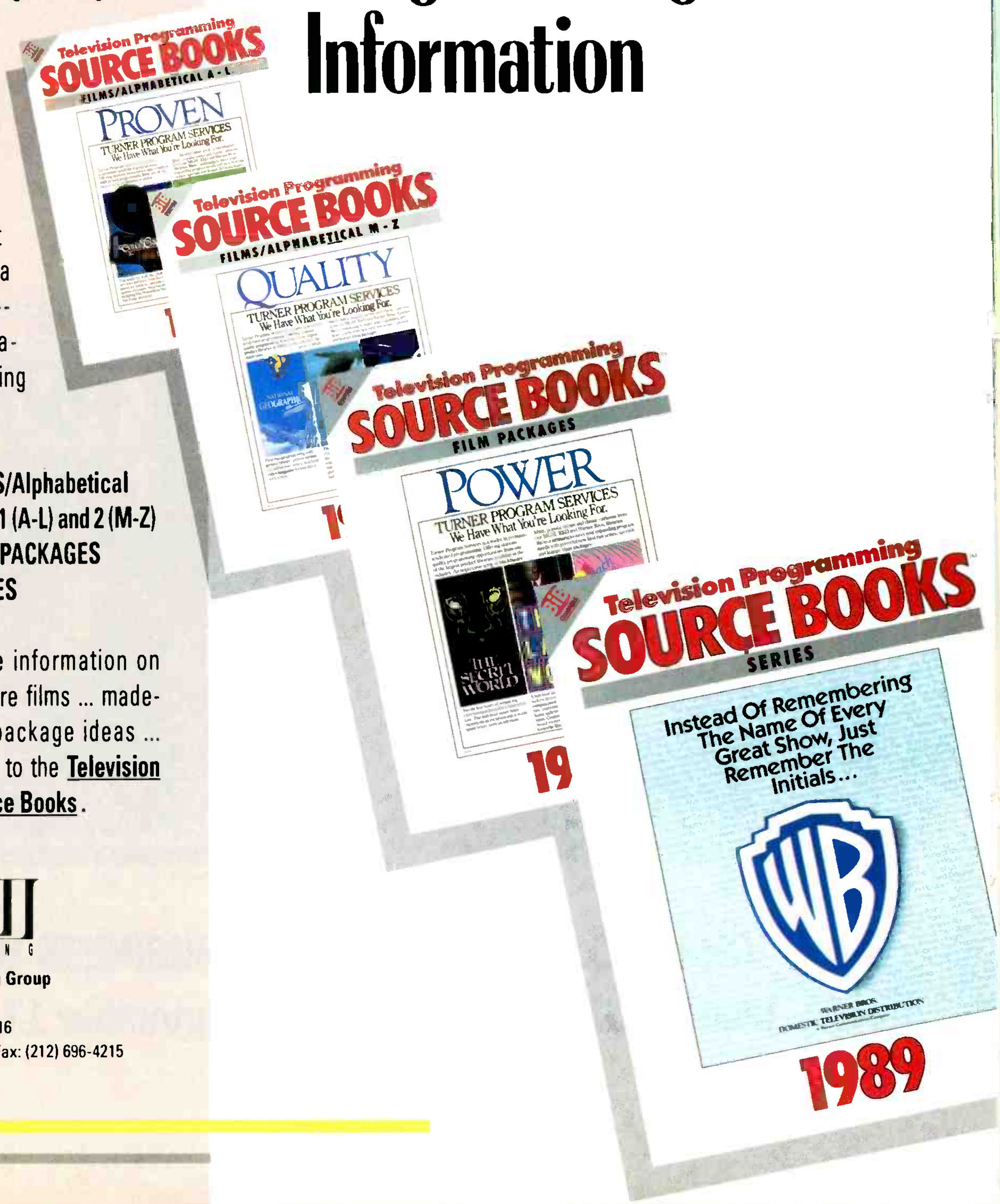

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MEDIA DEALS

Toughing It Out

by Adam Snyder

With no deals to broker, how's a dealer keep from going broke?

In addition to practicing his golf swing, Jay Dugan, senior vice president of Communications Equity Associates, says he's coping with the almost comatose state of the media brokerage business by setting his sights across the Atlantic, CEA having opened offices in London and Munich. The slowdown in the deal market has forced brokers to rethink their business plans, and not all are confident that retooling alone will be enough. Yet Dugan acknowledges that increased European business won't nearly make up for the slowdown here, and predicts a "very tough" period, at least through 1991. Agrees Pat Thompson, chairman of her own brokerage company in Denver, "Anyone who says business is good is on drugs."

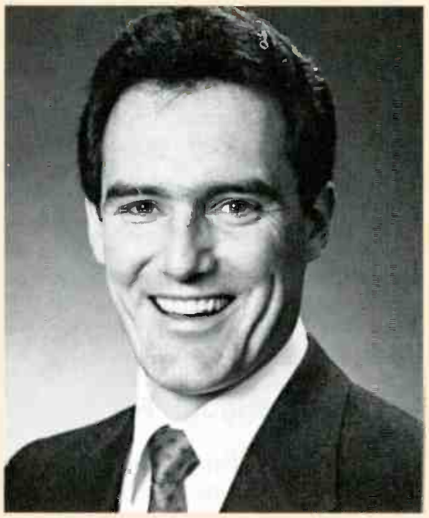
Brokers report different strategies, ranging from efforts to reduce expenses to diversification into fields such as investment banking and consulting. "Where in the past you'd jump on a plane to talk to someone about a deal, now you'll talk to the person over the phone to make sure the trip is worthwhile," says Dugan. But Mark O'Brien, v.p. of R.C. Crisler & Co., disagrees with this strategy. "We're not going to fall into the trap of scaling back on people and expenses. We want to make sure we keep our market share so that when business rebounds we'll be in a position to remain as one of the top brokers."

Still, with business off by 20 to 30 percent, even aggressive firms must adjust. Crisler is one of a growing number, including Norman Fischer & Associates, CEA, Waller Capital Corp., Blackburn & Co. and Daniels & Associates, that have created investment banking arms. "Only a few years ago money was so plentiful that almost anyone could find financing," says Mike Henderson, director of operations at Blackburn. "But suddenly our business is much more complicated than just getting buyer and seller together. There are only a small number of lenders left, and those few are inundated with requests."

The investment banking arms of bro-

kerage houses are trying to become profit centers of their own, and in some cases even trying to help their parent company expand into different businesses. Waller Capital, for example, recently brokered the sale of a home-security company owned by the cable company Bent & Associates.

Most diversification, however, doesn't stray beyond the bounds of the media business. Phil Hogue, chairman and chief executive of Daniels & Associates, oldest and largest of all media brokers, says his firm anticipated the slowdown, and as a result has moved aggressively into international business and mobile communications. Not too long ago Daniels focused almost exclusively on cable; Hogue says mobile deals now



Mark O'Brien: No scaling back.

account for about 25 percent of the firm's business, and investment banking for 15 to 20 percent. But Hogue also warns against diversifying too fast: "It takes time to become adept at a new business. You can't expect to make a decision on Friday and begin a new operation on Monday, not with any degree of professionalism."

Blackburn is another firm that has managed to keep its head above water by anticipating the slowdown. "We diversified three years ago, which has been a godsend for us," says Mike Henderson. In addition to opening Blackburn Capital and a New York office, the firm has placed additional resources into research capabilities, and as a result was able to increase its consulting business. Blackburn is by no means alone. Of Daniels' reported \$5.4 billion of business last year, more than half was from deals in which they acted in an advisory role only. Another difference is that firms are not likely to reject smaller projects. "I've had brokers tell me they'd never work on anything less than \$2 million," says Norman Fischer. "I bet they wouldn't say the same thing today."

The most drastic adjustments are, of course, layoffs and downsizing through attrition. Particularly hard hit are small firms where employees work on commission. "I can't blame them," says Pat Thompson, who has already lost two brokers and expects more to leave. "It's not so much that there are no deals taking place, but what you used to do in three months now takes a year. Not everyone can survive in that climate."

Not everyone will. Experienced brokers acknowledge that a shakeout is underway. While the large established firms are not considered in any real jeopardy, many one-person shops that entered the business when all you needed to be profitable was a telephone and a calculator will surely disappear. •

Adam Snyder is a Channels *contributing editor.*

A Player Again In Prime Time

It's not the Big Three, but former ABC exec John Severino is making L.A.'s Prime Ticket a network to watch.

Since John Severino joined Prime Ticket in October '88, the former ABC Television president and KABC g.m. has upped sales revenue 600 percent and doubled on-air hours. The 4.2 million subscribers to the nation's largest regional sports network can now see the (NBA) Los Angeles Lakers, the (NHL) Kings, PAC-10 football and a wide array of uniquely Californian home-made sports. When members of the Channels *editorial staff spoke to him recently, he was just finalizing a deal to carry the (NBA) Los Angeles Clippers.*

Ticket to Prime Time

I was initially involved in the television business because of my involvement in sports at college. I coached football. And a fellow who owned a TV station in Portland, Maine, also owned the semipro football team. I wanted to get into the television business, and he needed a football coach, so he hired me to coach this semipro team in the old Atlantic Coast Football League, and I sold television time in my spare time.

From there I progressed on, and spent 23 years with ABC. Then from television, I got back into sports when I got involved with Prime Ticket and Bill Daniels and cable.

The Television Businesses

In the television business, the over-the-air business, be it network or be it television stations, you are dictated to by a lot of corporate regulations, you're dictated to by a lot of federal regulations, and you are dictated to by a lot of tradition. Because this is so relatively new an endeavor, it's much more entrepreneurial, and there is much more creativity that can be applied to any of the things that you want to do. And because it's sports, and not brain surgery, you can have a heck of a lot more fun with it.

[I own] a very small chunk. Bill Daniels owns 80 percent and Jerry Buss has 15 percent. I have 5 percent. That was one of the enticements to give up 23 years with a major corporation.

Shake-out Ahead?

There are 32 regional sports networks around the country. I would expect that that's probably just about maxed out, and I would expect that you're probably going to start seeing some consolidation. Really, we can't, for example, nor can some of the other regional sports networks, grow geographically any more than they have, because you start infringing on other teams' territorial rights. For instance, we can't go up to Northern California with the Lakers because you're infringing on the territory of the Golden State Warriors or the Sacramento Kings. We can't bring the Lakers into Phoenix because the Phoenix Suns have that territory. So you're limited insofar as your geographical growth. The growth potential is in cable penetration. In our area, cable penetration is in the 51 percent level, whereas around the country, it's 70 percent. So there's a lot of opportunity for cable growth.

Is L.A. Big Enough For Both RSNs?

From our point of view, yes. You'll have to ask SportsChannel Los Angeles for their point of view. I would expect they're having a tough financial situation now. Because they just can't get advertising revenue. They're a pay service as opposed to our being a basic service.

Not Quite Prime's Time

We're in a negative profit situation. We're in a positive cash flow. And we're moving to a positive profit situation next year. That's all due to advertising revenue. When I arrived there two years ago, we were obtaining about 85 percent of our total revenues from the subscriber base, and 15 percent from advertising. Today that's about 50/50. And I would expect in two years, it will be 80/20 the other way, with advertising being the major portion of the revenue.

Locally, each one of the local television stations in Los Angeles put together a sales brochure about why advertisers should not waste their money buying Prime Ticket. And what we did was to take all of those anti-Prime Ticket sales pieces and put them together in a book and tell advertisers that's in fact why they should be buying Prime Ticket. That, in fact, some of those stations who are advising people not to, are buying us to advertise their news or their sports or their entertainment programming.

Grow Your Own Programming

As opposed to the three television networks—actually the three networks plus ESPN—that have gotten involved in a continual bidding war for the rights to the NHL or the NBA or the Final Four, our product is pretty well-defined for the long term. We have on our existing contracts a 15-year contract remaining with the Los Angeles Lakers, we have 15 years left on our contract with

PHOTOGRAPHS BY ANDREW FRENCH

the L.A. Kings, we've got 12 years left on our contract with USC and 12 years with UCLA and nine years with the PAC-10. So our product is pretty well-defined for an extended period of time.

What we're doing insofar as additional programming is beginning to create some programming of our own. We structured a deal with AVP, which is the professional volleyball tour. It's beach volleyball, and we started it a couple of years ago. It has now blossomed to the point where it's carried by regionals around the country. In fact, NBC carried it on whatever they call their equivalent to *Wide World of Sports*. And a year ago, which was our first year of involvement with AVP, we had $90,000 in ad revenue coming in to that sport; this year we have about $1.2 million.

Then we took that ball and ran with that in something called [PSSA] Pro Surfing. We're putting together and are developing a [PTSA] Pro Snowboarding Tour next year, and we'll see if that can be as successful—a kind of fun sport. We're doing the same thing with the Pro Jet-Ski Tour. We're obviously in a part of the country where those kind of things and that lifestyle is much more prevalent.

But amazing to me is how much Pro Beach Volleyball has blossomed. For example, they're now playing Pro Beach Volleyball in cities like Cleveland, where they take a downtown area and pour beach sand and put up palm trees and start playing in the middle of the downtown area.

To be honest, we had a void. We don't have any baseball. So we had a void in summer. In that period of time from June through August, we just needed something. So we attempted to capture the lifestyle in Southern California. And it worked with volleyball, and then we said, "Well, if it works with volleyball, why not try it with some of the other things that are unique to this area of the country?" So we jumped into the jet skiing and the surfing, and now into the snowboarding.

Going National

We take a lot of our product and nationalize it through the Prime Network. We exchange programming regionally. . . . For example, with MSG, we carried Boston College playing somebody, whoever they were playing, out on the West Coast, and they and New England Sports Network carried USC and whoever they were playing out on [the East Coast].

The other thing we're just beginning to scratch the surface of is producing for other organizations. We produced for NBC Network the Magic Johnson special. I thought that was interesting,

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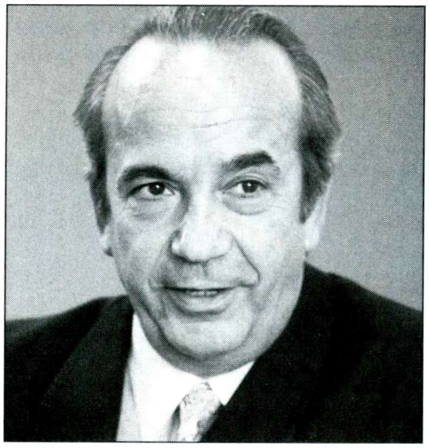

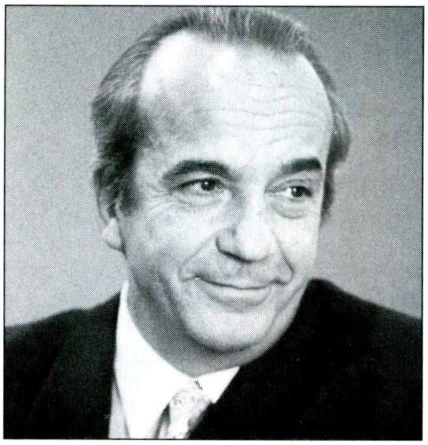

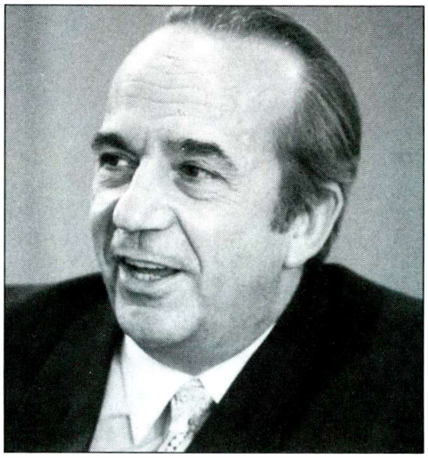

because NBC has a relationship, obviously, with SportsChannel in L.A., yet we were the ones selected to produce that event for them. That's something that we would like to get more involved in, because it gives us some additional revenue and some additional experience and exposure.

Things that I saw occur in over-the-air broadcasting that we're trying to avoid are . . . For example, with this new *Press Box* show that we're putting together now. We're trying to make the show format-driven as opposed to personality-driven, so we don't want to get into a situation where we're paying somebody $1 million a year to come in and read the news, like some of the television networks or television stations have been doing.

New Thinking Back At the Old School

I think there's a lot of innovation going on in prime time with all three of the networks, and I think that's interesting to watch. I think the *Twin Peaks* and the *Cop Rocks* are interesting endeavors. They see the continual slide in three-network share, from 95 percent down to a premiere week where they had 61 percent. I'm sure that was a shock to be that low coming out of the box, with all the hoopla with the K marts and the McDonalds and so on. To have a three-network share of 61 percent I'm sure was not anywhere near what they had in mind. And I think they're going to have to continue to innovate and come up with different kinds of programs to get those viewers to come back and sample them. Otherwise, that share might be 35 percent in two or three years.

It's interesting to see what's going on with Major League Baseball. Here CBS went out and paid $1 billion whatever it was for the rights, and one of their major premises was that they justified paying that kind of rights fee because that could help them kick off their new lineup for the fall season, with the League Championship games and the World Series. And I'm sure that's true. It's more true if it's the Yankees playing the Dodgers or it's the Mets playing the A's. But I'm not sure that same logic holds true if it's Toronto playing Pittsburgh, [for example]. Maybe in a situation like that . . . You look at this year, what's going on with CBS, and it seems as though they had some real good traction getting out of the gate with their new fall season. [When the network ends up] with two teams that are less desirable on a national basis in the World Series, that could in effect backfire. So those kinds of things you have to be careful of. •

RUNNING THE NUMBERS

Definitely Half Empty

Much has been made of the slow, inexorable slide of network prime-time shares, from over 90 percent in the 1975-76 season to just above 60 percent in 1989-90. Daytime shares are even lower. Starting eight points lower than prime time in the 1975 season, daytime (10 A.M. to 4:30 P.M.) has kept pace proportionately with prime time's decline, falling to 53 percent for October '89 through August '90. Daytime is now in danger of falling below 50 percent for the 1990-91 season. For September '90, combined shares dropped to 57 percent from 60 percent a year earlier, after being off four and five points in July and August, respectively. Perhaps that explains why ABC, for example, has been advertising its soap lineup on the basic cable networks Lifetime and MTV.

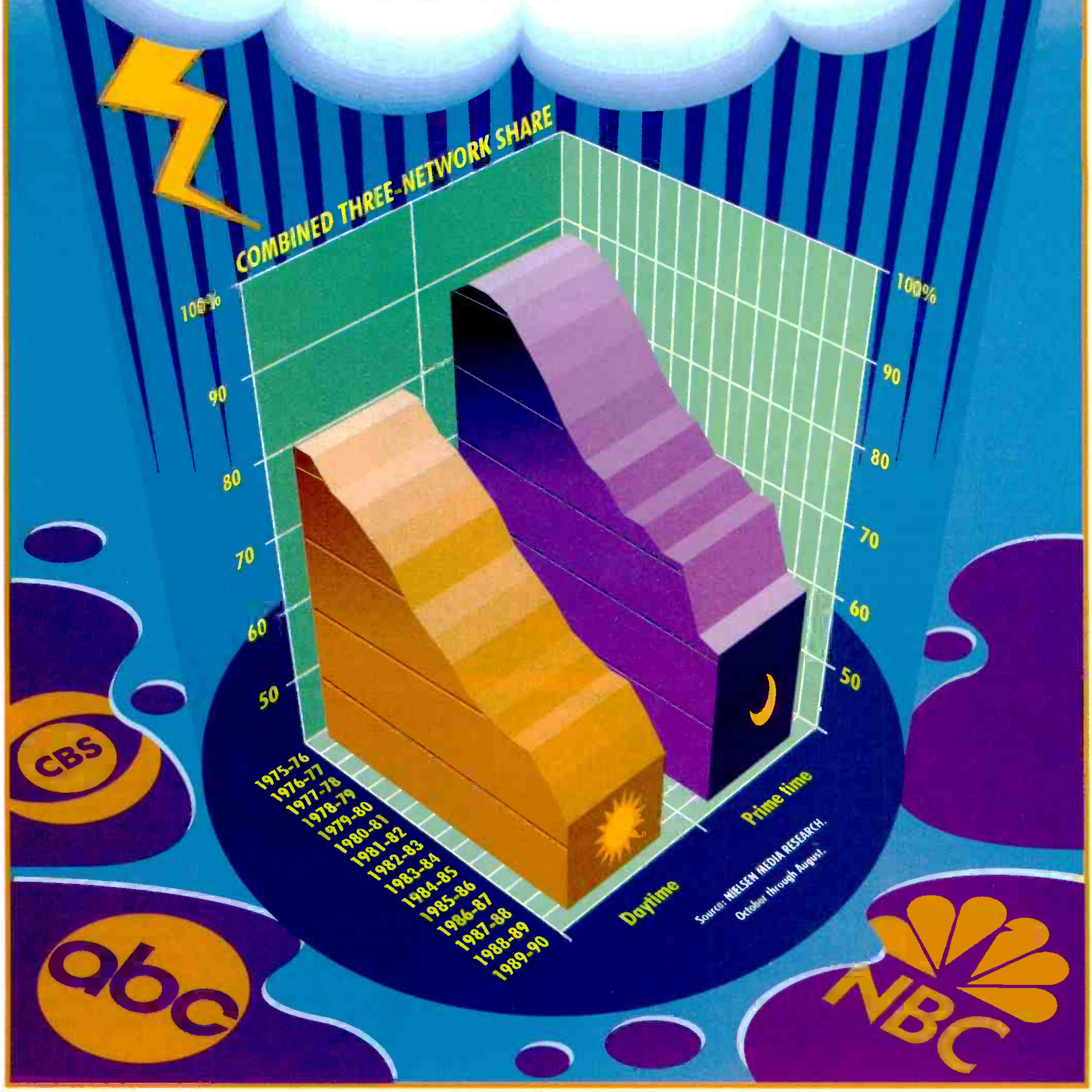

ILLUSTRATION BY JIM LUDTKE

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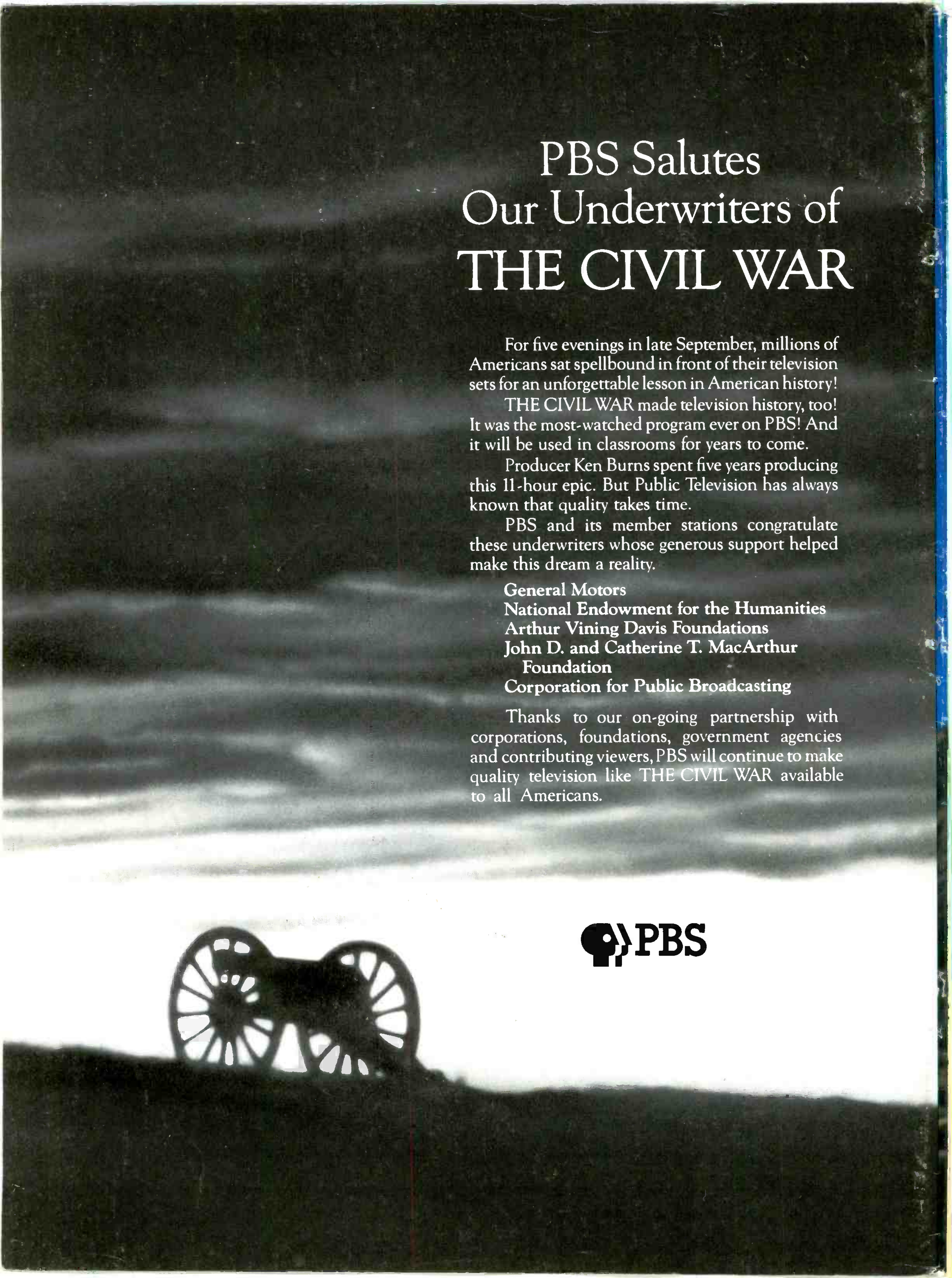
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