MEDIAWEEK

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THE NEWS MAGAZINE OF THE MEDIA

Cable Upfront Rolls Toward $5.5B

With business more than halfway wrapped, 20% gain over '02 is anticipated PAGE 4

THE UPFRONT

TV Dollars Trickle Down to Syndie

Distributors ride spending wave to CPM gains PAGE 5

TV STATIONS

CBS Affils Balk At Cost of NCAAs

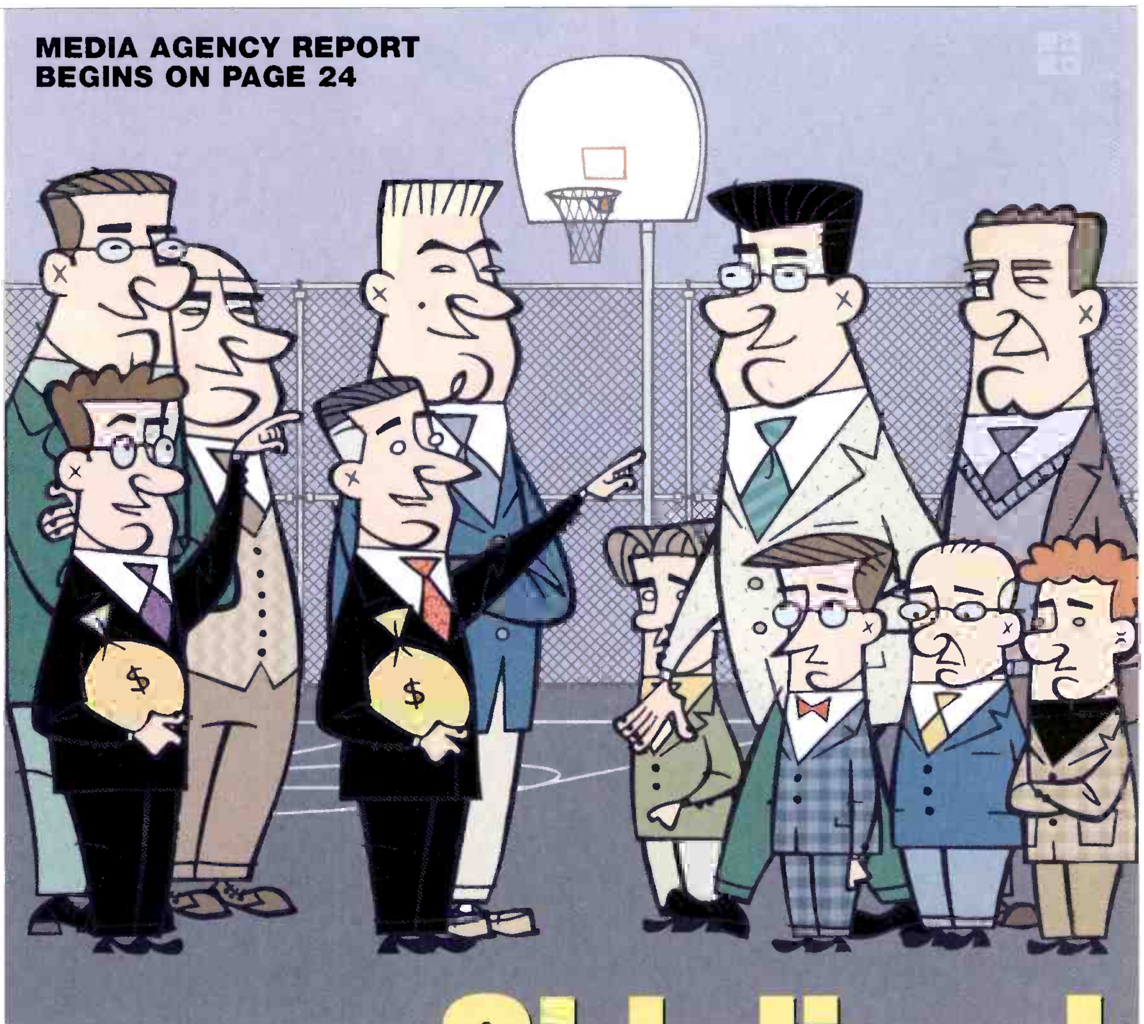
Outlets call for reciprocal dollars from network PAGE 6

LOCAL MEDIA

News-Sharing Pacts on the Rise

TV, radio, newspapers share more resources PAGE 12

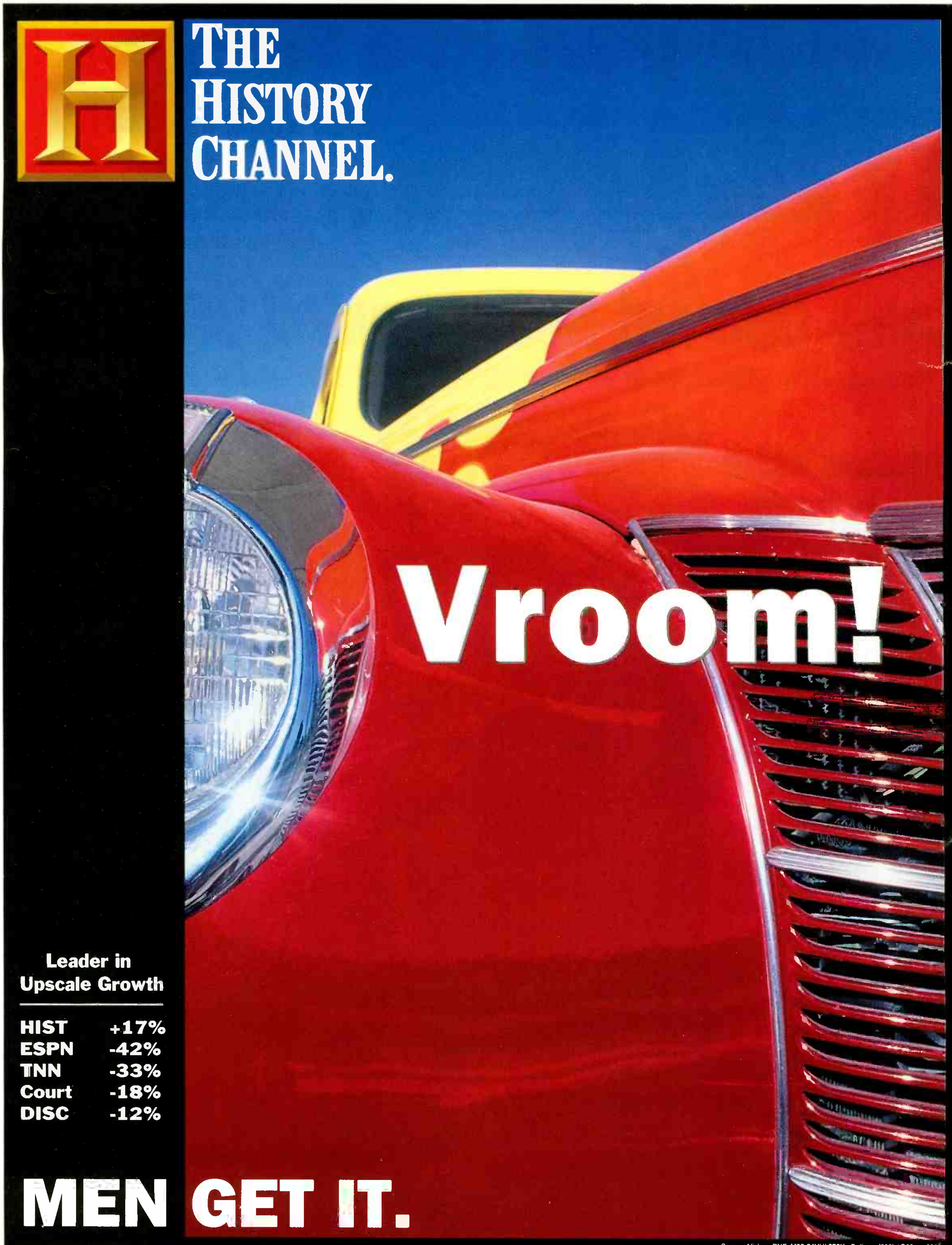
MEDIA AGENCY REPORT BEGINS ON PAGE 24



TERRY COLON

Sidelined

Small and midsized media agencies are steadily losing business to mega-shops, even on smaller accounts **By Jack Feuer**


THE HISTORY CHANNEL.
Vroom!
Leader in Upscale Growth
HIST +17%
ESPN -42%
TNN -33%
Court -18%
DISC -12%
MEN GET IT.
Source: Nielsen PNF, M25-54HHI $75K+ Delivery (000) 1Q03 vs. 2002

At Deadline

OMD USA'S CYNDI APRIL STEPS DOWN

Cyndi April, director of print strategy for OMD USA, left the company last week after less than a year in her current position. April was responsible for overseeing the print operations of OMD's Chicago, Los Angeles and New York offices after the group restructured last year. Before her promotion, April had been group strategist at OMD USA, working on the Masterfoods and Lenscrafters planning accounts. "It was a mutual agreement to part ways, since we are changing the scope of that position," said an OMD representative, who declined to elaborate on the changing nature of the post. A replacement for April is expected to be named soon.

FEWER NBA VIEWERS ON CABLE

Ratings for NBA playoff telecasts on TNT were up 28 percent compared to games on the cable network last year, and ratings for 20 NBA playoff games on ESPN averaged a 2.4 in households, up significantly over the programming ESPN carried in the comparable time periods last season. But with most of the early-round playoff games on cable rather than on broadcast this year, total viewers were down. Through 25 weekend playoff games (20 on ESPN and TNT, 5 on ABC), cumulative household ratings were a 2.5, compared to a 4.1 last season for the same number of weekend games (22 on NBC, 3 on TNT), a 39 percent drop. Comparing ABC playoff telecasts so far this spring to NBC's last year, ABC is averaging a 4.6, down 6 percent from NBC's 4.9. The playoffs conclude with the NBA Finals, beginning June 4.

NY TV STATIONS LINE UP TOWER

New York television stations, currently transmitting from the Empire State Building after the destruction of the World Trade Center, may have finally lined up a new signal transmission site. The Metropolitan Television Alliance has signed a nonbinding agreement with WTC leaseholder Silverstein Properties for stations to move to the top of the planned 1,776-foot Freedom Tower. The Freedom Tower antenna will sit on the former site of the World Trade Center; the building is slated to be completed in 2008. The Empire State Building would still be used by broadcasters as a backup site.

AOL, MICROSOFT BURY HATCHET

AOL Time Warner and Microsoft last week settled their dispute over Internet browsers, with the software giant agreeing to pay the troubled media colossus $750 million. As part of the deal, Microsoft will license its Internet Explorer browser to AOL for seven years at no cost. The companies will also collaborate on software distribution and new digital media initiatives. The settlement resolves an antitrust complaint filed against Microsoft by rival Netscape Communications, an AOL subsidiary.

ADDENDA: **Myrna Blyth**, editorial director of Meredith Corp.'s *More* and head of new product development and longtime editor of *Ladies' Home Journal*, will retire from the company June 30...**Kathy Crawford**, executive vp/director of local broadcast at Initiative Media, has joined MindShare as president of local broadcast. She replaces Jean Pool, who left last year to join Universal McCann...Dennis Publishing's ***Blender*** will raise its circulation rate base 28 percent in January to 525,000, from 410,000...**Citadel Communications** filed an initial public offering to raise about $288 million...UPN's ***America's Next Top Model*** produced a higher rating and share in its second episode on May 27 than for its May 20 premiere. The second outing scored a 1.6/5, up 6 percent, according to Nielsen Media Research data...**Sony Pictures Entertainment** has restructured its media department, promoting Stefanie Napoli to senior vp of media and hiring former McCann-Erickson vp Brad Goldberg as a media vp. Napoli and Goldberg will work directly with Sony's media-buying agency, Universal McCann...Seattle-based **Fisher Communications** has agreed to sell its two radio stations in Portland, Ore., to Entercom Communications for $44 million.

CORRECTIONS: In a story on small agencies on page 24 in this issue, the names of two companies are misspelled: Del Pharmaceuticals and its product, Orajel. In the same story, a quote by Charlie Rutman, president of Carat USA, should read; "Whether we like it or not, what's really happened is that media has been bundled [in large, autonomous specialist shops] and creative has been unbundled." In the Magazine Monitor Bimonthlies chart in last week's issue, the numbers for *Metropolitan Home* magazine were misreported. The May/June 2003 issue had 144 pages, putting it 5.19 percent ahead of the 2002 corresponding issue and giving the title 323.01 ad pages year-to-date. Also, the image from *The Simpsons* on the cover of the May 26 issue should have carried the credit ©2001 *The Simpsons* & TTCFFC.

INSIDE MEDIAWEEK

MIKE LANG FOR SARASOTA HERALD-TRIBUNE

Market Indicators

NATIONAL TV: BUSY
On the heels of a record broadcast upfront, the syndication upfront market wrapped last week with revenue up 15 percent to $2.3 billion. Meanwhile, scatter is active for third quarter.

NET CABLE: STRONG
Following some early deals cut by the top network groups, the upfront market expanded to include Court TV and E!, which had closed some business by week's end. Fueled by spending from foreign auto, retail and pharmaceuticals, budgets are up sharply.

SPOT TV: SOFT
June is soft so far overall, despite strong spending by the auto, entertainment (especially movies), retail and home improvement categories. Travel and restaurants are off.

RADIO: MIXED
Inventory is wide open for June in most markets, with some tightening among top-market stations targeting young adults. Home improvement (Home Depot and Lowe's) is coming on strong, along with movies and financial services. Auto and retail are softer.

MAGAZINES: ACTIVE
With home building and remodeling active sectors, many titles are getting steady business from household furnishings and supply brands. The cosmetics and toiletries category is also an active spender.

Cable Extends Upfront's Cleanup

$5.5 billion take expected; Turner, Discovery, MTV Networks, E! are active

THE MARKETPLACE By Megan Larson

Though the pace of negotiations slowed down a bit last week following a surprising jump-start to the cable upfront before Memorial Day weekend, the marketplace showed few signs of weakening. All of cable's major advertising categories are strong, save for domestic auto companies, which are essentially flat. Budgets, meanwhile, were up as much as 50 percent over last year across the cable landscape, from majors Turner Broadcasting and Discovery Networks to mid-tier players including E! and FX.

Turner's Levy says daytime has become a stronger seller.

With all the extra money being pumped into the upfront market, cable is expected to grow about 20 percent in volume to around $5.52 billion over last year's $4.6 billion. But some sales executives think the total could surge beyond that. "It has to be more," said Discovery Networks ad sales president Joe Abruzzese. "I can't imagine that we are the only network registering 50 percent more money."

The double-digit volume increases and cost-per-thousand pricing growth is welcome relief from the past two years, during which many cable networks were forced to reduce rates in exchange for greater dollar volume. "This year gets most vendors' pricing back to 2000 levels," said Bruce Lefkowitz, executive vp of entertainment ad sales, Fox Cable Group, referring to the period preceding the dot-com bust and subsequent economic downturn.

The abundance of cable networks makes it difficult to determine the average going price for cable inventory, but by and large cable network sellers put average CPM growth between 5 percent and 15 percent over 2002 (when the range fell between negative-9 percent and plus-9 percent). Niche networks, including E!, Comedy Central and MTV, can traditionally fetch much higher CPM hikes than the average—and this year looks as if it will be no different.

But with so much money out there, most cable networks are gunning for even bigger increases. It's one of the reasons that the pace of negotiations, which began so quickly before Memorial Day, slowed down last week, according to media buyers.

"Cable networks are being very bullish about pricing versus what the agencies want to accomplish for their clients," said Andy Donchin, senior vp and director of national broadcast for Carat North America. Though Donchin acknowledges that some cable nets may be able to hold their pricing levels, he said that there are just too many networks and too many ways for advertisers to spend money in cable for buyers to give in to pricing demands just yet.

As was the case in the broadcast upfront and in the syndication market (*see story on page 5*), waiting may prevent some advertisers from laying down money where they want it, or so the cable networks were saying at the end of last week.

"There is a tremendous amount of money out there, but not all that is registered can be placed," said Mark Rosenthal, president/COO of MTV Networks. "MTV Networks is being very selective about where it puts its money."

Fox Cable's Lefkowitz is happy that rates are on the rebound.

About $600 million could not be placed in the broadcast networks' upfront, which has prompted some advertisers, including General Motors, to seek out cable networks that it has never done business with, said cable sales executives. With budgets up, money spilling over from broadcast and scatter dollars typically shifting into the upfront, some lower-volume advertisers are already being squeezed out even though their budgets have been registered.

Discovery expected to wrap about 70 percent of its upfront business by the end of the week. That business includes a deal done with Procter & Gamble that builds upon last year's $50 million deal by about 40 percent. The estimated $70 million deal includes all the Discovery Networks, with special emphasis on TLC and its wildly popular *Trading Spaces* and related series, said buyers who have done business with Discovery. TLC is fetching 14 percent CPM increases. Discovery and P&G agency Mediavest declined to comment.

Meanwhile at Turner, David Levy, Turner Broadcasting president of ad sales and sports, said the unit sold four new sponsorships to TNT's acquired drama *Law & Order* as well as several into TBS Superstation's Non-Stop Comedy Block, which includes *Friends* and *Seinfeld*. TNT's daytime schedule, which includes repeats of *ER* and *Charmed*, is also selling well. "We have been saying that our daytime is just as strong as some networks' prime time, and finally advertisers are taking advantage of it," said Levy.

The top-tier network groups like Turner, Discovery and Universal's USA Network and Sci Fi Channel all moved early. Turner expected to be 50 percent sold at the end of last week, while Universal hoped to be 85 percent wrapped. The niche networks, including E!, began moving right after Memorial Day and had closed some deals by week's end. Fueled by solid performers like the *E! True Hollywood Story* and a ramped-up development slate for next season, E!'s ad commitments are up about 40 percent, said Neil Baker, senior vp of ad sales for E! Entertainment. E!'s sister network Style is registering even stronger gains, Baker said.

One concern that has been voiced about the robust upfront is that there may not be enough advertiser money left for the scatter market, which could cause scatter pricing to drop. So far, the distribution of cash in cable across the four quarters that make up next season is fairly normal for most networks. Still, sales executives are trying their best to direct buyers to areas of their schedules that could use some padding.

If cancellations on upfront commitments end up being plentiful next season, the broadcast networks will bear the brunt, cable executives claim. "When breakage occurs—and it will—people will look at the efficiencies of top-tier cable," said Jeff Lucas, president of ad sales for Universal Television Group. "There will be minimal cancellations there." ■

Siphoning Off the Spree

Buyers: Syndicators' CPM gains due to overall raft of TV dollars

THE UPFRONT By John Consoli

Sony Pictures' *King of Queens*, starring Kevin James (l.) and Jerry Stiller, drew the top CPMs among frosh off-net shows.

ROBERT VOETS/CBS

The robust television ad marketplace for next season spilled over into the syndication upfront, which concluded last week with advertisers spending about $2.3 billion, up 15 percent over last year. With demand for broadcast-network TV ad time exceeding supply, buyers turned to syndication, giving distributors their strongest upfront in at least four years.

Major first-run syndicated strips including King World's long-running *Wheel of Fortune*, *Jeopardy!* and *Oprah* each garnered cost-per-thousand rate boosts of 18 percent to 20 percent, buyers said. Top-tier off-network sitcoms *Friends* from Warner Bros. Domestic Television, *Everybody Loves Raymond* from King World and *Seinfeld* from Sony Pictures Television earned CPM bumps of 15 percent to 18 percent. Warner Bros.' *Will & Grace* won increases of 13 percent to 15 percent.

For returning middle-tier off-net sitcoms like Carsey-Werner-Mandabach's *That '70s Show* and 20th Television's *Dharma & Greg*, along with several of the better-rated court shows, media buyers said they paid CPM increases of between 10 percent and 13 percent.

Lower-tier shows, if bought separately, could be had for between 2 percent and 8 percent CPM increases. Syndicators were trying to make buyers take inventory in those shows if they wanted to buy the top-shelf programs. Several buyers conceded that the strong marketplace made it easier for syndicators to move the lower-tier shows in packages this year than in the past.

"They were lucky this year, but it may not happen again for a while where the syndicators are able to charge so much for their top-tier shows while forcing so much low-tier stuff on us," said one buyer.

On a pure CPM basis, King World's second-year hit talk show *Dr. Phil* received the highest increase (25 percent), boosting the cost of a 30-second spot to about $30,000. Buyers said King World initially sought a 35 percent rate increase, but most balked at that bump. King World was able to get the 25 percent hike because *Dr. Phil* was sold at relatively low rates last year and did so well in the ratings during its first season. Many buyers said *Phil* is still a relative bargain, since spots on its sister show, *Oprah*, go for about $100,000 per :30.

Buyers said they were limited in how much advertising they could place on *Dr. Phil* at the 25 percent increase; they were only allowed to match last year's level. Those wanting to increase their presence had to pay 55 percent to 60 percent hikes for the additional inventory.

Among new fall shows, Warner Bros.' daytime talkers *Ellen* and *Sharon Osbourne*, King World's *Living It Up With Ali & Jack*, Buena Vista's variety show *Wayne Brady* and 20th Television's *Ryan Seacrest* all sold at a rate of about $12 per 1,000 viewers in the women 18-49 demo, said buyers. Many said they believe *Ellen* will generate the highest ratings of the bunch.

Buyers said Sony sitcom *King of Queens*, in its first year of syndication, received the highest CPMs among the new off-net entries, at $20 per 1,000 viewers adults 18-49. ■

Megadeals a No-Show

Buyers and sellers turning down the volume on cross-platform ad packages

THE MARKETPLACE By John Consoli

Conspicuously absent from this year's upfront marketplace is the mega-dollar, multiclient cross-platform advertising deal, and both media buyers and network executives say it could be a long while before a pact on the scale of last year's $1 billion ABC Unlimited–OMD package is brokered again. The ABC-OMD deal, which both sides say worked out well, was not renewed this year because in the current marketplace there was not enough upside for the network or agency, according to sources with knowledge of the talks.

Last year, ABC Unlimited used the cross-platform arrangement to lock in early a big chunk of dollars in what was expected to be a weak sales environment and with the ABC network coming off one of its worst seasons ever. OMD was able to get favorable rates for its clients based on the huge volume of the deal.

However, last year's upfront turned out to be much stronger than expected, and ABC probably could have taken in more dollars if it had waited longer before making the deal or held back some of its inventory to sell later. And ultimately, some OMD clients balked at producing all the dollars to which they had committed, sources said, leaving ABC Unlimited about $100 million shy of the original deal. OMD officials couldn't be reached for comment.

An executive at ABC parent Walt Disney Co. insisted the deal worked out for both sides and that "there are no issues between ABC Unlimited and OMD." The executive said the deal was not renewed "because client agendas change from year to year and brand by brand."

The Disney executive also acknowledged that ABC Unlimited is set up to work better when cross-media deals are done for a specific brand, not for dozens of clients with intermingled brands. "With one brand, each media unit can focus better on that product and tailor to its specific needs better," he said, adding that ABC Unlimited has "dozens" of multimillion-dollar cross-platform deals working right now, most of which are brand-specific.

Buyers say experience with these big-volume cross-platform deals shows they work only "if the goal is solving a problem for a client or meeting some sort of specific need, not just to get a discount for volume spent," said Andy Donchin, senior vp and director of national broadcast for Carat North America.

"There's a time and a place for cross-platform deals," said another network sales exec. "They're not dead by a long shot. But most of these deals will be for tens or hundreds of millions, not a billion. And the ones that work will be for shorter periods, like a few months." ■

Media Wire

Uni McCann's Cunningham Tapped as Chief of CAB

As the new president/CEO of the Cabletelevision Advertising Bureau, Sean Cunningham said he hopes to build on the current momentum of the cable upfront marketplace and promote the benefits of using local and national cable in media plans. "Our primary charter is to render clearly the selling value of cable," said Cunningham, who was appointed last week. "It is a profoundly powerful way to get your message across."

Cunningham for the past three years served as executive vp/managing director of Universal McCann, managing the buying unit's New York office and overseeing $6 billion in billings. Previously, Cunningham was executive vp/media director for Lowe Lintas and executive vp/media director at Ammirati Puris Lintas before parent Interpublic merged it with the Lowe media units in 1999.


Cunningham: Cable a vibrant landscape

Cunningham's appointment ends a search that began last fall to succeed retiring CAB chief Joe Ostrow.

"Cable is a vibrant landscape," Cunningham said, adding that at the CAB, "we need to report what has been a staggering amount of business that advertisers have been able to reap on the back of cable. There is a story to be told." —*Megan Larson*

TiVo to Roll Out Audience Measurement Service

TiVo, the digital video recorder maker, is introducing a new audience measurement tool that will give the broadcast networks and advertisers the opportunity to analyze second-by-second viewing patterns within TV programs. TiVo will gather this viewer information and release it on a subscription basis in quarterly reports. The company will also offer customized viewing *(continued on page 8)*

Last-Minute Maneuvers

FCC's Powell tweaks radio rules for minorities on eve of ownership vote

WASHINGTON **By Todd Shields**

The Federal Communications Commission headed for its landmark vote on media ownership rules—set for today—under pressure from radio station owners upset with a proposal to circumscribe station sales, and from TV groups that want more freedom to own two stations in smaller cities.

As those issues emerged amid last-minute bargaining, public agitation surrounding the rules mounted, with the FCC flooded with more than 200,000 electronically filed comments last week, bringing the total remarks to 520,000. Adding to the political frenzy were pleas for delay from Democrats fearful that media consolidation will weaken public debate, accompanied by calls to stay the course from Republicans who say media laws need updating because the Internet, cable and satellite TV provide an abundance of media choices.

The Republican-dominated FCC is expected to relax restrictions on TV station group size and allow cross-ownership of a market's TV, radio and newspaper properties. Networks still would be barred from buying one another, and rules limiting concentration of local radio ownership would be tightened.

Last week, Republican FCC chairman Michael Powell moved to exploit one rule change in order to advance his longstanding interest in promoting minority ownership of media companies. Some radio clusters will have more stations than permitted once new restrictions on local ownership take effect. Powell proposed letting small companies buy the clusters intact, in hopes that would give opportunities to women and minorities; otherwise owners would need to unbundle their clusters before selling. Top radio owner Clear Channel Communications called it unfair to dictate to whom it could sell. Democratic commissioner Jonathan Adelstein derided the idea as "a token provision."

The National Association of Broadcasters told the FCC there is "a crying need" to help small struggling TV stations. It said the agency should allow an owner the efficiencies of holding two stations in even small markets. It was not clear whether the NAB proposal or Powell's clustering provision would succeed in Monday's voting. ■

We Gave at the Office

Otherwise happy CBS affiliates balk at being asked to help pay for NCAA deal

TV STATIONS **By A.J. Frutkin**

Thanks to gains in local late-news ratings for many CBS affiliates this past season—due largely to the success of the network's 10 p.m. programs like *CSI: Miami* and *Without a Trace*—the mood was upbeat at the 49th annual CBS affiliates conference held in Las Vegas last week. But there still were some grumblings in the hallways of the Bellagio hotel, where the conference took place.

Among the most heated topics of discussion was CBS' pursuit of financial assistance from affiliates to help defray the network's costs for NCAA basketball. CBS is said to be asking affiliates to make a yearly con-


Syracuse's NCAA tourney win on April 7 drew lower ratings than the '02 final.

RAY STUBBLEBINE/ICON SMI

tribution of $27 million for the duration of its 11-year, $6 billion NCAA contract (which began this year), about 5 percent of the network's tab.

"We will create value, either by an exchange of inventory or cash, which will allow us to accrue a contribution from the affiliate body every year, in order to help us pay down the rights for NCAA basketball," said Peter Schruth, CBS president of affiliate relations.

CBS affiliates already contribute to the network's $4 billion, eight-year National Football League rights package, which is going into its sixth year. But Robert Lee, chairman

Media Wire

reports for any program airing in any daypart on television. The methodology for the reports was developed with the assistance from the Starcom MediaVest Group. The service is expected to be offered shortly.

The quarterly TiVo Commercial Viewing Report will provide a numerical ranking of the viewer retention of each show in prime time on the major networks and track second-by-second viewing patterns.

The data will be derived from aggregate data collected when TiVo's recorders make their daily phone call to the company's broadcast center to download programming information.

TiVo said that its first report generally will show that sitcoms and dramas have the lowest commercial viewing rates, while reality programs, news and "event" programming score better. CBS' telecast last February of the Grammy Awards, for example, had one of the highest levels of commercial viewing, while commercial viewership on NBC's *Friends* was nearly 50 percent lower, TiVo data shows. *—John Consoli*

MTV Networks' McGrath To Oversee Comedy Central

MTV Networks last week integrated Comedy Central, which it officially acquired last month, into its music networks group and gave Judy McGrath oversight of the channel.

McGrath, president of the MTV Music Group, was named MTV Networks Group president and will now oversee MTV, VH1, CMT, Comedy Central and college service CTN.

Herb Scannell, who oversees Nickelodeon, Nick at Nite, Spike TV and TV Land, was also given the new title of MTV Networks Group president. McGrath and Scannell both report to MTV chairman/CEO Tom Freston.

Strategically, the move to align Comedy Central with the other music networks makes sense, because they all serve an 18- to 34-year-old demographic group.

MTV parent Viacom and AOL Time Warner had shared ownership of Comedy Central before Viacom acquired AOL's 50 percent stake in April. *—ML*

of the CBS Affiliates Advisory Board and general manager of Schurz Communications' WDBJ-TV in Roanoke, Va., said comparing pro football to college basketball is an apples-to-oranges equation. "If you're in an NFL city, and you know your team is going to do reasonably well year after year, then you have a certain enthusiasm for the rights package," Lee said. With the NCAA schedule and tournament, Lee noted, "it can be Gonzaga one year and Georgetown the next. So it's been more difficult to quantify what sort of financial impact this deal has on a typical station."

Although Lee said he is hopeful about the negotiations' outcome, CBS' proposal irked many other station executives, who expressed concern that an NCAA deal could set an unfortunate precedent for the future. "It's a scary proposition," said Kevin O'Brien, president of Meredith Broadcasting, which owns five CBS stations including WGCL in Atlanta. "At what point does a network stop coming to the affiliate trough for more things?"

O'Brien added that the only way the NCAA deal would work is if it is revenue-mutual for the affiliates. CBS' Schruth confirmed that among the proposals being floated is one in which affiliates would get a minute of local inventory in the *CBS Evening News With Dan Rather*. Schruth declined to elaborate on any other proposals, adding that the negotiations remain "in flux." ■

Character Builders

Nets looking to new crop of serial dramas to connect with viewers this fall

TV PROGRAMMING **By A.J. Frutkin**

While crime shows have claimed more real estate on the broadcast networks' schedules this fall, the nets also are quietly introducing a fresh slate of character-driven drama series, including CBS' *Joan of Arcadia* and *The Brotherhood of Poland, N.H.*; Fox's *Wonderfalls* and *Still Life*; and NBC's *Miss Match*.

But in a network marketplace that has largely shunned serialized storytelling in recent seasons, these new hours may look more like procedural dramas than ever before. Whether it's "close-ending" episodes or using voiceovers to catch viewers up on a weekly basis, the networks "are making sure these serial shows are at least set up to succeed," said Laura Caraccioli, vp and director of SMG Entertainment.

Miss Match, with Ryan O'Neal and Alicia Silverstone, is a quirky new NBC serial hour.

TM & © FOX AND ITS RELATED ENTITIES

Caraccioli noted that the strength last season of reality programming also may be spurring the trend back toward more serialized dramas. "If you want to dissect what has made reality so special, it wasn't the stories, but the people themselves," Caraccioli explained. "I think that's helped get us back into character-driven programming."

CBS concurs. "With a show like *Survivor*, there is a sense of intimacy and urgency, and I think audiences do expect those qualities in a character drama," said Nina Tassler, the network's senior vp of drama series development.

Still, the fact that dramas other than procedurals have failed to repeat well for broadcasters has inhibited their development in recent seasons. "For the networks especially, [serial dramas] tend to be a one-run business, and that creates economic hardships," said Gary Newman, president of 20th Century Fox Television, which is producing four of the five new entries—*Brotherhood*, *Miss Match*, *Wonderfalls* and *Still Life*. "That doesn't mean you can't create a successful business model if you're mindful of your costs and deficits, and realistic about the potential of a program."

In covering deficits, studios often have looked to sales in overseas markets. But character-driven dramas don't sell as well as action hours, because cultural norms here often don't translate. CBS' Tassler said shows like *Joan* and *Brotherhood*, which examine traditional family ties, are universal in their appeal. "No matter where you are on the globe, you can recognize those themes," she said.

Even if audiences don't take to these new dramas, programmers said green-lighting them will have been worth the effort. "Networks need to be broadcasters, by appealing to different segments of the audience," 20th's Newman said. "No one can make a schedule work with just one type of programming." ■

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check out courttvmediakit.com.

COURT TV
Join the Investigation ®

Source Nielsen NPower Jan 03 A18-49 M-Su 8p-12m Top 15 ranked cable networks with 50+MM subs

Sticks like glue.

Our audience is glued to your commercials *more than any other network's.*

#2 RETENTION

Court TV retains **95%** of its audience through commercial breaks. #2 in basic cable.[1]

#2 LENGTH OF TUNE

Our viewers stay tuned an avg. of **23 min.** before switching channels, 59% higher than the cable avg. and #2 in basic cable.[2]

#2 ATTENTION

Court TV is **#2** among viewers who pay attention to television.[3]

#1 ENVIRONMENT

No other network ranks as high in all these criteria, making Court TV the most effective place for your commercials.

If you want your ads to stick, check out courttvmediakit.com.

Source 1 Nielsen NPower A18-49 Prg mins vs mins containing commercials/promos Wk of 10/14/02 M-Su 8-11p Sun 10/20/02 is excluded for BET due to no commercial activity. Among cable nets with 50+MM subs, plus a 4 Broadcast net average (analysis, Court TV) 2 Nielsen NPower Jan 03. A18-49. M-Su 8p-12m Among cable nets with 50+MM subs 3. 2002 MRI Doublebase A18-49 among cable nets with 50+MM subs, Qualifications available upon request

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Rebuilding Its Reputation

A&E preps $20 million ad campaign, new programming to re-establish image

CABLE NETWORKS **By Megan Larson**

After suffering two years of declining audience levels and dwindling cost-per-thousand ad rates, A&E executives aim to show viewers and media buyers that A&E is a new and improving network—more contemporary but still catering to the highbrow, quality brand on which it had built its reputation. As directed by executive vp/general manager Abbe Raven, A&E is ramping up its development slate and launching a celebrity-driven marketing campaign photographed by Annie Leibovitz, a clear sign the network is changing its approach.

The TV and print campaign, launching in August, will run for a year and cost an estimated $20 million. It is a departure for the network, which has rarely promoted itself to the public. Nicholas Cage, Jerry Seinfeld and Richard Gere are among those who will help brand the next stage of A&E. "A huge piece of this is to execute a new vision," said Raven. "Synergy between marketing and programming is essential. I hope this is the hallmark I can bring to the network."

JOHN STILLWELL/AFP/CORBIS

***The Royals*, launching this summer, looks into the lives of monarchs throughout history.**

Since moving from sibling The History Channel last November, Raven set about slashing programming that didn't work. Now comes the hard task of creating a clear identity for the network, a response to agency critics who have long complained A&E no longer stands for anything, much less art or entertainment. Some buyers even accuse it of resembling a crime channel more than an arts service, due to off-network acquisitions *Crossing Jordan* and *CSI: Miami*. "They had hit the fourth stage of cable evolution but then slid back to the second," said one media buyer, on condition of anonymity. "They asked us a year ago what we thought they stood for and we had no idea. We were hoping they could tell us."

In crafting a new direction, Raven is framing the network around the art of entertainment, zeroing in on three key pillars, as she calls them: the art of drama, the art of documentary and—playing off its signature series—the art of biography.

But Raven has several projects on tap that she hopes will strengthen her three pillars. For one, she has tried to breathe new life into the exhausted *Biography* series—up to 120 new installments are planned—with profiles on the likes of George Clooney. On top of a spate of Miramax theatrical titles acquired earlier this year, A&E is producing original films including *Pride*, a live-action movie about a family of lions voiced by Kate Winslet, and *The Last King* (Charles II). New series launching this summer include spy thriller *MI5*, *The Royals* and *The Letters*. New documentaries include *In Harm's Way* from Barbara Kopple, which follows four female journalists covering war in the Middle East. In another attempt to keep with the times, A&E is also doing documentaries tied to theatrical releases of *Sea Biscuit* and *Cold Mountain*.

"Abbe has taken the best steps to bring A&E into the 21st century," said Kathryn Thomas, associate director for Starcom Entertainment. But she adds, "As much as [A&E is] trying to fix prime time, our clients look for networks that are dedicated to a brand 24-7. A&E has no fringe [programming] and no weekend [programming]."

According to Nielsen Media Research, A&E was flat in household delivery in May, delivering 1.1 million viewers, but down slightly in delivery of adults 25-54 (409,000). In a sign that Raven may be turning things around, May ratings improved over fourth quarter 2002 when she arrived: A&E grew 16 percent in persons 2-plus and 14 percent in adults 18-49.

With all its problems, A&E remains a tough sell in the upfront. "It is difficult to get buyers to look forward, but we are out on the other end of a difficult cycle and on our way back," said Whitney Goit, A&E Networks' executive vp of sales. He conceded A&E rolled back its rates a bit to be more competitive. "A&E has come to the table to play," he said.

"The media community reacts to audience interest, and A&E's decline in viewership has created a challenging environment for them," said John Rash, senior vp/director of broadcast negotiations for Campbell-Mithun. "But their professionalism remains high." ■

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CONVERGED MEDIA

Fresh Wave of Cross-Media News Partnerships Hits Markets

BY RICHARD BRUNELLI

As the Federal Communications Commission prepares to vote today on rewriting the rules governing media ownership, a growing group of newspapers, TV and radio stations are forming alliances that will theoretically help them navigate the new business landscape in their local markets.

Most recently, the *San Francisco Chronicle* formed a three-way strategic bond with KPIX-TV, CBS' owned-and-operated station, and Infinity's news KCBS-AM for news projects, polls, events and cross-promotion. Additionally, late last month the daily created a similar union with Univision O&O KDTV-TV, which produces the market's only daily Spanish-language newscast, and its sister station, TeleFutura KFSF-TV.


Staffers craft Sarasota news reports for Six News Now, Comcast and the *H-T's* joint 24-hour news net.

MIKE LANG/SARASOTA HERALD-TRIBUNE

Similar deals are being formed in other major markets across the country. In mid-April, *The Daily Oklahoman* created a news-sharing arrangement in Oklahoma City with Citadel Communications' Talk-formatted WKY-AM. The daily also is coming up on its two-year anniversary with KWTV, Griffin Television's CBS affiliate in the market. In addition to news sharing, the combination between the *Daily Oklahoman* and KWTV includes sales and the operation of Web site NewsOK.com.

In Sarasota, Fla., the pact between the city's *Herald-Tribune* and Comcast, the dominant cable operator in the city, may not be new—it began in 1995—but it's important because it represents one of the country's oldest 24-hour news–sharing agreements involving TV, newspapers and the Web. "Back when this started, the paper wanted to extend the *Herald-Tribune* brand to TV and Comcast wanted to expand into local news," said Lou Ferrara, the newspaper's general manager of electronic media and the executive who oversees the cable news and Herald-Tribune.com operations. "One of the big things we've learned since then is the journalism part of these deals—the newsrooms—tend to take care of themselves. What people need to watch is the business side."

News-sharing deals have come a long way in the eight years since the *Herald-Tribune* and Comcast joined editorial forces to launch 24-hour news network Six News Now SNN (formerly Sarasota News Now), which runs on Comcast's systems.

"I've looked at some of the old tapes, and they were terrible," said Ferrara, who joined about a year-and-a-half ago. "It used to be like reading newspapers on TV. But now we've shown that we can dominate as the local source for news."

Still, one of the biggest obstacles to turning news-sharing agreements into profit centers so far has been getting local advertisers to buy into them—both literally and figuratively, according to Kelly Dyer, the gm of NewsOK.com.

"With their day-to-day media buying, some local advertisers aren't to the level yet of having one sales person handle all their needs," said Dyer. "But I think that's going to change once their comfort level evolves with these arrangements."

More palatable right now for local buyers, Dyer said, are special projects and events in the community that can be leveraged across the *Daily Oklahoman*, KWTV's newscasts and the Web site. The three-pronged approach, she added, demonstrates that "we have a lot of muscle to bring to the marketplace right now."

Jordan Associates in Oklahoma City has utilized the news-sharing relationship between the three outlets for its clients. Susie Noah, Jordan's vp/media director said it "can make for a great partnership in terms of being able to tie things together in new ways to get your message out. I think it all depends on the individual goals of each client. One media outlet doesn't always reach your entire goal. You're usually looking for a combined, diversified approach."

The promise of multilayered media coverage, and the potential audience that can be attracted, is also what fueled the urge to converge in San Francisco, according to Marcela Medina, the gm of both KDTV and KFSF.

"The combined strength will enable us to provide new angles and in-depth reporting for our respective audiences," said Medina. "And we look forward to offering the most substantive service to the community."

Looking beyond how the FCC's decision on ownership rules plays out for media companies in the weeks, months and years ahead, the potential upside to news-sharing operations will keep the trend going, said the *Herald-Tribune*'s Ferrara. "It's a constantly morphing process," he said. "But bottom line: There is the possibility for so many more readers and viewers. Our job is to convince advertisers that this type of thing will bring many more people to their doors. [Media] people need to really jump on this."

WASHINGTON D.C. TV STATIONS

WUSA Adds 7 PM News

With commutes in the nation's capital getting longer and longer, WUSA-TV, Gannett's CBS affiliate in Washington, D.C., is planning a fall launch for the market's first 7 p.m. newscast. Although plenty of TV stations have been adding news in mornings and late afternoons, there are only a handful of 7 p.m. newscasts.

"The launch of this program addresses the lifestyle of viewers in our region," said Ardyth Diercks, president/gm of WUSA. The newscast will replace the syndicated *Who Wants to Be a Millionaire*, which will move to a new time period, and follow the *CBS Evening News With Dan Rather*. WUSA will continue to broadcast its 5-6:30 p.m. news block. The new newscast will be anchored by Derek McGinty, who was hired away from the ABC News D.C. bureau where he was a reporter and anchor of ABC, News' *World News Now*. —*Katy Bachman* ■

market profile

BY EILEEN DAVIS HUDSON

Workers harvest melons in the San Joaquin Valley, one of the nation's most fertile growing areas.

MARK E. GIBSON/AMBIENT IMAGES

Fresno–Visalia, Calif.

NESTLED IN THE HEART OF THE FERTILE SAN JOAQUIN VALLEY IN THE GEOGRAPHICAL center of California, the Fresno–Visalia market, once shunned by residents of the coast, increasingly has become a destination for residents of the Los Angeles and San Francisco areas. Many Angelinos and Bay Area dwellers are relocating to the area in search of a more reasonably priced standard of living. The availability of more-affordable housing is largely responsible for the expanding intrastate migration of fellow Golden Staters to the Fresno area.

Fresno "was like the ugly stepchild of California that nobody wanted," says Charles Williams, general manager of UPN affiliate KAIL-TV. But with housing prices becoming exorbitant in many California markets, Fresno—where the average price of a home is around $150,000, and land remains plentiful—is looking more and more attractive.

As a result, the real estate market in the Fresno area is on fire. A group of local developers have proposed a new 2,837-home development called Copper River Ranch that could get under way by next spring if it receives all the necessary approvals. The development would sit on a 710-acre site that would include a mix of residential and commercial uses. The extensive housing project could accommodate as many as 8,000 residents, along with 250,000 square feet of commercial and office space by the time it is fully completed in another decade or so. In non-housing development, a new 12,500-seat stadium for the Fresno Grizzlies, the farm team for Major League Baseball's San Francisco Giants, opened last spring to considerable praise for its design and for its role as a major cornerstone in the rejuvenation of downtown Fresno. The stadium, which cost $46 million to build, features 30 private suites, extra-wide concourses, numerous concession stands and a stadium club restaurant, among other amenities.

The market continues to have a strong agricultural base, and it proudly calls itself the "Raisin Capital of the World." Fresno has lagged many other cities in terms of urban renewal efforts because of the region's significant reliance on farming. About 7,500 commercial farmers earn their living in Fresno County alone, growing crops including grapes, citrus, tomatoes, lettuce and cotton. The heavy dependence on agriculture, with a large number of migrant workers and service workers in the area, means residents in the area earn less than the national average. According to Scarborough Research, only 16 percent of the market's population has household income of at least $75,000, compared to the national average of 29 percent.

The Fresno-Visalia television market ranks No. 57 in the country with 519,330 TV households. According to Nielsen Monitor-Plus, spot television in Fresno-Visalia generated $84.5 million in revenue in 2002, a $10.6 million increase over 2001 levels. The market is not metered by Nielsen, so it relies on diary returns for ratings information.

One station responsible for generating much of the spot-TV ad sales is ABC's owned-and-operated KFSN-TV, the market's long-time news leader. Competitors even pay deference to KFSN, calling it the market's 800-pound gorilla. The station generally wins nearly every news ratings race among the market's English-language stations.

Clear Channel Communications is one of the dominant local media companies in Fresno. The broadcasting giant owns nine radio stations along with the Fresno CBS affiliate, KGPE, which it acquired in its purchase of Seattle media company The Ackerley Group in June 2002. Clear Channel's multimedia ownership position in Fresno enables the company to use its outlets to cross-promote each other. For example, KGPE's morning anchors do live cut-ins during morning drive with some of its sister radio outlets.

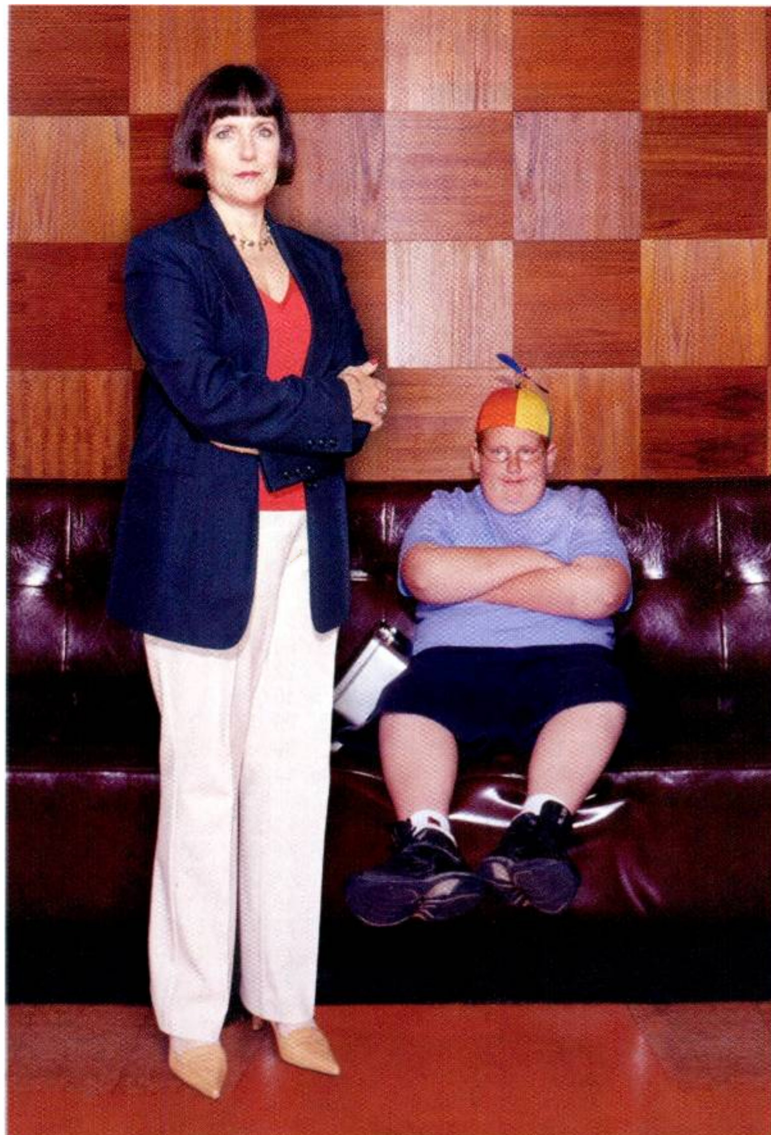
KGPE generally trails its competitors in the local-news race by a wide margin. Some local media observers attribute the station's weak news performance to its extremely tight budget, which allows for limited resources (the market's Fox affiliate, Pappas Telecasting's KMPH has more news staffers for its one newscast than KGPE does for all of its news). However, the station, which is searching for a replacement for former gm Barry Barth, is revamping both its newscasting and image in an attempt to improve ratings.

KGPE recently introduced a new hour-long weekend newscast from 6-7 p.m. on Saturdays and Sundays. The station also purchased a new analog and a new digital transmitter, both of which should be operational by July. The new digital transmitter was

It's A Boy!

Portal titans Yahoo! and MSN adopt FatBoy™ as a Standard Ad Unit, and offer the rich expandable format as a no-cost option.

By Richard Meedeah



Photograph by Walter Smith

Yahoo! Chief Sales Officer, Wenda Harris Millard and Point Roll's FatBoy meet in New York to bulk up business.

In their efforts to offer advertisers more real estate to convert Internet users, Yahoo! and MSN agree on one big thing: nothing beats the expandable FatBoy, especially as a no-cost option.

With roughly 90% of all web advertising still living a page-based life, campaigns are running on multiple sites at varying sizes. The time for unit standards has come, along with the need for engaging, effective, permission-driven advertising that's simple for all publishers to implement.

Point Roll's FatBoy is essentially mouse-over activated technology that expands advertising area without redirecting the user. FatBoy's expansion opens multiple panels, thereby extending ad content, impact, interactivity, and offering unlimited calls-to-action. With a simple mouse-over, FatBoy springs into action as a page-based mini-site, growing up to 1000% beyond a standard 468 X 60 banner. And as a no-cost option, it's questionable how any page-based ad could now be truly blessed by a client if it isn't a FatBoy.

Yahoo! and MSN have already seen the effects. FatBoy is reengaging advertisers and agencies who've eliminated traditional page-based statics from their strategy. And for those who've never dipped into the rich media waters due to cost, the barrier to trial has been eliminated.

For media planners, the long-running value/cost argument over rich media is history. They've effectively scored the print buy equivalent of a double-page spread for the cost of a quarter page. And every conceivable metric is tracked and readily accessible via Point Roll AdTracker. For traditional agency creatives, who typically think of "web" as a four-letter word, FatBoy is a long awaited boon to liberation and expression.

Blue chip advertisers — including automotive, financial services, technology, retail and entertainment — upgraded well before the no-cost option. Now with Yahoo! and MSN sweeping cost issues off the table, the needle is jumping. You go, boy.

" How do you ignore the opportunity to grab a commanding page-based presence and dramatically increase user brand-time — all for the same cost of running a single-dimension static placement? Answer is: You don't. You run a FatBoy on Yahoo! " Wenda Harris Millard, Yahoo!

" Marketers look to us to help them boost interaction with their brands. That's what FatBoy is all about. Whether you're doing Gif, Flash, or page-based advertising of any kind, FatBoy delivers on MSN. " Lisa M. Utzschneider, MSN.

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SCARBOROUGH PROFILE

Comparison of Fresno–Visalia

TO THE TOP 50 MARKET AVERAGE

	Top 50 Market Average %	Fresno-Visalia Composition %	Fresno-Visalia Index
DEMOGRAPHICS			
Age 18-34	31	33	108
Age 35-54	41	40	97
Age 55+	29	27	95
HHI $75,000+	29	16	54
College Graduate	12	8	60
Any Postgraduate Work	11	7	68
Professional/Managerial	23	17	75
African American	13	6	46
Hispanic	13	42	313
MEDIA USAGE-AVERAGE AUDIENCES*			
Read Any Daily Newspaper	55	53	96
Read Any Sunday Newspaper	63	52	82
Total Radio Morning Drive M-F	22	20	92
Total Radio Afternoon Drive M-F	18	16	89
Total TV Early News M-F	29	36	124
Total TV Prime Time M-Sun	39	34	87
Total Cable Prime Time M-Sun	14	9	65
MEDIA USAGE-CUME AUDIENCES**			
Read Any Daily Newspaper	74	72	97
Read Any Sunday Newspaper	77	64	83
Total Radio Morning Drive M-F	76	71	94
Total Radio Afternoon Drive M-F	73	69	94
Total TV Early News M-F	71	76	107
Total TV Prime Time M-Sun	92	89	97
Total Cable Prime Time M-Sun	60	41	68
MEDIA USAGE-OTHER			
Accessed Internet Past 30 Days	58	45	77
HOME TECHNOLOGY			
Owns a Personal Computer	68	59	86
Purchase Using Internet Past 12 Months	39	29	73
HH Connected to Cable	68	48	70
HH Connected to Satellite/Microwave Dish	18	23	127

*Media Audiences-Average: average issue readers for newspapers; average quarter-hour listeners within a specific daypart for radio; average half-hour viewers within a specific daypart for TV and cable. **Media Audiences-Cume: 5-issue cume readers for daily newspapers; 4-issue cume readers for Sunday newspapers; cume of all listeners within a specific daypart for radio; cume of all viewers within a specific daypart for TV and cable.
Source: 2002 Scarborough Research Top 50 Market Report (February 2001-March 2002)

RADIO OWNERSHIP

Owner	Stations	Avg. Qtr.-Hour Share	Revenue (in millions)	Share of Total
Infinity Broadcasting	2 AM, 5 FM	27.7	$18.3	40.9%
Clear Channel Communications	3 AM, 6 FM	21.6	$12.4	27.6%
Mondosphere Broadcasting	3 FM	9.1	$3.9	8.6%
Lotus Communications	3 FM	7.1	$3.5	7.8%
Radio Unica	1 AM	1.9	$2.4	5.4%
JSA Broadcasting	1 FM	4.2	$1.0	2.1%
Entravision Communications	1 FM	2.0	$0.6	1.3%
Pappas Telecasting	1 FM	1.4	$0.5	1.1%
Big Broadcasting	1 FM	0.9	$0.5	1.1%

Includes only stations with significant registration in Arbitron diary returns and licensed in Fresno–Visalia or immediate area. Share data from Arbitron Winter 2003 book; revenue and owner information provided by BIA Financial Network.

necessary to meet Federal Communications Commission requirements for TV stations to begin broadcasting in high definition. However, a station rep adds: "Since Clear Channel's taken over, they've really been investing a ton of money into the station."

Although the station is not known as a breaking-news outlet, KGPE photographer Tony Kirkpatrick and anchor Erik Rosales received a regional Emmy Award in May for their live coverage of a shoot-out in Fresno in which Kirkpatrick was inadvertently caught in the middle. In January, the station ended its 6:30 p.m. news, which it launched in September '01. With *Will & Grace* reruns now filling the time slot, the station saw a slight bump at 6:30 during the February sweeps (May sweeps data was unavailable at press time). The station's late news, buoyed by the strength of CBS' prime-time schedule, jumped three household share points in February from a year ago.

Helped in part by NBC's coverage of the Winter Olympics and political spending, Granite Broadcasting's NBC affiliate KSEE took in the most ad revenue of any station in the market in 2002 with an estimated $19.1 million, according to BIA Financial Network. The station launched the market's only 4 p.m. newscast, "KSEE 24 News at 4 p.m.," in September 2002, saying there was a need for an newscast earlier than the traditional 5 p.m. one. The newscast, although still young, is starting to catch on with viewers. It did a 3 rating and a 9 share in the February sweeps (*see Nielsen chart on page 18*).

Aside from Fox affiliate KMPH, Visalia-based Pappas, the largest privately held commercial TV station group in the country, owns News/Talk radio station KMPH-FM. KMPH is the only station producing a seven-day 10 p.m. newscast, which is rebroadcast at 11 p.m. on its duopoly outlet WB affiliate KFRE-TV, says KMPH news director Roger Gadley. With no direct competition, KMPH's 10 p.m. news is often second in the market in late news among the English-language stations, says Gadley. Before becoming a Fox affiliate in the 1980s, KMPH was one of the nation's top independent stations.

Pappas purchased KFRE from local company Sanger Telecasters earlier this year. KMPH had operated KFRE under a local marketing agreement before the purchase. The station became a WB affiliate in January 2001. KFRE began airing 30-second news updates three times a night, produced by KMPH last year. Pappas also owns the local Aztec America affiliate, a Spanish-language network owned jointly by Television Azteca (Mexico's second-

RADIO LISTENERSHIP / FRESNO-VISALIA

STATION	FORMAT	Avg. Qtr.-Hour Share Morning Drive, 12+	Avg. Qtr.-Hour Share Evening Drive, 12+
KMJ-AM	News/Talk/Sports	11.1	7.7
KJFX-FM	Classic Rock	6.3	4.1
KOQO-FM	Spanish/Mexican	5.3	4.4
KBOS-FM	Contemporary Hit Radio	4.8	4.5
KRZR-FM	Album-Oriented Rock	4.4	3.1
KSEQ-FM	Top 40	4.3	4.8
KMGV-FM	Oldies	4.1	4.8
KLBN-FM	Spanish/Mexican	3.7	4.3
KSKS-FM	Country	3.6	4.4
KSOF-FM	Soft Adult Contemporary	3.4	4.6

Source: Arbitron Winter 2003 Radio Market Report

largest network), which just signed on in the market about two months ago on Channel 55. The low-power station uses the recycled call letters KMSG (call letters that at one time were used by Fresno's WB affiliate).

The launch of KMSG means there are now four Spanish-language stations serving the Fresno market (including the cable-only Galavision). The Fresno-Visalia market is the No. 14 Hispanic market in the country, according to Nielsen Media Research. Fresno's population is about 45 percent Hispanic, with another 8 percent Asian and about 5 percent African American. The market's diversity makes it a key test market for advertisers who want to try out new products before launching nationally.

Of the Spanish-language stations in the market, Univision O&O KFTV often beats all the general-market TV stations with its 6 p.m. news, including KFSN. In the February sweeps, it finished a share point behind KFSN. Univision has a duopoly in the market, with the launch this year of Telefutura outlet KTFF. The station used to be the local Pax TV station, KPXF. Paxson closed on its $35 million sale of the station to Univision in February, part of its drive to raise $100 million and explore "strategic options."

As part of NBC's acquisition of Telemundo last year, NBC now owns KNSO, the Telemundo outlet in the market.

UPN affiliate KAIL calls itself the only true family-owned station in the market. Charles Williams, gm of the station and son of station owner A.J. Williams, says that during his 10 years at the helm of KAIL, he's seen the gm position change at least three times at each of the Big Four outlets in the market. Williams attributes the turnover partly to budget constraints but largely to industry consolidation. The Williams family purchased the station from the original local owners in 1966 when it was an independent. The station became a UPN affiliate in January 1995.

Comcast is now the market's dominant cable operator, following its acquisition of AT&T Broadband. Charter Communications also has a smaller presence in the DMA. The Comcast–AT&T deal is the most recent of a series of mergers and acquisitions that have impacted cable service in the Fresno DMA. Prior to the deal, AT&T had consolidated the market over a period of a few years by purchasing many of its smaller rivals, including systems formerly controlled by MediaOne. Comcast Advertising Sales inserts on 26 basic cable networks in Fresno.

Comcast counts approximately 250,000 subscribers in Fresno. "We expect this number to increase significantly as the Fresno area's upgrade is completed this summer," says Susan Gonzales, Comcast director of communications, Central California. "These upgrades will allow us to offer more digital services, programming and other services such as high-speed Internet, high-definition TV, video-on-demand and more. Consequently, our subscriber base is expected to increase significantly."

Cable penetration in the Fresno-Visalia market is a paltry 48 percent, well below the national average for the top 50 markets of 68 percent, according to Scarborough Research (*see Scarborough chart on page 16*). The number of homes connected to satellite or microwave dish, however, is 23 percent, higher than the national average of 18 percent.

As for newspapers, *The Fresno Bee*, owned by McClatchy Newspapers, is the only daily in Fresno proper. Its daily circulation for the six months ended March 31 was 165,646, up fractionally, while its Sunday circulation grew 1.2 percent for the same period to 195,389, according to the Audit Bureau of Circulations.

While the *Bee* might be the market's largest daily, it is not the only daily here. *The Bee* faces serious competition from a number of much smaller but aggressive dailies serving various parts of the market, including the Monday-Saturday *Visalia Times-Delta*, owned by Gannett Co. The *Times-Delta*'s daily circ for the six months ended in March was 21,379, up a fraction; its Saturday circ for the period was 26,239, a fractional decline from the same period in 2002. The *Tines-Delta* remains the paper of record in Visalia, the Tulare County seat.

The *Bee* recently expanded its coverage of Visalia in Tulare County and Hanford in Kings County to better compete with the *Times-Delta*. Charlie Waters, *Bee* senior vp and executive editor, says the station has ramped up the staffing of its South Valley bureau serving this part of the market. The *Bee* now has a total of seven reporters and two photographers, says Waters.

Last October, the *Bee* launched *Visalia CityView*, a weekly community paper that attempts to provide more feature-oriented stories aimed at reaching Visalia-area readers and advertisers. *CityView* is inserted into the Sunday home-delivered and newsstand editions of the *Bee*. The *Bee* already had been publishing a weekly community-focused publication for specific areas of Fresno, called *Neighbors CityView*. *Neighbors* publishes every Thursday and is inserted into the home-delivered copies of the *Bee*.

The *Bee* also publishes a bilingual weekly publication called *Vida en el Valle*, which carries the tagline "Vocero Latino del Valle de San Joaquin" (the Latino Voice of the San Joaquin Valley). *Vida en el Valle* has an audited circulation of 35,000, with about 15,000 of these home-delivered throughout the city of Fresno. Another 12,000 are inserted in the *Bee* in Tulare County and the remainder are available on news racks and retail outlets in the market. In Madera, another part of the DMA, the *Bee* publishes a free weekly newspaper, the *Clovis Independent*.

Arbitron ranks the Fresno radio market No. 68, although its revenue rank is No. 58, according to BIA Financial Network. Fresno radio outlets generated a combined $44.7 million in advertising revenue in 2002, according to BIA estimates, and are projected to generate about $48.2 million this year.

The radio broadcasting company with the greatest portion of the market's ad revenue is Viacom's Infinity Broadcasting, which owns seven stations in Fresno. Although Clear Channel owns more radio stations here, Infinity owns the market's ratings leader, News/Talk/Sports outlet KMJ-AM. The station saw a huge spike in ratings thanks in part to the conflict in Iraq and other local stories of interest. In general, news outlets in Fresno provided extensive coverage of the disappearance of Laci Peterson and the subsequent arrest of her husband, Scott, on charges that he murdered her. The Petersons lived in nearby Modesto, Calif., part of the Sacramento-Stockton-Modesto DMA. KMJ saw its share jump to a 9.4 in the Winter 2002 book among listeners 12-plus, from a 7.6 in the Fall 2002 Arbitron Radio Market Report.

KMJ, which also finished first in morning drive and p.m. drive in the Winter book, is the Fresno radio market's top biller, taking in an estimated $8.3 million in revenue in 2002, according to BIA.

Given the market's large Hispanic population, several Spanish-language stations are among the top-ranked outlets in the market. Among them, Infinity Broadcasting's Spanish/Mexican outlet KOQO-FM and Lotus Communications' rival Spanish/Mexican outlet KLBN-FM are the highest-rated. KOQO was locked in a three-way tie for second place overall (in listeners 12-plus) in the Winter book with a 4.5 share. (The other two stations tied for second were KMGV-FM, Infinity Broadcasting's Oldies station, and KBOS-FM, Clear Channel's Contemporary Hit Radio outlet.)

Radio Unica owns the market's only Spanish/Talk/Sports outlet, KWRU-AM, which ranks second in billing behind KLBN among Spanish-language stations (at $2.4 million to KLBN's $2.5 million for 2002, according to BIA). Hispanic Broadcasting's Mexican outlet KZOL-FM and Entravision's Spanish/Contemporary Hit Radio outlet KZFO-FM are two up-and-coming Spanish-language stations in the market that continue to see share growth.

Despite the fact that the market's two largest broadcasters, Infinity and Clear Channel, control a combined 68.5 percent of the radio ad revenue in Fresno, some smaller, privately owned companies are holding their own against the big boys. For example, JSA Broadcasting is the only locally owned radio broadcaster with any significant listenership in Fresno. JSA owns the sixth-ranked station in the market, Adult Standard outlet KJWL-FM, which plays artists like Frank Sinatra, Barbara Streisand, Elvis Presley and Elton John, along with a mix of songs from contemporary artists such as Norah Jones. KSKS-FM, Infinity's Country outlet, saw the biggest drop in share in the Winter book, plunging from a 6.8 share overall in the Fall book to a 3.8, giving it an 11th-place finish.

While Buckley Broadcasting's Top 40 outlet KSEQ-FM is actually Visalia's No. 1 station overall, it also receives significant listenership in Fresno as well. KSEQ ranked fifth overall in Fresno and tied for second with KMGV for afternoon drive.

As in radio, Viacom dominates the local outdoor advertising business in Fresno. Lamar Advertising, which used to have a larger presence in the DMA, sold its inventory in the area to Viacom Outdoor about two years ago. Lamar still has a small outdoor presence in both Tulare and Kings counties. ■

NIELSEN RATINGS / FRESNO–VISALIA
EVENING AND LATE-NEWS DAYPARTS, WEEKDAYS

Evening News

Time	Network	Station	Rating	Share
4-4:30 p.m.	NBC	KSEE	3	9
5-5:30 p.m.	ABC	KFSN	11	24
	NBC	KSEE	5	10
	CBS	KGPE	2	4
5:30-6 p.m.	ABC	KFSN	12	21
	NBC	KSEE	6	11
	Univision	KFTV	5	9
	CBS	KGPE	2	4
6-6:30 p.m.	ABC	KFSN	5	10
	Univision	KFTV	5	9

Late News

Time	Network	Station	Rating	Share
10-11 p.m.	ox	KMPH	9	20
11-11:30 p.m.	ABC	KFSN	4	19
	NBC	KSEE	4	17
	CBS	KGPE	2	9
	Univision	KFTV	1	3

All data estimated by Nielsen from diary returns of early and late local news only.
Source: Nielsen Media Research, February 2003

NEWSPAPERS: THE ABCs

	Daily Circulation	Sunday Circulation	Daily Market Penetration	Sunday Market Penetration
Fresno County: 265,014 Households				
The Fresno Bee	123,751	142,969	46.7%	53.9%
San Francisco Chronicle	3,975	3,563	1.5%	1.3%
San Francisco Examiner	3,575		1.4%	
Tulare County: 115,483 Households				
Visalia Times-Delta	21,488		19.0%	
The Fresno Bee	15,110	19,314	13.1%	16.7%
Porterville Recorder	9,957		8.8%	
Tulare Advance-Register	8,184		7.2%	
Merced County: 66,306 Households				
Merced Sun Star	16,035	16,469	44.4%	45.6%
Modesto Bee	7,811	8,104	11.8%	12.2%
The Fresno Bee	2,353	2,333	3.5%	3.5%
Madera County: 37,756 Households				
The Fresno Bee	11,434	14,497	30.3%	38.4%
San Francisco Chronicle	420	335	1.1%	0.9%
Kings County: 36,890 Households				
The Hanford Sentinel	12,836	12,668	34.8%	34.3%
The Fresno Bee	6,452	8,947	17.5%	24.3%

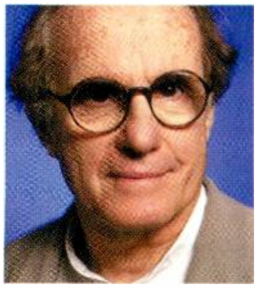
Data is based on audited numbers published in the Audit Bureau of Circulations' Oct. 3, 2002 County Penetration Report.

ABC 7 CHICAGO'S #1 STATION

A MARVELOUS MAY 2003

ABC7 News 5:00am	2/12	#1
ABC7 News 5:30am	4/18	#1
ABC7 News 6:00am	5/19	#1
Good Morning America	6/18	#1
The Oprah Winfrey Show	7/23	#1
The View	5/17	#1
ABC7 News 11:30am	4/14	#1
ABC Network Daytime (12n-3p)	5/16	#1
Inside Edition	5/13	#1
Jeopardy	7/17	#1
ABC7 News 4:00pm	7/17	#1
ABC7 News 5:00pm	8/16	#1
ABC World News Tonight	9/17	#1
ABC7 News 6:00pm	8/15	#1
Wheel of Fortune	12/21	#1
ABC7 News 10:00pm (M-F)	12/18	#1
ABC7 News 10:00 pm (M-Su)	11/18	#1
Nightline	6/12	#1
7AM - 1AM	**6/13**	**#1**

Source: NSI(4/24-5/21/03)


BRAD WILSON

THE BLUNT PENCIL
ERWIN EPHRON

The Paradox of Product Placement

If you notice, it's bad. But if you don't, it's worthless.

POPEYE WAS BRIEFLY IN THE NEWS AGAIN, as a new cartoon food brand for this Age of Muscle. What's Popeye got to do with wimpy old TV, you may well ask? It's the old spinach problem. Viewers are eating up the fun stuff and leaving the commercials.

And they're using low-tech remotes, not TiVo.

Commercial avoidance isn't new. Everyone seems to have forgotten about dial-switching. The late Network Television Association did the last major dial-switching study more than a dozen years ago.

The NTA found that the percentage of the audience switching in and out of a program (which they called Viewer Volatility) was a function of rating level. Lower ratings had more volatile audiences. The broadcast networks labeled viewer volatility (which was far greater in cable) as a bad thing. It signaled less involvement, lower attention and poorer recall.

I wouldn't light a match near today's TV audiences.

The continuing fragmentation, which produces lower ratings, creates volatility in two ways. First, the obvious. Awareness of choice and curiosity about what else is on encourage people to search whenever a program becomes annoying or even slightly tedious. After all, the average home has 75 channels.

Then there is the more subtle contribution of clutter. It's not just more commercials; it's the constant repetition of the same commercials—a point seldom discussed.

More Spots and Fewer Executions. Lower ratings require more spots to achieve a GRP goal. In 1980, 100 rating points per week took about 10 spots to reach. Today with the average mix of broadcast and cable, it takes well over 100 spots. And advertisers are producing fewer, not more, commercials. This leads to multispotting within the average program (especially on cable), exposing viewers to the same commercial again and again. If you watch television, you're living it.

The result is commercial annoyance and commercial avoidance. And it's not just the culprit commercial that gets stiffed. All of the messages that follow it are caught in the churn.

In 1990, close to 2.5 million households were surfing channels during the average 30 seconds of prime time. This churn equaled roughly a 3 rating back then. Today there are more channels, more remotes and more commercials, all of which increase dial-switching.

A little scary math: Let's assume the churn has grown to 4 million households in motion during the average 30 seconds of prime, a conservative estimate. That's a 4 rating and close to 6 percent of total tune-in. But it's not 6 percent of each channel's rating. It's 6 percent of *all of the homes with their sets on*, cascading over the channels. That's 20 times larger than the rating of most low-rated channels. It can bury them.

When these viewers-in-motion stop for a minute or two because something catches their eye, they overwhelm the tiny group that tuned in intentionally. This keeps low-rated TV from targeting. And it makes low-rated TV low-involvement TV.

Enter Product Placement. Viewer volatility and the threat of TiVo have encouraged the idea of stealth commercials, aka product placement, and the commercial that's not a commercial.

I think product placement is a small idea.

First, it is not scalable. It works only for established brand names that are easily identified. Lesser-known brands are dummy brands to the viewer.

Then there's the infuriating paradox of product placement. If you notice, it's bad. But if you don't notice, it's worthless. It's such a narrow line that either the viewer or the advertiser feels betrayed.

Did That Coke Leave a Ring on the Table? Another difficulty with product placement is that advertisers like the idea but not the reality. They love their brands too much. A case history: P&G once assigned Dash, a dying detergent brand, to Papert Koenig Lois, a hot creative shop. It was a long shot. Could audacious TV bring back the dead?

PKL came up with a stunning product placement–type spot, not at all like a commercial. It was cinema verité. Real people, real situation, real product in use. And real client problems, such as:

"The product package is torn open. Can we use a fresh one?" "The dirty laundry looks soiled, can we clean it up a bit?" "There's water on the floor of the laundry room. We can't have that."

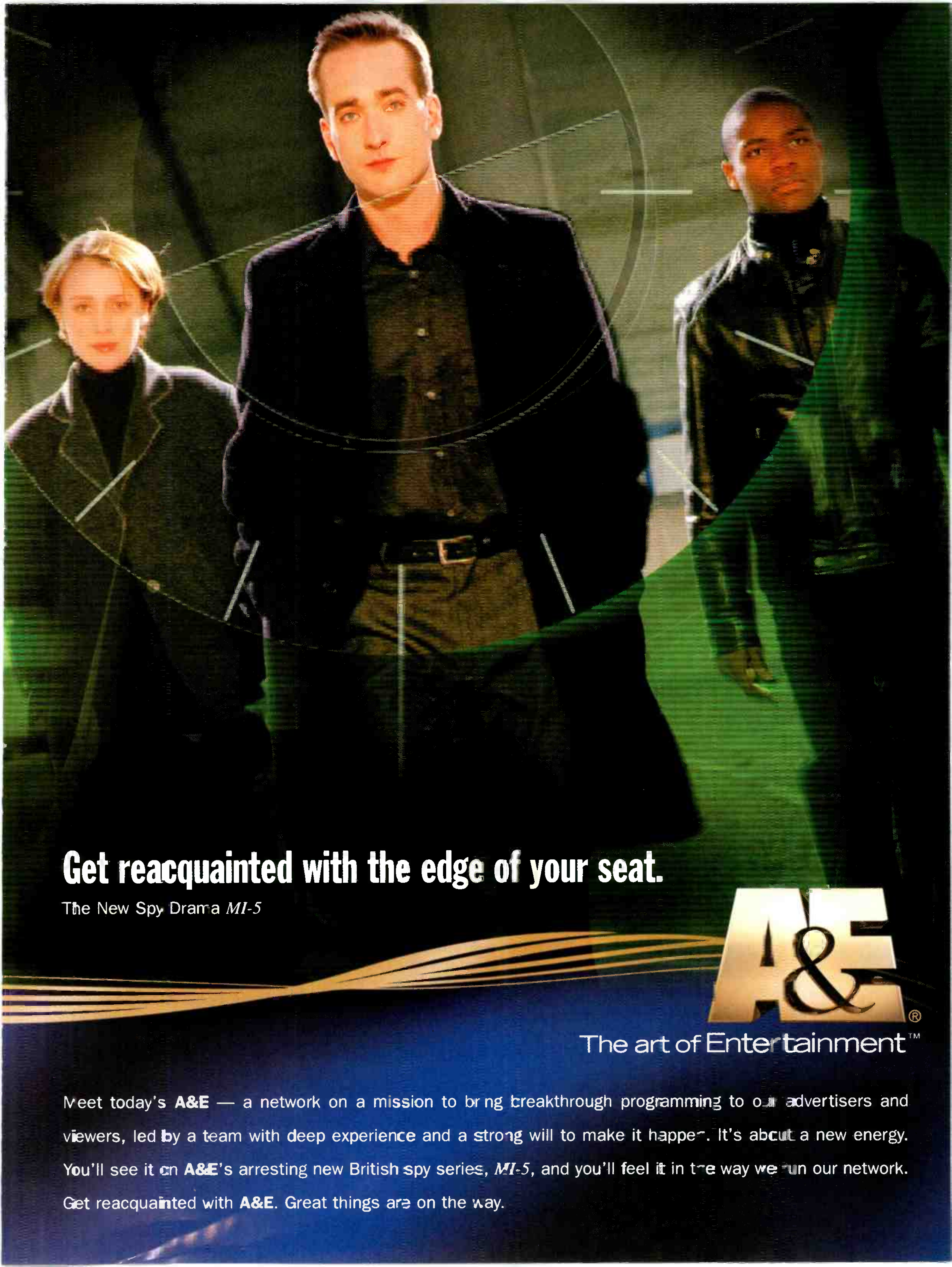
And with the inevitability of due process, all verité was edited out of the cinema, leaving a familiar, plastic, slice-of-life commercial.

Advertisers are trained that way. When it comes to presenting their brands, what they cannot control they tend to destroy. (Did that can of Coke leave a ring on the table?)

Coke's Steve Heyer perhaps said it best: "In today's media and marketing environment, only the naïve and foolish confuse presence with impact."

But if the impact is there, it may not be as advertised. ■

Erwin Ephron is a partner of Ephron, Papazian & Ephron, which has numerous clients in the media industry. He can be reached at ephronny@aol.com or at www.ephronmedia.com.


Get reacquainted with the edge of your seat.
The New Spy Drama *MI-5*
A&E®
The art of Entertainment™
Meet today's **A&E** — a network on a mission to bring breakthrough programming to our advertisers and viewers, led by a team with deep experience and a strong will to make it happen. It's about a new energy. You'll see it on **A&E**'s arresting new British spy series, *MI-5*, and you'll feel it in the way we run our network. Get reacquainted with **A&E**. Great things are on the way.

ADRIENNE HELE

TV SPORTS

JOHN CONSOLI

Delay of Game

Viewers are penalized by the distribution battles over HD channels

WHAT IF YOU THREW an expensive party and only 30 percent of the invitees showed up? Not because they didn't want to but because someone prevented them from coming. That's the situation facing ESPN HD and NBA TV right now. Both networks are offering high-definition telecasts of baseball, basketball and hockey games via digital cable and satellite, but very few viewers can access the programming, even if they have HD television sets.

Nearly everyone in the television business, including cable operators (many of which have not cleared channel space on their systems for ESPN HD, NBA TV and other high-def services), agrees that offering a heavy dose of sports programming in HD will be a driving force to get consumers to upgrade their cable subscriptions to the digital tier and motivate them to go out and buy their first HD set. The availability of games in high-def to justify a sports lover's purchase of an HD set is becoming less of a stumbling block, as are prices (which are steadily declining and expected to fall to about $1,000 by Christmas).

ESPN HD has expanded its original start-up plan and now expects to televise live 120 major pro and college sports events through next March, including telecasts of the current NBA and NHL playoffs. The NBA, NHL, Major League Baseball and ABC/ESPN are spending millions to offer these special telecasts because each game that goes out in HD requires additional high-tech production trucks, numerous HD cameras and extra crew.

Yet while all this money is being spent to produce sports telecasts in HD, some 70 percent of cable subscribers cannot see them, even if they have an HD set and their cable company is equipped to offer an HD feed. The networks and cable operators have been haggling for months over how much the operators should pay to air these telecasts. At the same time, the MSOs are trying to decide whether to offer HD channels for no additional charge, or as paid services, a la carte or in packages.

Sharper sticks: ABC and ESPN's standard telecasts of the NHL playoffs include brief on-screen pitches for HD.

ESPN has sought a fee of 80 cents per sub from operators who agree to carry ESPN HD for three years. Most of the MSOs that have balked point out that they already carry several ESPN channels (at fees averaging about $2 per sub) and should not have to pay anything more for HD, whose game coverage mirrors ESPN's except that it's in high-def. An executive at one top MSO, who spoke on condition of anonymity, said that negotiations for HD are taking place concurrently with the operator's talks to renew its basic cable deal with ESPN. "HD is just lower in the pecking order," the MSO exec said.

Since ESPN HD went on the air April 1, only two of the country's top operators, Cox Communications (6.2 million subs) and Insight Communications (1.2 million) have reached agreements to carry the channel. On both MSOs, availability is rolling out gradually. ESPN HD launched in Phoenix two weeks ago on Cox. Subscribers are receiving a free preview until June 18, after which the net will cost $5 per month or $9 monthly packaged with Discovery HD. Insight in mid-May began making ESPN HD available for a stand-alone fee, and Blue Ridge Communications (with 177,400 subscribers in northeast Pennsylvania) is offering ESPN HD as part of a $15.95 monthly high-def package that includes several other networks.

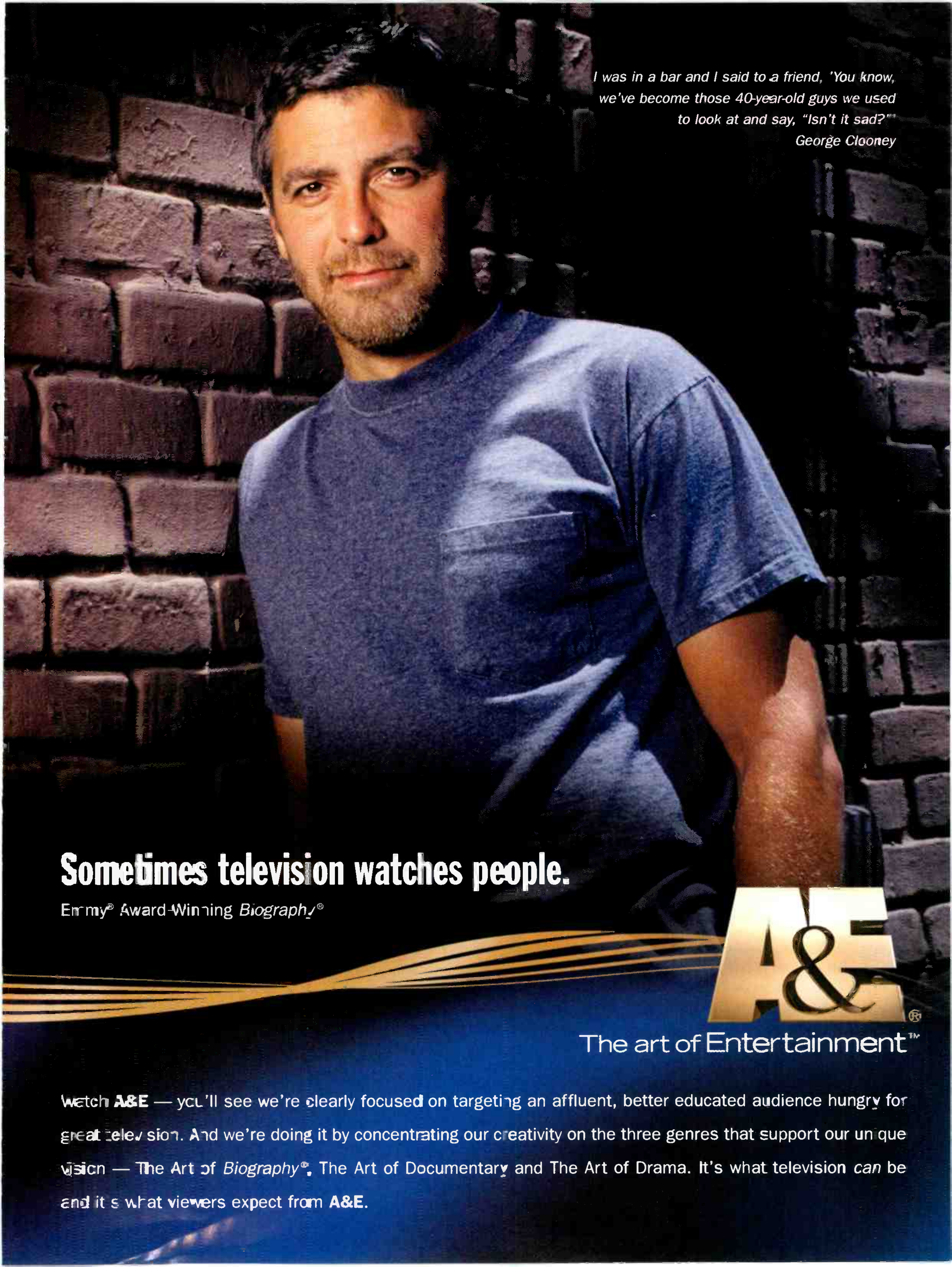
The National Cable Television Cooperative, made up of smaller cable operators with a total sub base of 14 million, also has a deal with ESPN HD. With all the agreements, about 22 million of the total basic cable subscriber base of 71 million have access to the channel.

Many MSOs that have not signed on have cited pressure from lawmakers to hold the line against rate hikes for consumers. Yet some independent research indicates demand for HD programming is growing among cable subscribers: A survey released last month by the Yankee Group projected that nearly 40 percent of U.S. homes will be viewing HDTV programs in five years.

Sports is the programming genre perhaps most enhanced by high-definition, and sports telecasts are also among the highest-rated of all cable programs, so the outlook for viewer interest is promising. Cable operators who do early "partnership" deals with the networks to carry high-def channels could stand to benefit most long-term in their relationships with the nets—and with customers, who have the option of getting their HD programming from competing satellite services like DirecTV.

HD "is a product that's not going to generate huge amounts of revenue right now," says Lynne Elander, vp of video product development for Cox. "But it's critically important for those viewers that have invested in those HD sets. That is a very important audience for us to talk to and say that the best way to get HD is through Cox."

For its part, ESPN is resigned to a long climb on distribution. "We knew when we started ESPN HD that it would be from a zero subscriber base," says Bryan Burns, vp of strategic planning and development for ESPN. "At some point, everyone is going to have to invest in high-definition...to swallow hard and absorb the costs of the switch. We felt this was the right time to do it." ■



I was in a bar and I said to a friend, 'You know, we've become those 40-year-old guys we used to look at and say, "Isn't it sad?"'
George Clooney
Sometimes television watches people.
Emmy® Award-Winning Biography®
A&E®
The art of Entertainment™
Watch A&E — you'll see we're clearly focused on targeting an affluent, better educated audience hungry for great television. And we're doing it by concentrating our creativity on the three genres that support our unique vision — The Art of Biography®, The Art of Documentary and The Art of Drama. It's what television can be and it's what viewers expect from A&E.

Left Out of the Game

Small and midsized media shops that offered an alternative to the bundled giants are slowly disappearing

BY JACK FEUER

WANT TO OPEN A MEDIA AGENCY? DON'T BOTHER. WHEREVER THERE'S BUSINESS, NO matter what the size, there are behemoths ready to crush the smaller players. Or digest them when they get troublesome. Even their most ardent supporters acknowledge that while there are nooks and crannies in the U.S. marketplace in which some will survive, all but a handful of midsized shops, and the majority of the smallest media specialists in the U.S., are an endangered species. Or, as media consultant Erwin Ephron succinctly puts it: "I think they'll survive until they're bought."

Some recent examples: Roger Schaffner launched Palisades Media Group in Santa Monica, Calif., with Miramax as a flagship client in 1996. He prospered on that foundation for seven years—until the end of April, when the $180 million advertiser abruptly pulled its account and gave it to Zenith Media.

A week earlier, entertainment buying specialist Independent Media agreed to end its suit against Aegis Group's Carat for using proprietary information gleaned during merger talks to win Independent's $120 million New Line Cinema business, and waive a $7 million judgment against the top-tier player. Why? Carat bought Independent for $7.3 million.

Relatively modest advertiser Nasdaq launched a media review for its $15 million to $20 million account this spring, and even that was limited to big players: WPP Group's MindShare, Havas' MPG and $1 billion independent Horizon Media, among others. No account, it seems, is too small for the big shops. Last month, plumbing manufacturer Toro USA awarded its $1 million media buying business after a review—to MindShare.

Even the man generally acknowledged as the father of U.S. independent media buying thinks the odds are stacked against a small or midsized media agency today. "I love the business and I'd be back in it if I thought I could make a living," says Western International Media founder Dennis Holt. "But it's gone from a handshake business to an 'I can't trust you' business, [and] consequently, the margins are gone."

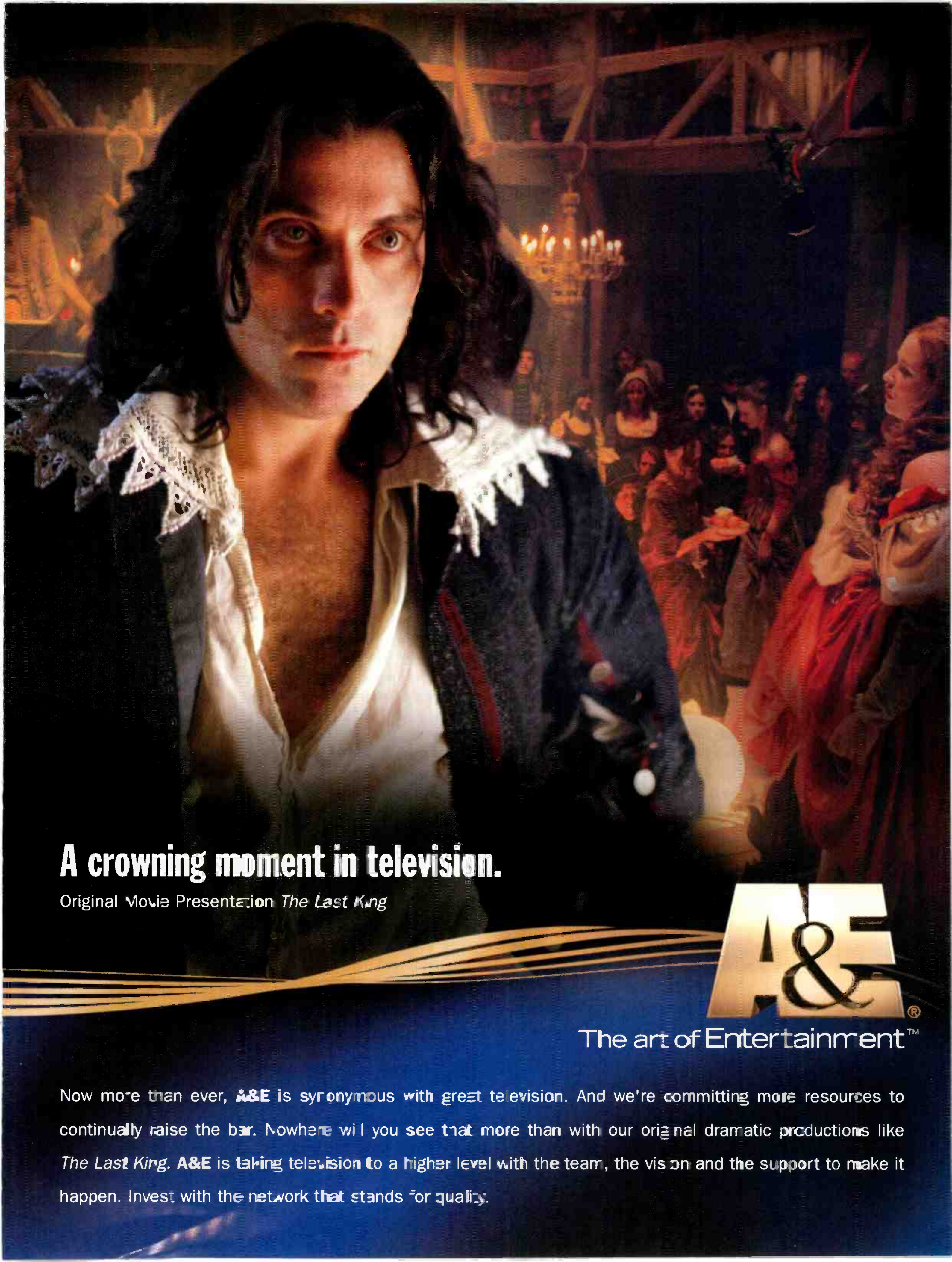
Competing against the global resources of the media networks is all but impossible for most smaller shops in the U.S. today. Horizon CEO Bill Koenigsberg wouldn't think of launching a shop today the way he started Horizon in 1986—with a Rolodex and ambition. The only way it would work in 2003, he says, is if he had financial backing. How much backing? Well over seven figures, Koenigsberg figures: to buy the research tools, talent, general syndicated media research, capital intelligence and infrastructure that are the *sine qua non* of life in a land of giants.

It wasn't supposed to be this way. Until the past year or so, conventional wisdom had it that consolidation would shake out into two tiers: the big shops with mega-advertisers spending $100 million or more, and a thriving midsized agency community that would snare the $20 million to $50 million clients concerned about service and the level of talent they'd receive at a global giant. The first shoe dropped: 14 agencies—the smallest billing $1 billion and the largest more than $10 billion or more—control the lion's share of U.S. ad spending.

The other shoe seems to have gotten lost somewhere. The middle ranks are shrinking, not growing. Only a handful of agencies billing between $200 million and $500 million are left, including Empower MediaMarketing in Cincinnati, R.J. Palmer and Corinthian Media in New York, and a few others. And some have rethought their mission.

"There was the hope that a midsized tier would emerge that would provide balance in the market," recalls John O'Connor, senior partner at L.A. search firm Select Resources International. "But media in general is misunderstood and too often treated as a com-

ILLUSTRATION BY TERRY COLON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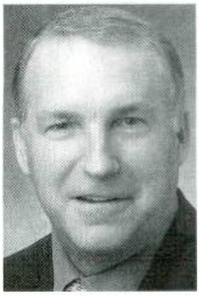
Now more than ever, **A&E** is synonymous with great television. And we're committing more resources to continually raise the bar. Nowhere will you see that more than with our original dramatic productions like *The Last King*. **A&E** is taking television to a higher level with the team, the vision and the support to make it happen. Invest with the network that stands for quality.



"Media boutiques will be few and far between. The freelance buyer isn't a thing of the past, but even they are being more and more challenged." BILL CELLA

modity, and if you have that mentality, then big is better. Period."

Naturally, big shops agree. "It's not going to stop," predicts Bill Cella, CEO of IPG's negotiating unit, Magna Global. "No matter what size your budget is, you need the best communications architecture you can get...media boutiques will be few and far between. The freelance buyer isn't a thing of the past, but they are being more and more challenged."

"Unless you want to be relegated to buying local car groups or furniture groups, [the biggest agencies] are where it's at," adds Thomas Bridge, president of media audit firm MMI in St. Louis, which works with more than 150 agencies. "The only thing small shops are good for is if a client has a heavily franchised system, it can get topspin with the local stations. But that's about it."

Indeed, while smaller accounts still hire small shops or even freelancers, that hoped-for bonanza among the midsized clients hasn't materialized. From 2000 through May 2003, *Adweek* reported on 15 media reviews for accounts billing $20 million to $49 million and 17 media searches for advertisers spending $50 million to $99 million. The smallest shop to compete in any of those reviews was Horizon, at $1 billion in billings.

Moreover, the better-service argument that small shops were counting on to blunt their larger competitors' advantages in clout and resources resonates only to a point among midsized clients.

Dell Pharmaceuticals, which sells Oragel products, among others, and spends about $20 million, is a case in point. The over-the-counter drug marketer left midsized New York agency Media Department several years ago for Western International Media because its creative agency was Gotham—like Western an IPG shop—and president Charles Hinkaty wanted the same kind of holding company synergy that big advertisers like Bank of America, Burger King and others now seek.

"The benefit of being with a large shop is you have all the resources and leverage they provide," Hinkaty says. "The downside risk, which is where the small and midsized shops come in, is if you're a medium-sized client at a big shop; you may not necessarily get the same level of talent assigned to your business."

But Western's successor, Initiative, has kept the Dell business by addressing that concern, Hinkaty says. And in fact, the client did talk to another, undisclosed smaller shop a few years ago but opted to remain at Initiative. The reason? "The small shop was a very attractive option, but the tie-breaker was that Initiative was part of IPG." (Dell creative is now handled by IPG's Avrett, Free & Ginsberg.)

"Whether we like it or not, what's really happened is that media has been unbundled [in large, autonomous specialist shops] and creative has been unbundled," notes Carat USA president Charlie Rutman. "A lot of these smaller creative agencies have already outsourced a lot of their media and a lot of the others are owned by big agency holding groups as well."

Indeed, several of the top players, including Publicis Groupe's Starcom, Initiative and Carat, have divisions that partner with smaller agencies, threatening even that traditional source of revenue for smaller media shops. And these units are not small enterprises, either: Initiative Partners alone works with 60 agencies and handles about $1.5 billion in business.

"The media agency is not a small-agency concept," says Ephron. "It tends to be a bigger-agency concept. Creative is very simple. Two guys with a pad can be a creative agency."

That said, Ephron also believes that the smallest shops, with their attraction to the smallest advertisers, can aggregate enough business to survive, even if they do not grow that much. Not just because small advertisers tend to get lost in big agencies but also because "big media shops are too TV-oriented," says Ephron, pointing to the recently concluded upfront, in which networks managed to pry a record $9.4 billion out of advertisers, largely through negotiations with giant shops that couldn't afford to walk away from the table, as a "perfect example."

For others, hope just springs eternal. "Big shops' pie portions might be getting larger as advertising budgets grow, but there will still be some pieces left over for the small independent," contends Jim Surmanek, head of Denver media consultancy MediaAnalysisPlus.

Still others expect that second wave of midsized shops will eventually appear. "It hasn't happened yet, but we think it will," predicts Andrew Butcher, chairman of startup MB/MG in Los Angeles. Nevertheless, MB/MG itself is a sign of the small-shop times: In just under six months, the shop has won 11 of 13 pitches—but only one is as large as $10 million, and all 11 accounts combined represent just $50 million-plus in billings.

Small shops can find one consolation amidst their formidable challenges, however. "I have found that people who work at smaller places just seem happier every day," concludes Bruce Silverman, former managing director, Western region at Initiative Media and now president of WongDoody in L.A, perhaps just a bit disingenuously. "People who are happier tend to do better work." ■

"Big shops' pie portions might be getting larger as advertising budgets grow, but there will still be some pieces left over for the small independent." JIM SURMANEK

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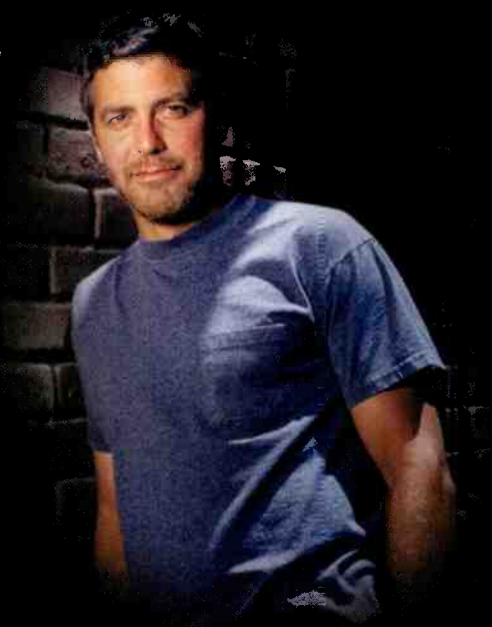

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TiVo Tries to Help

The once-feared personal video recorder tries to recast itself as Madison Avenue's new best friend

BY DAVID KAPLAN

IF YOU CAN'T BEAT 'EM, SELL TO 'EM. PERSONAL VIDEO RECORDERS HAVE BEEN ADVERTising's bogeyman of late, demonized for enabling users to skip over TV commercials with the push of a button. But now they are working to reposition themselves as opportunities rather than threats. Market leader TiVo, which last year courted advertisers including Lexus, Best Buy, New Line Cinema and Sony, took to the road again last month for another round of visits to ad agencies. The company has a new agency-friendly management team as well: Veteran San Francisco agency media director Kimber Sterling joined in 2002 as director of advertising and research sales, and a month ago, former NBC executive Martin Yudkovitz was named president.

"I am extremely encouraged by the news of Marty taking over," said Alan Schulman, senior vp and creative director at Interpublic Group's Universal McCann Futures. "He's a guy who knows the interactive television business very well and was running that function at NBC. He understands the metrics of both how the broadcast industry is sold, from a national broadcast standpoint, and he understands the advertisers' perspective, and what TiVo has got to do in order to conform for them."

In March, a 2-year-old lawsuit pitting 27 media companies—including all the major networks—against Sonicblue, the PVR pioneer and owner of TiVo rival ReplayTV, ended with Sonicblue in bankruptcy. ReplayTV's new owner, Japan's Denon & Marantz, is likely to follow TiVo's lead in looking to accommodate networks and advertisers, buyers and analysts suggest. "It's not sleeping with the enemy, so stop complaining about it and start learning about it," said Charlie Tarzian, CEO of Havas' Euro RSCG Circle. "Our clients are very fascinated by the potential. We all need to get across that it's not about advertising, it's about creating integrated marketing solutions. The PVR, VOD, HDTV and broadband innovations are pushing everybody toward the convergence of all communications arts. Whereas advertising right now is a one-way medium in an analog channel—which is what we would call broadcast and cable—that's going to change, because we're going to see a two-way dialogue emerge."

San Jose, Calif.-based TiVo is selling packages of 4, 8 and 12 minutes of commercial content on its ad channel, Showcase. New Line Cinema partnered with TiVo last year to create Showcase content for *Austin Powers in Goldmember*. The eight-minute ad—which Schulman said would probably have cost $5 million to place on conventional network TV—featured the full-length trailer, the TV spots New Line ran to promote the film, a personal message from star Mike Myers to TiVo subscribers, and a music video from co-star Beyoncé Knowles.

Universal's *Bruce Almighty* is the only big advertiser currently on TiVo's Showcase service.

PHOTO BY UNIVERSAL PICTURES/ZUMA PRESS

Another high-profile Showcase segment, for Porsche's sport-utility vehicle, the Cayenne, was created by Carmichael Lynch, Minneapolis, and media buyer PHD in New York. It included a five-minute segment about the challenges of building an SUV under the Porsche brand and an iMAX clip of the car in action.

Still, TiVo is struggling to add new promotions. Only one major advertiser—Universal Pictures—is currently on the Showcase channel (the rest of the ads are promos for TV programs on other channels). Universal's ad, for *Bruce Almighty*, is six minutes long and features the trailer and a mini-documentary about the making of the film. As TiVo plans to nearly double its subscriber base to 1.2 million by the end of the year, the company is reaching out to fashion and packaged-goods companies as possible Showcase advertisers, Sterling said.

This is a fledgling medium. It's been less than two years since Lexus became the first advertiser to stick its toe in the PVR waters with the November 2001 launch of its ES 300 model using a TiVo sweepstakes, in which viewers used TiVo features to track clues for the chance to win a car. Many advertisers remain uncertain about how to use the medium's interactivity effectively, and they still wrestle with TiVo owners' preference for zapping commercials (almost half do so on a regular basis, according to Boston-based technology consultant Forrester Research).

"Our sweepstakes came out of a brainstorming session where we asked, 'Why do we have to take the PVR-will-kill-advertising idea at face value?'" said Bonnie Chan, communications director at Saatchi & Saatchi in Torrance, Calif., who created the Lexus sweepstakes when she was communications director at Team One. "The technology is here to stay. But we need some new ideas on how to use the medium."

Although there are currently only about 1.5 million PVR users in the country, cable and satellite operators including Cox Communications, Time Warner Cable, Comcast, Charter Communications and DirecTV are all experimenting with the technology. Forrester predicts that by 2007, 39 million households will have a PVR—half the number that currently subscribe to cable or satellite.

Euro RSCG Circle used one such test, Cox's Free Zone service in San Diego, to promote Volvo's first SUV, the XC-90. The agency ran a surreal spot that was running mainly in cinemas—featuring unicorns, the Loch Ness Monster and Elvis—on the service, which offers free entertainment and commercial information supported by ads. All content can be viewed on demand with full VCR-like functionality (pause, rewind, fast-forward). "Surprisingly," Tarzian said, "we got 125 qualified leads for two dealers in Orange County for that one car." Therein lies the promise. ■

If I Can Make It There

PHD's David Pattison moved from London to New York to grow the buying firm. Here's how it's going in Gotham.

BY JACK FEUER

WHEN OMNICOM MEDIA GROUP DECIDED IN MARCH 2002 TO FOLD ITS $1.6 BILLION PEN-tacom media buying arm into its PHD unit, the media buying world sat up and took notice. Incorporating Creative Media, Advanswers and PHD itself, the bulked-up, $4 billion PHD decided to move its London-based worldwide CEO David Pattison to New York to keep a closer eye on the group's U.S. affairs and grow the business past its lower–top 10 ranking among U.S. media buying units. Pattison recently talked with *Adweek*'s Jack Feuer about the move.

JACK FEUER: When PHD was restructured in March 2002, you were based in London. Why did you relocate to New York in January?

DAVID PATTISON: [Omnicom Media Group CEO] Daryl Simm was instrumental in convincing me it was the right thing to do, but [Omnicom CEO] John [Wren] invited me. I felt I needed a new challenge, having done PHD for 10 or 11 years just in one market. Initially, I felt I could probably do it from London. But clearly, if we establish PHD as a brand in the American market, then it will be easier for us to roll it out around the world. I thought the opportunity to work abroad had passed me by. So I grabbed this with both hands.

JF: After more than 25 years in England, the U.S. must have been a big change.

DP: Jesus, this market is interesting. The scale is just staggering. When you're in it, I don't think you can quite understand that. There's such diversity. Process is very important. But there's such an opportunity to introduce some of those thinking and strategy areas that everybody is claiming to have. You are 25 countries within one country, and there are no single solutions.

JF: We always hear about how different the markets are qualitatively as well.

DP: The U.S. is not as evolved in some ways and miles ahead in others from Europe. It isn't as separated still from its creative partners. A lot of the strategic thinking has continued to be done in account planning departments of creative agencies. And again, because of the size of the country, there's so much process just to get airtime bought or newspaper space bought or just to get the media plan down. But in the whole area of product placement, of branded entertainment, America is miles in front of any other market that I know. Now, most of that may be due to regulation, but still, the 'States is miles in front, and that's where some of the really big opportunities lie.

JF: PHD kept a low profile in its first year in the U.S. Why?

DP: The first year has been about taking three companies—Advanswers, Creative Media and Pentacom—and turning them into one. That's a big task. I think we're a good way through that now. We're an "established start-up" with nearly $4 billion in billings. We're in seven different cities. We're 500 people. On top of that, we're in a competitive and difficult trading environment. And we're a "show, don't tell" organization. So we didn't go out there telling everybody what we're going to do.

JF: What was the easiest part of that process, and what was the most difficult?

DP: The easiest thing, funny enough, was getting staff and clients to buy into [the idea] that PHD was the right thing to do. Creative Media and Advanswers realized they needed to be part of something bigger, and they identified a lot with what we wanted PHD to be because both companies were also high on planning and strategy. Pentacom and Chrysler realized that being a single client offering maybe meant that they didn't get as broad a view on the media world as perhaps they should. I think the hardest part was just the volume of things that needed to get done. You wanted to reassure people that things were going to be OK, but you had to get through a lot of things to get there. They felt like they were slightly in limbo. Although we did have some natural attrition, it's nothing we wouldn't have done looking at the revenue and cost base anyway. We were quite lucky there, because there were only two cities where we had to put two groups of people together, New York and Chicago, and that was mostly because of Chrysler.

Pattison: 25% market share is fine.

JF: You were relatively quiet on the new-business front as well in year one.

DP: There wasn't a lot of business out there to pitch. We picked up one or two pieces of business: [$15-20 million supermarket chain] A&P, and we won [the $60 million-plus] Reebok in New York.

JF: This year PHD lost to MindShare in the Nextel review. But you defended Gap's consolidated media account against some pretty big agencies. What do you think a win like that does for PHD?

DP: We have to be able to show that we can compete with the Starcoms and MediaComs of the world. But the thing I want to put in place to separate us is that we really understand brands. Most media agencies now understand consumers and how consumers relate to media. I don't think that's where the game is now. I think it's how consumers relate to brands. That's why the Gap win was important. We like to think we understand their brands and the differences between them.

JF: Still, your network is one of the smallest in the top tier.

DP: Yep, we are at the moment. Quite a lot of clients never heard of us, and quite a lot don't know what we stand for; that's the next phase of our job. We've got to get on those [big-client review] lists, and we are. Now we have to convert. We don't have to be right for everybody, just 25 percent of the market. I don't know how many billions [of dollars] of business that represents, but it's enough. I said to Omnicom when we started that it would take 18 to 24 months to be in the marketplace with the right people, and we're about 12 months into that process. ■

AMERICA'S NEWS
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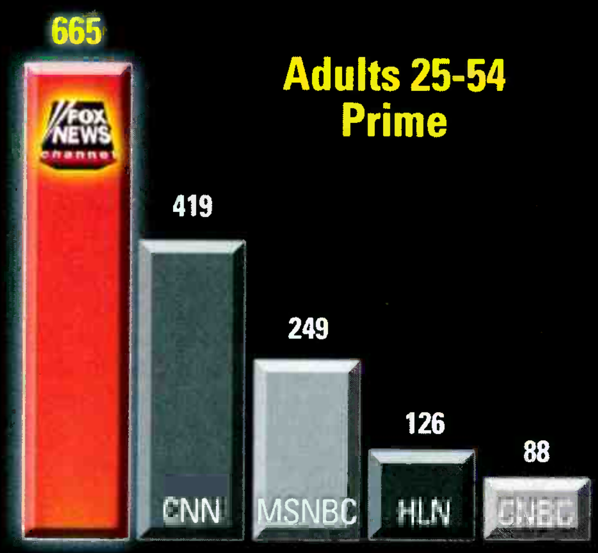

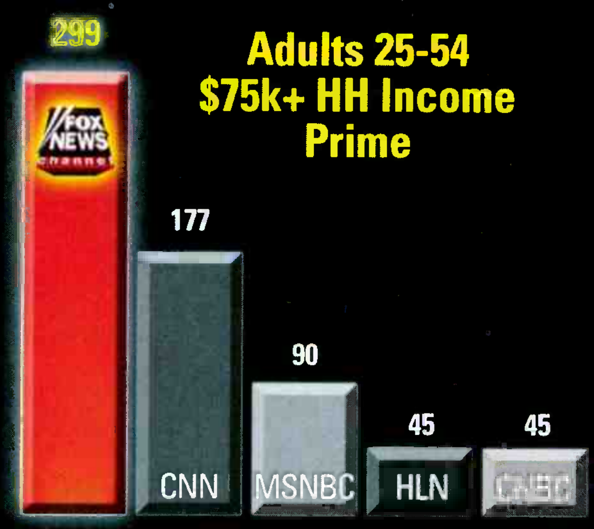

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EDITED BY ANNE TORPEY-KEMPH

Quicktakes

***Vogue* editor Wintour, the featured speaker at FIT's commencement, will receive high honors and low blows today.**

JERRY SPEIER

FASHION GURU ANNA WINTOUR wore a floor-length black number to headline the Fashion Institute of Technology's recent commencement exercises at Radio City Music Hall. In her speech, the longtime editor in chief of Condé Nast's *Vogue*, who grew up in England and acquired neither a fashion education nor a college degree, focused on today's expansion of style to include everything from cell phones to sneakers. She further advised that "movie stars [who] use fashion as a commodity" is positive news for fashion today. Not such positive news for Wintour herself is the new ad blitz by People for the Ethical Treatment of Animals, which features an unflattering image of the editor as its centerpiece. It's the first time the rabid anti-fur group has used an actual photo of Wintour, PETA Enemy No. 1 because of her magazine's "pro-fur" editorial and advertising. (In a PETA ad circa fall 1996, a female impersonator spoofed Wintour's run-in with a dead raccoon at a New York restaurant.) No comment from the Wintour camp. The debut of the ad—on billboards around midtown Manhattan and the 7th Ave. fashion district—coincides with tonight's Council of Fashion Designers of America's Fashion Awards, where Wintour will receive its highest honor of "Lifetime Achievement." PETA members also plan to demonstrate in front of Condé Nast HQ in Times Square today, distributing postcards with Wintour's phone number and e-mail address and encouraging people to contact her directly with anti-fur messages...*Sunset* editor in chief **Katie Tamony** wasn't satisfied with the 20,000-plus attendance at the lifestyle title's recent Celebration Weekend, a food/wine/gardening/travel/home design festival held annually in Menlo Park, Calif. Due to scheduling constraints, the fest always takes place the same weekend as the legendary Bay to Breakers Race in nearby San Francisco, renowned for participants running in costumes, in drag, or in nothing at all—and the race always attracts thousands more people. Next year, Tamony quipped, "We'll have naked camping and gardening and really give them some competition!"...As the junior Democrat on the Federal Communications Commission, **Jonathan Adelstein** spent the initial months of his tenure projecting the image of a genial, well-meaning neophyte. No longer. In a recent appearance before a luncheon crowd of Washington insiders, Adelstein wasted no time on niceties, saying the FCC's "sweeping and potentially destructive" rules overhaul could lead to a "tsunami of mergers," referring to the anticipated decision by the agency to relax the three-decades-old media-ownership regulations today. Adelstein made sure the message struck home with his audience, which included lawyers and TV lobbyists. "Some of you in this room today

Weekend warrior: *Sunset* editor Tamony

Movers

NETWORK TV

Brad Turrell has been named executive vp of network communications at the WB network, returning there after handling top communications duties at Turner Broadcasting System for the past two years. Turrell returns to Los Angeles from Atlanta, following Jamie Kellner, who earlier this year relinquished his role as chairman of TBS to return to the WB as chairman.

TV STATIONS

Greg Oars has been named local sales manager of WBFS-TV, Viacom's owned-and-operated UPN station in Miami. Oars was most recently national sales manager of WSVN-TV, Sunbeam Television's Fox affiliate in Maimi...**Scott Thor** has been named a producer at WBBM-TV, Viacom's owned-and-operated CBS station in Chicago. Thor joins the station from Intersport Television in Chicago, where he served as vp of production and events.

RADIO

Dave Belmonte has been named local sales manager for WGN-AM, Tribune's News/Talk station in Chicago. Belmonte comes to Tribune from Infinity Broadcasting, where he was general sales manager of Sports outlet WSCR-AM in Chicago.

MAGAZINES

Kevin Cook, previously executive editor of American Express Publishing Corp.'s *T&L Golf*, has been named editor of Time4 Media's *Golf Magazine*. Cook replaces James Frank, who had taken the helm last fall after George Peper retired. Frank left the company... Rodale has tapped **Rosemary Ellis** as vp and editorial director at *Prevention*. Ellis had been a consultant for several magazines and Web sites, including Radar and AOL's women's channel... **Christine Levesque**, most recently senior vp, communication and marketing at Rainbow Media Holdings, has been named executive vp, communication, marketing and government affairs for Gemstar–TV Guide International, a new position...**Celeste Harwell**, previously American fashion and retail director for Hearst Magazines' *Marie Claire*, has been named *(continued on page 34)*

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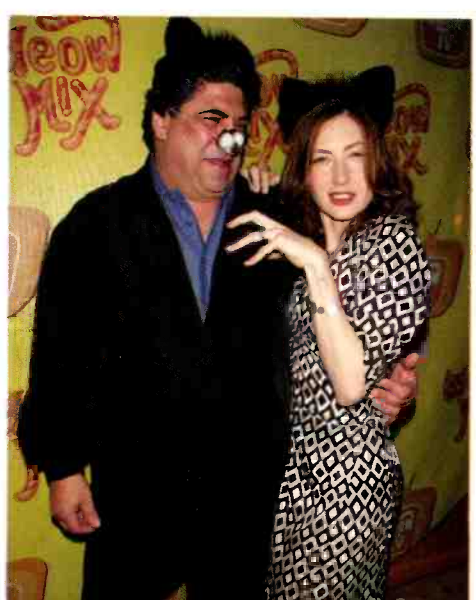
media elite

(continued from page 32) may be swept away by that wave," said Adelstein, 40, who took office in December. "But its principal victim may be our democracy." Adelstein further stated his position last week at a forum on media ownership rules, saying: "I'm afraid we're on the verge of creating a new Citizen Kane for the 21st century—or maybe a hand-

No more Mr. Niceties Guy: Adelstein

ful of them." With the agency scheduled to vote on the matter today, he apparently felt it was time for hard politicking. Adelstein joins fellow Democrat FCC commish Michael Copps in the leading ranks of critics of the deregulatory course set by agency chairman Michael Powell, a Republican...When you host a launch event, ideally you have something to launch. As it turned out, *Fortune* didn't. The Time Inc. title thought it would be unveiling its new print and outdoor campaign, "Every *Fortune* Tells the Story," featuring news stories and people profiled in the business biweekly, at its recent launch luncheon at New York's Four Seasons. But due to a production error at its sibling *Entertainment Weekly*, the campaign broke in *EW* the week before the lunch. *Fortune* group publisher **Mike Federle** started getting calls from all over Time Inc. congratulating him on the campaign, and sure enough, when he opened the May 23 issue of *EW*, there was the first execution, featuring Viacom COO Mel Karmazin. After recovering from the initial shock, Federle found a silver lining: "This just gets the buzz going sooner."...With the season finale of *American Idol* playing in the background, *People* recently hosted its own version of *AI* with members of the New York media community singing karaoke at New York nightclub Show. Voting on the performances were *People* editors **Cynthia Sanz** and **Chuck Arnold** and publisher **Kathy Kayse**, who took on the role of "meanie" judge Simon Cowell. After two hours of fierce competition, the votes were tallied, and **Jessica Morini**, assistant media planner at Mediaedge:cia got the nod for her rendition of Neil Diamond's "Sweet Caroline," winning the grand prize of an American Express gift card. Mike Sapperstein, assistant media planner at Universal McCann, took second-place honors for belting Oleta Adams' "Get Here," and Kelly Leach, media planner at Universal McCann, placed third for her version of Donna Summer's "Bad Girls"...**The Meow Mix Company** is having the time of its nine lives with its first foray into TV programming. For last week's pre-launch party for *Meow TV*, the Oxygen Network show targeting the "underrepresented 70 million cats in the U.S.," the hosts transformed midtown Manhattan's Whiskey Bar into a whiskers bar, with furry-eared staff serving Kitty-tini's and tuna sushi rolls. Celebrated guests included the Amazing Kreskin; Sandra Bernhardt, who recites cat haiku on *Meow TV*; *American Idol* alum Julia D'Amato, who has signed on as a judge in the talent search for the show's fall installment; and Big Pussy himself, *Sopranos* alum Vincent Pastore, who got catty with *Meow TV* host Annabel Gurwitch. ■



Purr-fect together: Pastore (l.) and Gurwitch at the launch party for *Meow TV*

Movers

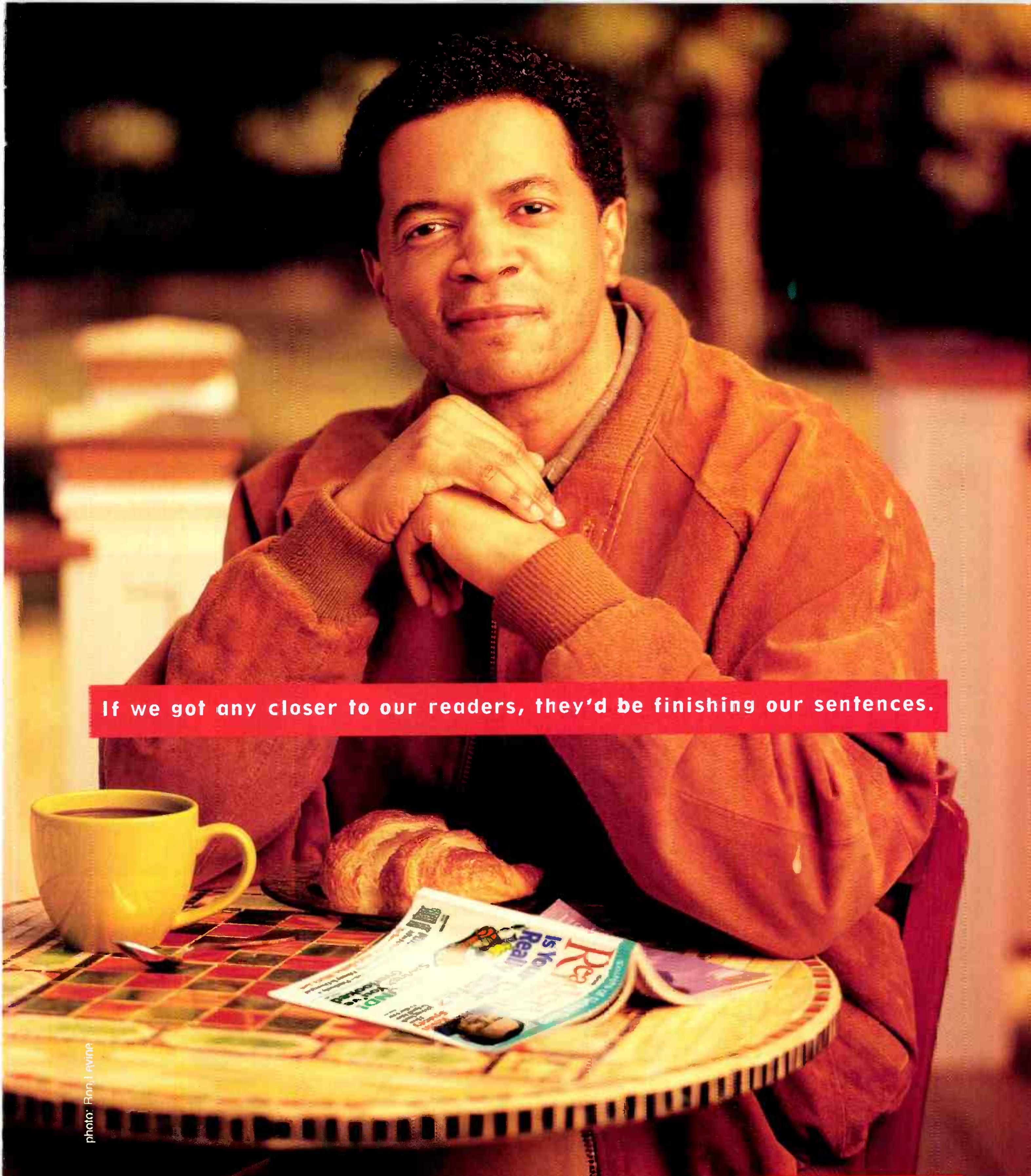
Discovery taps Rodriguez

Dice named *People* associate publisher

(continued from page 32) publisher of *Trace* magazine, an eight-times-yearly independent "transcultural styles and ideas" title published in the U.S. and the U.K. Also at *Trace*, **Alyson Day** was named marketing director. Day had been with designer apparel manufacturer Maxmara USA handling media planning and special events... **Amy Weber Dice** was named associate publisher of *People*, charged with managing advertising sales activity, strategy and business development. She will start on June 18 and be based in New York. Most recently, Dice was associate publisher/marketing for Time Inc. sibling *Business 2.0*.

CABLE TV

Brooke Bailey Johnson, senior vp/general manager at A&E until 2000, last week was named senior vp/gm of Food Network, a unit of Scripps Networks. Johnson has been out of the industry since leaving A&E...**Rick Rodriguez**, vp of content for Discovery Networks International, has been named executive vp of Travel Channel, replacing Steve Cheskin, who resigned earlier this month. Rodriguez will oversee program development, production and operations for Travel...CNN has tapped **Jim Miller** as senior executive producer of CNN's *American Evening With Paula Zahn*. Miller, who was most recently an editorial and management consultant for ABC's *Good Morning America*, will oversee the program that launches officially this summer. Previously, Miller was in charge of original programming at USA Network and was a producer at CBS News.



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get involved

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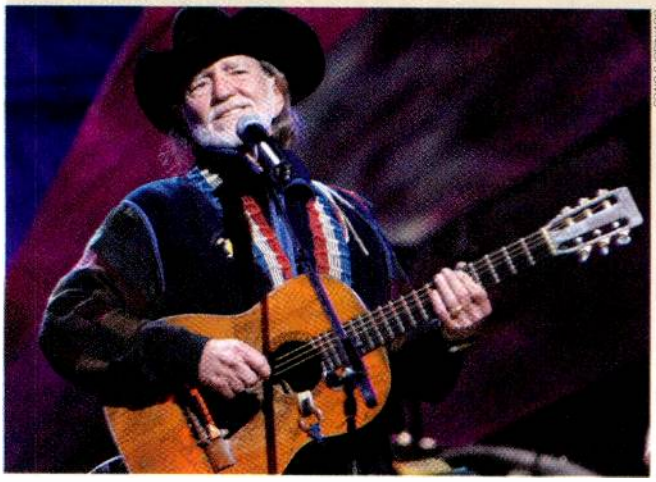
inside media

Willie and Friends Make USA's Memorial Day

USA Network's May 26 concert special, *Willie Nelson & Friends: Alive and Kickin'*, was the highest-rated special in the cable channel's history, delivering 3.17 million viewers 2-plus. The telecast attracted almost 1 million more viewers than USA's 2002 Memorial Day concert, *Willie Nelson & Friends: Stars and Guitars*, which delivered 2.2 million. This year's concert was taped April 9 in New York in celebration of Nelson's 70th birthday. Among the other artists who joined Nelson were Ray Charles, Lyle Lovett, Sheryl Crow, Steven Tyler, Eric Clapton and Norah Jones.



CRAIG SJODIN/ABC

Still kickin': Nelson pulled in 3 million viewers.

higher than the same period last year. The growth is credited largely to Sci Fi's *Stargate SG-1* series, which grew 50 percent over last year to a 1.2 rating during its four-hour block on Monday nights.

Rumsfeld "Connects" With Radio Audience

Infinity Broadcasting aired its third "Infinity Radio Connect" last week, featuring an hour-long interview with Secretary of Defense Donald Rumsfeld, who kicked off the special live national broadcast series last November. More than 15 Infinity stations cleared the program, including WINS-AM and WCBS-AM in New York; KFWB-AM in and KNX-AM in Los Angeles; WBBM-AM in Chicago; KYW-AM and WPHT-AM in Phiadelphia; and WBZ-AM in Boston.

Taylor-Made for WCBS-FM

Dan Taylor, the former midday host on WCBS-FM, Infinity Broadcasting's legendary Oldies station in New York, has moved to mornings (5:30 -9 a.m.). *A Taylor Made Morning* replaces Harry Harrison, who signed off the station on March 19 after a 44-year run in New York radio. Taylor has also worked at several other New York stations (including WNBC in 1986 as a fill-in host on *Imus in the Morning*) before returning to WCBS in 1996.

Sirius Intros Car-Free Satellite Receivers

Sirius, the satellite subscription radio service, this summer is introducing two new "plug and play" receivers from Kenwood and Audiovox, marking the first time consumers will be able to receive the service outside their cars. Available in June, the Kenwood Here2Anywhere receiver and Audiovox's S.R.S. Satellite Radio Shuttle will sell for $99.95, plus $69.95-89.99 for a car or home docking kit.

KABC's Elder Shaves an Hour

Larry Elder, afternoon-drive host on KABC-AM, ABC Radio's Talk station in Los Angeles, will talk one less hour beginning today. Elder, on KABC since 1994, will be heard daily from 3 to 6 p.m. As a result, the rest of the station's evening lineup, including *The Al Rantel Show*, (6-9 p.m.), *The Mr. KABC Show* (9 p.m.-midnight) and *The Doug McIntyre Show* (midnight-5 a.m.) will advance by an hour. Elder, whose show ABC Radio Networks launched into national syndication last August, said he decided to exercise an option in his contract to reduce his hours.

HFM Titles Team for Drug Store Promos

Woman's Day, *Elle* and *Ellegirl*, all published by Hachette Filipacchi Media, have teamed with Eckerd and Genovese stores for a three-week Summer Essentials promotion that includes a multipage advertorial in the three titles, online exposure and promotions in 2,850 stores. An array of the stores' products will be featured on advertorial pages adjacent to their ads, along with coupons in the section of *WD*'s June 17 issue, *Elle*'s June issue and *Ellegirl*'s May/June issue. Product sampling and a sweepstakes will be part of the program.

Segreto Re-Signs With WTVJ Miami

Tony Segreto, co-anchor of the 6 p.m. and top-rated 11 p.m. news on WTVJ, NBC's owned-and-operated station in Miami, has re-signed with the station through 2006. A 30-year veteran with the station, Segreto joined as an intern, working his way through the ranks as a photographer, producer, reporter and noon anchor. He also co-hosts the weekly *Dave Wannstedt Show* during the Miami Dolphins' NFL football season.

ESPN Radio Welcomes *Interruption*

ESPN Radio will launch a specially produced radio version of ESPN cable's *Pardon the Interruption* today, June 2. The radio version, hosted by Tony Kornheiser and Michael Wilbon, will air daily at 7 p.m., following the cable TV version, which airs daily at 5:30.

Sorenstam Drives USA Ratings

The appearance of female golfer Annika Sorenstam in the PGA Tour's Bank of America Colonial tournament spiked USA Network's ratings on Friday, May 23, drawing 3 million viewers, double USA's audience for the May 22 opening round. Friday's round peaked at 5 p.m. with 3.6 percent of the country's 87 million cable homes and 3.8 million viewers. The two-day 2.1 cable average set a record for USA's 22 years of televising PGA Tour events. Additionally, USA's regularly scheduled coverage on the 22nd, which aired from 4 to 6 p.m., generated a 1.6 rating and delivered 1.5 million viewers 2-plus, a record Thursday rating for a PGA Tour event on the network. Sorenstam was the first woman to play in a PGA Tour event in decades.

Stewart, Miller Upped at KR's *Democrat*

At Knight Ridder's *Tallahassee Democrat* daily newspaper, Mizell Stewart III was promoted from managing editor to editor and vp. Stewart succeeds John Winn Miller, executive editor and senior vp of news and circulation, who has been upped to senior vp in charge of circulation, operations and human resources. Stewart will be responsible for all newsroom employees and editorial content. Miller becomes the *Democrat*'s second-in-command to publisher Mike Pate. The *Democrat*, reporting a current daily circulation of 51,285 (66,625 on Sundays), led all 31 Knight Ridder papers in 2002 with a circulation gain of 2.7 percent. ■

Culture Trends

MOST REQUESTED ON ASK JEEVES

The following is a report containing the movies and TV programs that garnered the most questions on www.ask.com

TOP 10 MOVIE SEARCHES

1 ***THE MATRIX RELOADED***

2 ***BRUCE ALMIGHTY***

3 ***X-MEN 2***

4 ***THE HULK***

5 ***FINDING NEMO***

6 ***THE LIZZIE MCGUIRE MOVIE***

7 ***HOLES***

8 ***DUMB AND DUMBERER***

9 ***2 FAST 2 FURIOUS***

10 ***A MIGHTY WIND***

TOP 10 TV SEARCHES

1 ***FRIENDS***

2 ***THE SIMPSONS***

3 ***BIG BROTHER 4***

4 ***JACKASS***

5 ***24***

6 ***7TH HEAVEN***

7 ***SIX FEET UNDER***

8 ***SMALLVILLE***

9 ***SOUTH PARK***

10 ***THE OPRAH WINFREY SHOW***

Source: Ask Jeeves

THE HOLLYWOOD REPORTER'S BOX OFFICE

THIS WEEK	LAST WEEK	PICTURE	WEEKEND GROSS	DAYS IN RELEASE	TOTAL GROSS
1	NEW	***BRUCE ALMIGHTY***	85,734,045	4	85,734,045
2	1	***THE MATRIX: RELOADED***	45,612,152	12	209,481,877
3	2	***DADDY DAY CARE***	18,113,333	18	73,254,194
4	3	***X2: X-MEN UNITED***	13,237,398	25	192,197,843
5	NEW	***THE IN-LAWS***	9,222,334	4	9,222,334
6	4	***DOWN WITH LOVE***	5,055,054	18	14,582,029
7	5	***THE LIZZIE MCGUIRE MOVIE***	4,317,247	25	37,599,278
8	8	***HOLES***	3,227,634	39	60,235,819
9	6	***IDENTITY***	2,682,373	32	49,263,016
10	7	***ANGER MANAGEMENT***	2,300,346	46	131,745,970

For weekend ending May 25, 2003

Source: *Hollywood Reporter*

TEEN PEOPLE TRENDSPOTTER™

HOT PICKS FOR JUNE

Teen People's Trendspotters are a community of self-appointed influencers between the ages of 13-24 who keep the magazine's editors abreast of emerging trends in teen culture...

WRISTLET BAGS

The hottest bag for Spring/Summer. *Teen People* loves them because they are compact but fit the necessities (money, i.d., and lip-gloss)...

KEY FOBS

A must-have accessory right now among teens. These cute, trendy key rings are not only used to hold keys, but they are dressing up teens' bags as well...

NEUTROGENA SHIMMER SHEARS

Trendspotters have been buzzing about the multi-purpose positioning (eyes, lips, cheeks) and the fresh, clean glow they get from the product...

JASON MIRAZ

This folk, bluesy recording artist is currently tearing up the airwaves with his single *The Remedy*...

MONOGRAMMING

Another way teens are personalizing their wardrobe, by sewing OR ironing on their initials to their clothing...

BRONZING MAKEUP

For eyes, lips and cheeks. Teens are experimenting with bronzing products to give themselves a fresh, post-vacation glow...

THE ATARIS

The coolest punk band to hit the teen music scene in some time. Teens relate to their meaningful lyrics and are moved by their powerful vocals...

HAWAIIAN PRINTS

This tropical look is being seen on everything from board shorts to flip-flops to purses...

JAY Z'S 'CARTER SIGNATURE COLLECTION

This sneaker has created a trend in footwear. The fastest-selling shoe in Reebok's history...

NIELSEN TV RATINGS

	PROGRAM	NETWORK	NIGHT	VIEWERS
1	***AMERICAN IDOL***	FOX	WEDNESDAY	38.1
2	***AMERICAN IDOL***	FOX	WEDNESDAY	30.4
3	***AMERICAN IDOL***	FOX	TUESDAY	25.7
4	***EVERYBODY LOVES RAYMOND***	CBS	MONDAY	22.7
5	***CSI: MIAMI***	CBS	MONDAY	19.3
6	***LAW & ORDER***	NBC	WEDNESDAY	19.0
7	***CSI***	CBS	THURSDAY	17.3
8	***AMERICAN IDOL***	FOX	MONDAY	16.9
9	***LAW & ORDER***	NBC	WEDNESDAY	16.0
10	***WITHOUT A TRACE***	CBS	THURSDAY	15.0

Source: Nielsen Media Research

NIELSEN//NETRATINGS AD RELEVANCE

TOP 10 HEALTH ADVERTISERS

	COMPANY	IMPRESSIONS (000)	SHARE
1	**WEIGHT WATCHERS INTERNATIONAL**	197,699	39.2%
2	**EDIETS.COM**	58,868	11.7%
3	**WYETH CORPORATION**	45,637	9.0%
4	**ASTRAZENECA PHARMACEUTICALS**	20,525	4.1%
5	**KAISER PERMANENTE**	17,157	3.4%
6	**GLAXOSMITHKLINE**	14,768	2.9%
7	**MERCK & COMPANY**	12,536	2.5%
8	**TAP PHARMACEUTICAL PRODUCTS**	8,603	1.7%
9	**BOSLEY MEDICAL**	7,736	1.5%
10	**INCREASEYOURHEALTH.COM**	7,489	1.5%

Source: Nielsen//NetRatings AdRelevance

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Business Not as Usual

G+J is eyeing big changes for *Fast Company* this fall, with a new editor at the helm and a new publisher on the way

WHEN G+J USA PUBLISHING LAST SUMMER DISMANTLED ITS BUSINESS INNOVATOR GROUP, a synergistic unit led by the forward-thinking *Fast Company* and small-business title *Inc.*, the publisher consolidated the group's sales within its corporate sales unit, scaled down once-ambitious acquisition plans and began mulling editorial changes.

At the 680,000-circulation *Inc.*, the edit initiatives kicked into high gear last September with the arrival of new editor John Koten. *Worth* veteran Koten, who succeeded longtime *Inc.* editor George Gendron, quickly moved to put more emphasis on keeping the book up to date on the latest trends in small business.

Byrne wants to make *FC* more edgy, provocative and newsy starting with the Sept. issue.

Over at *Fast Company*, the changes have been slower in coming but are shaping up to be more dramatic. Last week, Linda Sepp, publisher since January 2002 and one of the title's founding sales executives, stepped down. No replacement was named; associate publisher Jim McCabe will serve as acting publisher until the position is filled.

While he would not comment on Sepp's departure, G+J USA executive vp Dan Rubin says he is seeking a publisher strong in the automotive and luxury categories. Sepp's exit comes as *Fast Company*'s ad pages are on the mend; through June, the monthly's ad pages are up 7 percent to 375 compared to the first half of last year, reports the *Mediaweek* Monitor.

Meanwhile on the edit side, recently arrived *FC* editor in chief John Byrne (previously a senior writer at *BusinessWeek*) is busy revamping the title. Co-founding editors William Taylor and Alan Webber stepped down in March, choosing to practice what they preached. The two agreed that a magazine espousing innovative business practices needed "fresh eyes" (both have stayed on as consultants).

Under Taylor and Webber, the business monthly gained a rabid following and within eight years carried a solid 700,000-plus circulation. But like many business books—including *BW*, *Forbes* and Time Inc.'s *Fortune* and *Business 2.0*—*Fast Company* has struggled to maintain its momentum over the past two years. *FC*'s aggressively optimistic outlook on business was weighted down by the economic slowdown and the shakeouts in the technology sector and on Wall Street.

Fast Company underwent an editorial overhaul last fall, including a logo change, designed to better reflect its audience's changed attitudes about business—and to pump up newsstand sales.

But Taylor and Webber's revamping did not pay off. While *FC*'s paid circulation in last year's second half grew 3.7 percent to 734,449 over the second half of 2001, according to the Audit Bureau of Circulations, single-copy sales continued to slide, down 20.4 percent to 22,833.

"It's a big riddle to solve," says Alan Jurmain, executive vp and director of U.S. media services at Lowe & Partners Worldwide. "*Fast Company* has been about New Age working solutions, [but] maybe they need to be about how to apply great work techniques in more traditional environments, because that's where business seems to be."

"It's about execution, back to basics, and good journalism," says Rubin. "Bill [Webber] and Alan [Taylor] had great ideas for stories, but the stories were not written as well, they were not as journalistically sound. Maybe they lost their momentum."

Now Byrne will overhaul the magazine again, and steer it in a new direction. The new editor has assembled a management team and is looking for a new art director after founding design director Patrick Mitchell and others chose not to join in the title's relocation later this month from Boston to New York.

The revamped *FC*, to bow in September, will be newsier, "more edgy and more provocative," says Byrne. "The tone has been very upbeat and aspirational. We need to shake it up a bit, tell it like it is...I like to think of the magazine as an *Esquire* for the world of business."

The new *FC* will offer "periscope" pieces in which writers will "plop down in an organization and craft *New Yorker*–style pieces," Byrne says. He also anticipates more short items and easier entry points in the front of the book.

Still, Byrne stresses that *FC*'s overall mission will not change, and the modifications will be incremental. "We are still a magazine of ideas to help people work smarter and lead better," he notes. —*LG*

An Updated *I.D.*

Design title adds global spin

After multiple owners and editorial visions in its nearly 50-year history, iconic design magazine *I.D.*, published since 1999 by Cincinnati-based F&W Publications, is undergoing yet more changes in its June issue. The latest revamp is an effort to better reflect the 32,000-circulation title's full name, which in 1988 was changed to *International Design* from *Industrial Design*. June is also the first issue under editor Julie Lasky, who joined *I.D.* last December (Lasky was editor of the defunct *Interiors*, published by *Mediaweek* parent VNU), and the first since the magazine's return to New York, from Cincinnati.

The eight-times-yearly title is putting more emphasis on international style and design, rather than focusing solely on U.S. offerings. "It's more about the culture of design," says Lasky. "We want to provide the broadest section of design that's produced globally and make

the product-design aspect more evident."

The June issue, on newsstands this week, highlights everything from uniforms and eyewear to voting forms and caskets. The front-of-book's Expo section is now categorized by city, offering readers briefs on design news from London to Budapest. Lasky will also include more criticism in an expanded Reviews section, as well as profile more international designers, though she will continue to feature industrial design articles.

To execute these changes, Lasky has hired a new team, including art director Nico Schweier, who has worked as a typographer for *Wallpaper*, published by Time Inc.'s U.K.-based IPC Media. After Schweizer joins in mid-June, Lasky will begin work on a major redesign for the January/February issue, which will coincide with the start of *I.D.*'s 50th year.

June marks another evolution for 50-year-old title.

Broadening the scope of the magazine beyond industrial design runs the risk of alienating some advertisers. "There isn't really an industrial design magazine outside of *I.D.*," says Debora Dyrenforth of design development firm Design Central, an *I.D.* advertiser. "The June issue has a more urban design feel. If a dilution makes it more fashion-conscious or too edgy, [our target reader] might not consider it a source anymore. But you can't see positioning from just one issue." —*Aimee Deeken* ■

Mediaweek Magazine Monitor

WEEKLIES June 2, 2003

	ISSUE DATE	CURRENT PAGES	ISSUE DATE LAST YEAR	PAGES LAST YEAR	PERCENT CHANGE	YTD PAGES	YTD LAST YEAR	PERCENT CHANGE
NEWS/BUSINESS								
BusinessWeek	2-Jun	55.28	3-Jun	41.65	32.73%	1,114.14	1,245.49	-10.55%
The Economist	24-May	47.00	25-May	39.00	20.51%	844.00	1,032.00	-18.22%
Newsweek[E]	2-Jun	36.26	3-Jun	30.49	18.92%	810.53	804.20	0.79%
The New Republic+	2-Jun	10.59	3-Jun	7.00	51.29%	130.89	169.67	-22.86%
Time[E]	2-Jun	41.05	3-Jun	45.40	-9.58%	929.79	963.12	-3.46%
U.S. News & World Report	2-Jun	40.52	3-Jun	39.88	1.60%	555.00	549.86	0.93%
The Weekly Standard	9-Jun	8.33	10-Jun	8.00	4.13%	188.43	197.20	-4.45%
Category Total		**239.03**		**211.42**	**13.06%**	**4,572.78**	**4,961.54**	**-7.84%**
SPORTS/ENTERTAINMENT/LEISURE								
AutoWeek	2-Jun	24.87	3-Jun	32.10	-22.52%	493.79	508.19	-2.83%
Entertainment Weekly	30-May	47.87	31-May	52.21	-8.31%	730.45	721.82	1.20%
Golf World	30-May	18.66	31-May	31.50	-40.76%	490.05	672.51	-27.13%
New York[SS]	2-Jun	39.10	3-Jun	65.30	-40.12%	949.50	1,098.10	-13.53%
People	2-Jun	69.30	3-Jun	78.15	-11.32%	1,537.87	1,516.17	1.43%
Sporting News	2-Jun	10.58	3-Jun	20.00	-47.10%	306.65	313.38	-2.15%
Sports Illustrated[1]	2-Jun	44.46	3-Jun	42.39	4.88%	950.76	1,033.82	-8.03%
The New Yorker	2-Jun	33.92	3-Jun	33.30	1.86%	834.56	857.04	-2.62%
Time Out New York	28-May	88.91	29-May	90.81	-2.09%	1,504.23	1,417.18	6.14%
TV Guide	31-May	38.75	1-Jun	35.84	8.12%	1,047.07	1,072.32	-2.35%
Us Weekly	2-Jun	22.00	3-Jun	47.50	-53.68%	520.18	438.51	18.62%
Category Total		**438.42**		**529.10**	**-17.14%**	**9,365.11**	**9,649.04**	**-2.94%**
SUNDAY MAGAZINES								
American Profile	1-Jun	7.85	2-Jun	8.35	-5.99%	195.55	186.63	4.78%
Parade	1-Jun	11.73	2-Jun	14.54	-19.33%	301.51	283.12	6.50%
USA Weekend	1-Jun	13.34	2-Jun	11.06	20.61%	272.05	273.86	-0.66%
Category Total		**32.92**		**33.95**	**-3.03%**	**769.11**	**743.61**	**3.43%**
TOTALS		**710.37**		**774.47**	**-8.28%**	**14,707.00**	**15,354.19**	**-4.22%**

E=estimated page counts; SS=special issue last year, Summer Travel; 1=one fewer issue in 2003 than in 2002; +=one more issue in 2003 than in 2002

BIWEEKLIES June 2, 2003

	ISSUE DATE	CURRENT PAGES	ISSUE DATE LAST YEAR	PAGES LAST YEAR	PERCENT CHANGE	YTD PAGES	YTD LAST YEAR	PERCENT CHANGE
BUSINESS/ENTERTAINMENT								
ESPN The Magazine	9-Jun	57.07	10-Jun	63.16	-9.64%	624.31	581.59	7.35%
Forbes[E]	9-Jun	122.48	10-Jun	164.73	-25.65%	1,240.96	1,270.24	-2.30%
Fortune	9-Jun	124.13	27-May	113.72	9.15%	1,243.43	1,307.08	-4.87%
National Review	16-Jun	12.08	17-Jun	16.75	-27.86%	170.56	157.97	7.97%
Rolling Stone	12-Jun	66.33	6-Jun	53.50	23.98%	559.63	574.96	-2.67%
CATEGORY TOTAL		**382.09**		**411.86**	**-7.23%**	**3,838.89**	**3,891.84**	**-1.36%**

E=estimate

CHARTS COMPILED BY AIMEE DEEKEN

60sec. With

Eric Schrier President, Reader's Digest North America

Q. *What are your plans for lifestyle magazine publisher Reiman Publications, which Reader's Digest Association acquired last year?* **A.** We're looking for Reiman to launch one magazine in the U.S., one in Canada, one in Britain and maybe another in Brazil. The U.S. title, about the outdoors—backyard stuff like gardening and barbecuing—will launch early next year. **Q.** *'Reader's Digest' has been updated thanks to a major overhaul over the past few years. Are you satisfied with the changes?* **A.** It's pretty much where it needs to be. Now it's a question of creating some trademark franchises. We have the next Norman Rockwell, C.F. Payne, who will debut his monthly illustrations in the August issue. We have a humor-themed issue in September. We're also looking to launch a regular [feature] next spring on the American family, which may first appear this fall. There may also be radio or television pieces. **Q.** *What have you and Frank Lalli, your vp of new development, been working on in the TV area?* **A.** We're looking at weekly 30-minute-to-one-hour slots, talking to both the networks and cable. The [programs] will have to carry the sensibility of the *Reader's Digest* brand. A newsmagazine is one thing we're looking at. We're hoping to make an announcement this fall. Frank is also developing *RD* special issues and magazine launches. **Q.** *Including an eBay magazine, with ex-'Entertainment Weekly' editor Jim Seymore?* **A.** It's one of many ideas we're knocking around. **Q.** *There are rumors that the ghost of 'RD' founder DeWitt Wallace haunts your office. Does he ever say 'boo'?* **A.** I haven't seen any ghosts, but I do have a photo of him watching me from the bookcase. We talk pretty often. He submits jokes now and then.

media person

BY LEWIS GROSSBERGER

The Worst of Times

BEFORE WE BEGIN, MEDIA PERSON IS OBLIGATED TO DISCLOSE THAT HE EMPLOYED NO stringers, freelancers, assistants, interns, clerks, gofers, grammarians or sous chefs in the preparation of this column. He did, to be honest, incorporate a paragraph from a Reuters story on recent trends in the Malaysian porn industry, though he was careful to change all the adjectives (utilizing Roget's Online Thesaurus) to "make it his own." Though Media Person has never actually been to Kuala Lumpur, he intends to visit that dateline as soon as his busy schedule permits and verify whether it is really "a large bustling metropolis with tall buildings and many persons of Asian descent." If it isn't, MP will issue a correction and a full apology to his readers, mentioning many of them by name, if they have no objections.

Further, Media Person consulted a highly regarded show-biz trivia expert, Randall Kendall of Pittsburgh, Pa. (who also happens to be his cousin-in-law), to query him on who played Fredo in *The Godfather*, parts I and II. The name has been right on the tip of MP's tongue all day! Though ultimately MP did not make use of this information in the column, the perverse refusal of his brain to disgorge that damn name (which, of course, is John Cazale), was driving him so crazy he couldn't write or do anything, really, until he'd gotten the monkey off his back.

So much for the attribution. Now on to the actual column.

Wow. Who would've ever believed that the stodgy old *New York Times* would turn out to be a rip-roaring, wide-open combination of *The Front Page*, with its high-flying scoundrels, scamps and flim-flam artists, and *Les Miserables*, with a huge cast of seething, downtrodden peasants piling up their desks in the hallways and shaking their pencils at the authorities? Oh, and you might as well toss in a touch of *The Crucible* while you're at it. Witches everywhere.

At any rate, we can, one hopes, finally bid goodbye to that obsolete phrase, The Gray Lady, though in truth this has been more and more of a misnomer since the *Times* went to color photos and endlessly proliferating lifestyle sections.

Any remaining notions of the *Times* as some neo-Victorian preserve of rock-steady gravity, dignity and decorum dissolved as the Jayson Blair Scandal gave way to the Rick Bragg Uproar and full-blown hysteria engulfed West 43rd Street. While some staffers held caucuses, signed petitions or fired off memos full of angry recriminations against Bragg, top editors huddled fearfully in their bunkers desperately doing damage control, the sinister-sounding Siegal Committee summoned more material witnesses (scapegoats?), and rumors flew. Meanwhile, even those few still dedicated to putting out the paper were distracted by the obsessive need to keep pulling up the media Web sites reporting the chaos around them.

Sure is fun to watch, ain't it?

Still, serious questions abound, try as Media Person might to avoid them. What about Rick "You Can't Suspend Me, I Quit" Bragg and his everybody-does-it defense? Well, yes and no. Everybody does it—uses stringers—but not quite that much. The Pulitzer winner and best-selling author (according to our usual never-unreliable sources) hired his own unpaid helper to do most of the reporting on the now-notorious Gulf Coast oysterman story for which he alone got the byline. That's really pushing it. You're supposed to do more than fly into the airport, tag the dateline and fly out again. Still, nobody's saying it wasn't a good story or had mistakes in it, Media Person must note.

> **The Gray Lady has been more and more of a misnomer since the *Times* went to color photos and endlessly proliferating lifestyle sections.**

As one old, or possibly dead, editor used to frequently cry: "What do it all mean?"

While Bragg's offense was less flagrant and sustained (MP thinks) than Blair's wholesale fabrications and plagiarisms, he was a star, a favorite of Howell Raines and highly unpopular among his fellow reporters. Some of the peons are yelling favoritism.

Guess what? There will always be favoritism. Not everyone can be a star. Some will be promoted, others will be disgruntled. In the room full of egocentric valedictorians that is *The New York Times*, *many* will be disgruntled. The real question is: Are the right people favored? Unlike Blair, Bragg is at least talented, whether or not he cut corners.

As a result of Blair-Bragg, all the rules are being re-examined and rewritten, which is probably A Good Thing. (For one example, the *Times* was much too stingy on bylines and giving credit to underlings—this is already changing.) But if scared editors, in their zeal to stop ethics violations, now clamp down on good writing and offbeat ideas and harass their most creative (in the good sense) talents...uh-oh...very bad. Cut that out right now.

At this point, the *Times* really should close up shop for a month, administer sedatives, and let everyone calm down. It can't and won't, of course. But it should. ■

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