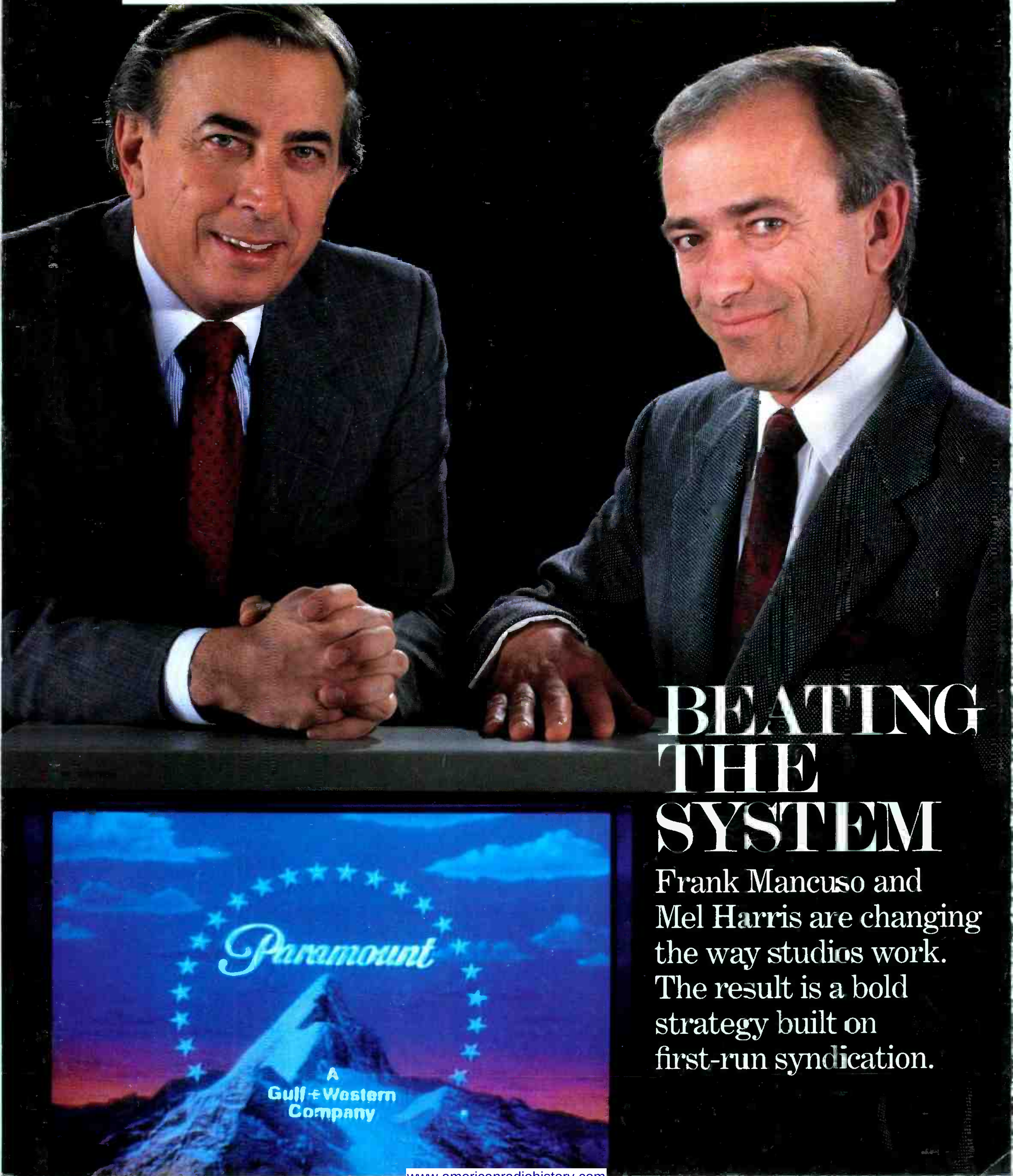
PROGRAMMING'S MR. HARDBALL

IN FOCUS: Syndication's New Directions

CHANNELS

FEBRUARY THE BUSINESS OF COMMUNICATIONS 1989



BEATING THE SYSTEM

Frank Mancuso and Mel Harris are changing the way studios work. The result is a bold strategy built on first-run syndication.

think.

You're looking at the portrait of a winning strip.

Mr. Belvedere is number one with women and kids in its time period. They watch the show consistently more than *anything* it's up against.

In its fifth hit season with ABC, the show's popularity continues to grow. *It's up 16% in share* while over 75% of all returning network shows are either flat or have lost share. Only one show is ahead by more.

When summer rolls around, Mr. Belvedere stays hot with 100% rerun share retention. The strongest of any network sitcom available for future syndication.

Mr. Belvedere has all the classic elements that make for long run syndication success. A family that Neilsen families love, and the numbers to prove it can deliver all the key demos.

Mr. Belvedere. The anchor of ABC's Friday lineup five years running. Think what it will do for you five nights a week.

Mr Belvedere

AVAILABLE TO STRIP FALL '89

20th Century Fox Television

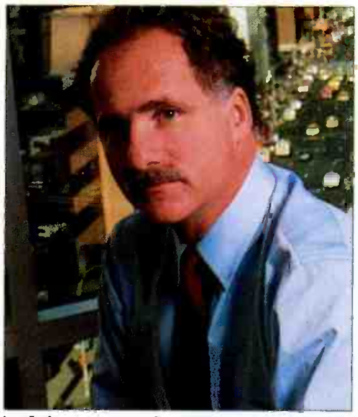
Have you ever seen a Nielsen family?

It's not what you

CHANNELS

THE BUSINESS OF COMMUNICATIONS

VOL. 9, NO. 3 FEBRUARY 1989



A driven man leaves the nest . . 62

Cover photograph: Bonnie Schiffman/Onyx

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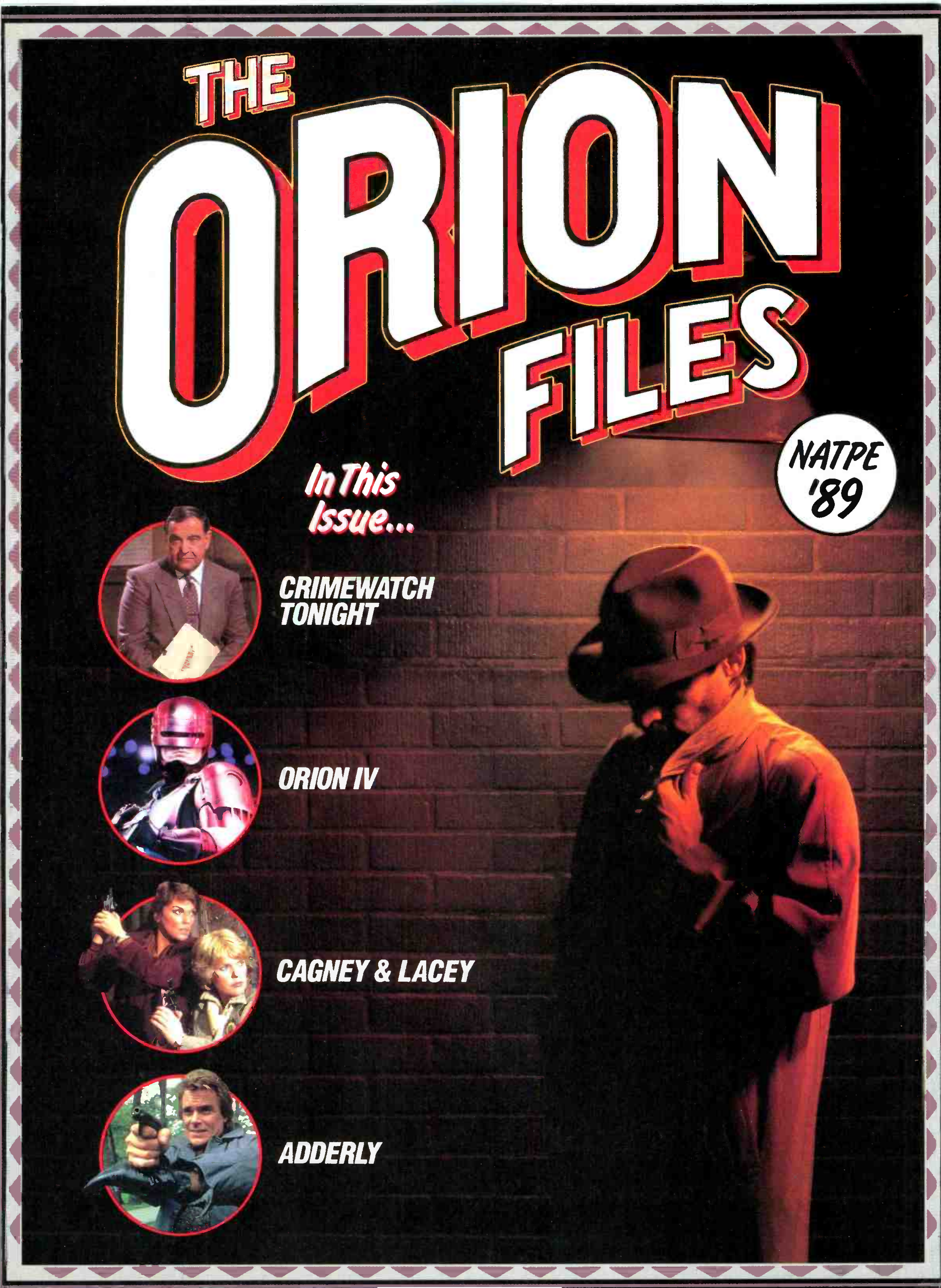
THE ORION FILES
NATPE '89
In This Issue...
CRIMEWATCH TONIGHT
ORION IV
CAGNEY & LACEY
ADDERLY


TAMPA NUGGET CIGAR
34 SAFETY MATCHES
DIAMOND MATCH DIVISION
NEW YORK, N. Y. 10017
NATPE SPECIAL EDITION VOL. '89
Evidence Stacks up for Orion
Action, crime, mystery and adventure. Week after week, rating period after rating period, these themes consistently score top ratings on network and in syndication. Now, Orion presents the action of Cagney & Lacey, the real-life drama of Crimewatch Tonight, the intrigue of Adderly and the blockbuster films of ORION IV. It's programming designed to give you the kind of partner you'd like to have in a tight spot. Orion '89: The evidence is conclusive.
ORION IV
The action-packed line-up of blockbusters that assaulted the box office with spellbinding mystery, spine-tingling suspense, and riotous comedy. Hit titles like ROBOCOP, NO WAY OUT, NO MAN'S LAND, MALONE, THROW MOMMA FROM THE TRAIN, and ¡THREE AMIGOS! make ORION IV the year's hottest movie package. Sold in over 125 markets.
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The critically acclaimed Emmy Award-winning series has what it takes to guarantee top numbers in first-run and repeat! The relationships and action of this landmark drama capture a broad-based loyal audience. 125 episodes are currently available for your line-up.
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LUCKY
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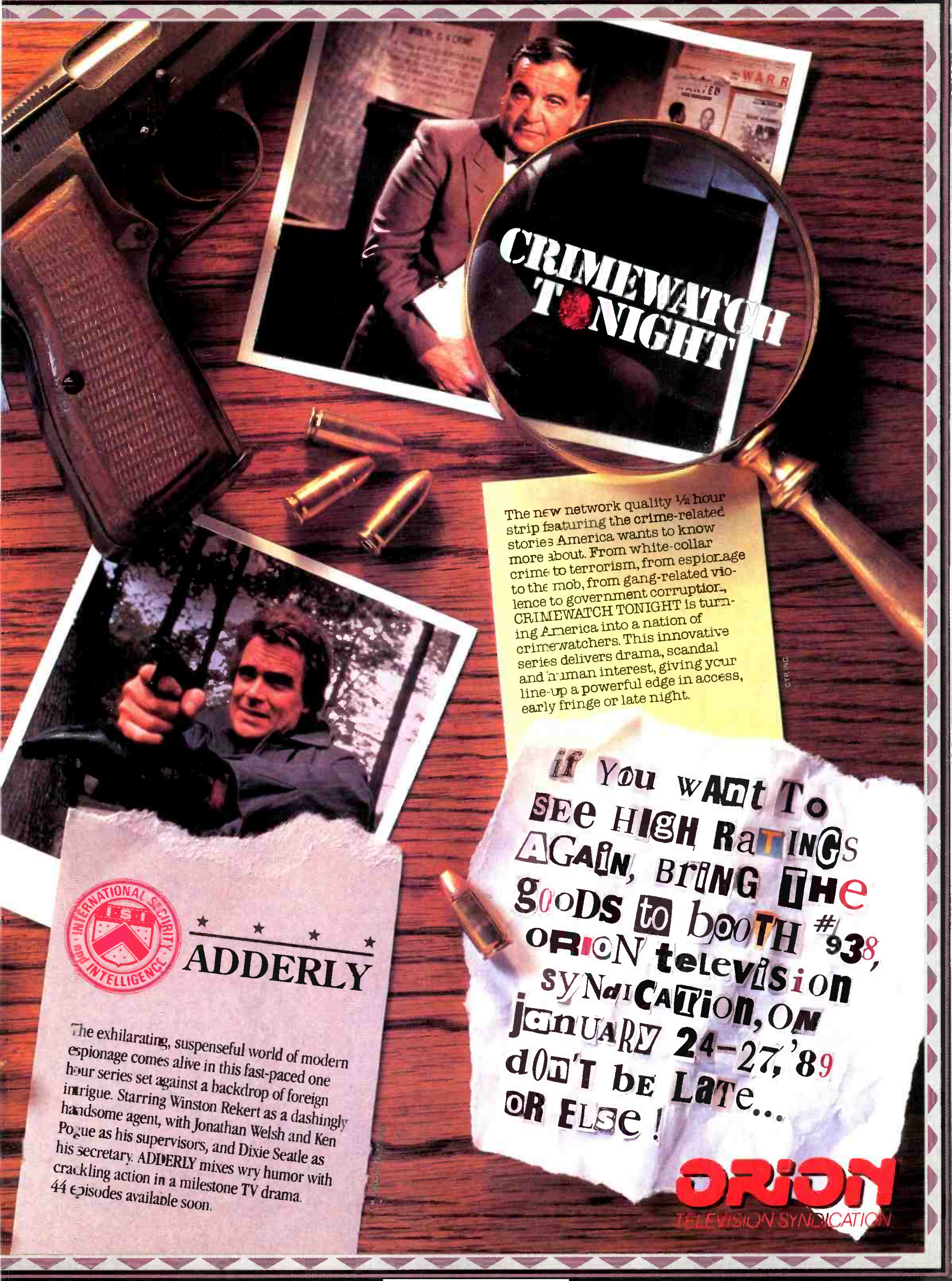

CRIMEWATCH TONIGHT
The new network quality ½ hour strip featuring the crime-related stories America wants to know more about. From white-collar crime to terrorism, from espionage to the mob, from gang-related violence to government corruption, CRIMEWATCH TONIGHT is turning America into a nation of crimewatchers. This innovative series delivers drama, scandal and human interest, giving your line-up a powerful edge in access, early fringe or late night.
INTERNATIONAL SECURITY and INTELLIGENCE
I.S.I.
ADDERLY
The exhilarating, suspenseful world of modern espionage comes alive in this fast-paced one hour series set against a backdrop of foreign intrigue. Starring Winston Rekert as a dashingly handsome agent, with Jonathan Welsh and Ken Pogue as his supervisors, and Dixie Seatle as his secretary. ADDERLY mixes wry humor with crackling action in a milestone TV drama. 44 episodes available soon.
if You want To SEE HIGH RaTINGS AGAIN, BrING THE gOODS to booTH #938, ORION television syNdiCATION, ON JANUARY 24–27, '89 don'T bE LaTe... OR ELSE!
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TELEVISION SYNDICATION
CTP, INC.

LETTERS

Networks: Bring Back Censors!

I read your October issue and, as usual, found it excellent and provocative. William Henry III's article, "Networks to Censors: Take a Walk," was right to the point. Television faces a crucial decision: whether to abandon all restraint or to try to hold the line at some ill-defined bottom. At least that's the thrust of the excellent Henry piece. The only problem is—there is no bottom. Take a look at what the three major networks are offering night after night.

We are witnessing a verbal and visual assault—conducted by the cable industry, by pay-TV, by independent stations, and now by the three networks—on the moral and ethical standards built into the fabric of our society since the landing of the Pilgrims. It took generations of Americans to define and protect that heritage. It takes a few Hollywood producers only minutes to destroy it. Aided and abetted now by the actions of the three networks.

What is vulgar and vile, venal and violent is now commonplace. The Federal Communications Commission is a silent partner in this assault. How curious that the Reagan administration, with all of its huffing and puffing about morality, standards and biblical injunctions, has been the champion of deregulation which Mark Fowler adopted as his own personal Bible—let the marketplace decide.

Fowler, his successors, the networks and Hollywood's "emancipated producers" have got it all wrong. There will be a backlash. There will be a recognition that the TV set, standing in the parlor of America's families, is not to be turned into a sewer carrying the kind of material parents and responsible adults would never permit in their homes. It is tolerated for the moment simply because responsible adults have confidence in the performance of the networks, certain that any aberration is simply a slip from the norm to which they've become accustomed over the years. When they realize their children are to be contaminated by language and actions every night, that there is a pollution of the mind as deadly as that of the environment by those who would spoil nature, that backlash will strike.

The TV set cannot become a fifth column tearing down the work of generations, debasing and desensitizing today's generation. All of the methods of program delivery—whether over the air, from satellites or through wired services of one form or another—all of them cross interstate lines. They have the same target: the American home. And America must find its leaders who will meet this challenge, this assault on civility, manners, morality and ethics, by demanding government action if the total television industry cannot come to its senses. Freedom of the press and of speech must not be synonymous with irresponsible and licentious behavior spawned by the mad competition to win audiences no matter the cost to the general welfare.

David Levy
President, Wilshire Productions
Beverly Hills, Calif.

By the Most Recent Book

In the article "Muddling Through the Must-Carry Mess," [September] author Frank Lovece painted a rather inaccurate picture of TCI's relationship with broadcasters. Over the past two years, our company has made a concerted effort at all levels, to communicate with broadcasters, and to work with them on common concerns. For example, last year we resolved nearly all outstanding carriage and channel-alignment issues with local public broadcasting stations. In northeastern Montana, TCI and the three network affiliates in Great Falls jointly paid for a microwave system to transmit a superior quality signal to rural communities. We also sent a letter recently to over 40 broadcasters that are distant signals on TCI systems, asking them to meet with our managers to discuss compliance issues under the pending syndex rules. Finally, a number of our senior executives attended broadcast trade association meetings across the country over the past year.

Regarding "must-carry," which was the subject of the article, TCI strongly supports the inter-industry compromise between broadcasters and cable operators, which was embodied in the most recent FCC "must-carry" regulations. Although these regulations were overturned in the courts, TCI has voluntarily followed them in our systems. In addition, we support a legislative solution to the current "must-carry" impasse, as long as it closely resembles the most recent rules and is a product of inter-industry negotiation.

In his "must-carry" article, Mr. Lovece failed to mention any of those points. Instead, he opted to make unfavorable comments about our company by using two old and unrelated channel-alignment examples. In the first instance, a station in Reno objected to carriage on its FCC-assigned channel, and in the second, a station in Portland was moved to UHF channels only in areas located beyond the station's "must-carry" radius. In both cases, however, TCI followed the most recent "must-carry" rules—rules that were agreed upon by both cable operators and broadcasters.

Perhaps one of the senior hands at your very excellent publication could explain to Mr. Lovece the difference between channel-alignment and carriage ("must-carry") issues. You might also have him actually talk to us the next time he writes about us. He might get a more balanced result.

Robert Thomson
V.P., Government Affairs, TCI
Denver, Colo.

Frank Lovece responds: Mr. Thomson is gracious and his remarks are well considered. But his letter seems to further confirm specific instances mentioned of TCI's friction with some broadcasters. The industrywide compromise on interim must-carry rules—of which TCI, as the country's largest MSO, was a supporter—was mentioned clearly at the outset of the article. Channel-shifting, presented as an important and ancillary issue, was given exactly five paragraphs in a four-page story. TCI president/CEO John Malone declined to make himself available to us in spite of repeated attempts to reach him; we gave ample space, however, to his positions as stated before House hearings. Finally, as for the issue of balance: The massive FCC study on must-carry, released just as the article appeared, also found widespread station droppage and channel-shifting.

On the Right Track

We enjoyed reading the November 1988 issue of *Channels*, especially Frank Lovece's article, "The Wide World of Local TV News."

As a 100-plus NBC affiliate and part of a new group, Granite Broadcasting Corporation, we too are sensitive to cost restraints, but we are dedicated to a commitment to local news.

KBJR-TV carries more local news than our two affiliate competitors, with the local news windows in the *Today Show*, *Live at Five*, *Weekday After 6* and *Metro News* at 10 P.M., which we repeat at sign-off.

We travel to significant national and international stories because they directly impact our viewers, as we have for the national political conventions, seven live satellite feeds from the state football championship games in Madison, Wisconsin, the Olympics in Seoul, Korea, live home and road hockey games for the University of Minnesota-Duluth, and satellite feed of our *College Hockey USA* weekly.

Both our valued advertisers and our loyal viewers want our perspective, and we will provide that service, which no network can accomplish.

When Lee Iacocca drove the first car off the new production line at the Diamond Star plant in Bloomington, Illinois, our sister-station WEEK-TV, Peoria, was there. They sent us a tailor-made story because the steel used in those cars came from the taconite ore dig on the Iron Range of Minnesota, and shipped from our growing Twin Ports. That story had significant economic impact on our viewers.

Your cartoon of a reporter interviewing an Arab with his camel on the Middle East sands was meant to support your story, but oil prices are a "big story" in Duluth during the winter months. Thanks for the publicity to our energy-conscious market place.

Thanks for convincing us that KBJR-TV is on the right track.

F. Robert Kalthoff
President & G.M., KBJR-TV
Duluth, Minn.

Carry On

Lou Prato's article on WBRZ-TV Baton Rouge was an excellent illustration of what progressive, community-oriented, honest management can do.

However, the Manship tradition goes back many years. When the civil rights movement was at its height, Doug Manship was in the forefront. He took on the Ku Klux Klan, stood up to threats and violence against the station and his family.

I don't mean to take anything away from John Camp or John Spain when I say the Manship commitment to good television goes back a long way.

Melvin A. Goldberg
Executive Director,
Electronic Media Rating Council
New York, N.Y.

Channels *welcomes reader's comments. Address letters to the editor to* Channels, *19 West 44th Street, Suite 812, New York, N.Y. 10036. Letters may be edited for purposes of clarity or space.*

The Annenberg School's Problem: How To Spend a Billion Dollars

Triangle's sale vastly expands school's endowment.

The Annenberg School of Communications has suddenly come into an astonishing windfall of almost $1 billion. The school owned 32 percent of Triangle Publications, the holding company for *TV Guide* and *Seventeen* magazines and other properties that Ambassador Walter Annenberg sold to media mogul Rupert Murdoch last fall. Overnight, that $3 billion transaction made the Annenberg School the seventh-largest-endowed educational institution in the U.S.

The Annenberg School, a non-profit educational corporation, was established 30 years ago by Ambassadors Walter and Lee Annenberg when they donated a substantial portion of Triangle to the school. Since then the school, which is really a corporate umbrella that operates graduate schools in communications study and other educational activities in collaboration with non-profit educational corporations, has been supported by revenues from Triangle. In contrast to a private foundation, the Annenberg School cannot make grants and is limited to financing its own educational activities.

The Annenberg School of Communications at the University of Pennsylvania became the first program to be funded, in 1959. It offers a Master's degree and Ph.D. in communications and conducts an undergrad program for the University's school of Arts and Sciences, involving some 140 graduate-degree candidates and between 300 and 400 undergrads. In 1972, a similar arrangement was established with the University of Southern California.

In recent years the Annenberg School has been financing four programs, to the tune of some $20 million annually. In addition to the schools at Penn and USC, it also funds a Washington, D.C., program, operated in conjunction with Northwestern University, and a $150 million, 15-year Corporation for Public Broadcasting program that offers college-level TV courses and develops new technologies for application in higher education.

The influx of cash to the Annenberg School presents the trustees, headed by Walter and Lee Annenberg and their daughter, with an interesting problem. They're confronted with the task of increasing their annual expenditures five-fold, to about $100 million a year. (Simply sitting on the cash might provoke the IRS to revoke the School's tax-exempt status.)


Ambassador Walter Annenberg: More of the same.

And what are the Annenbergs going to do with these millions? The School's articles of incorporation say only that its purpose is "to provide instruction at the college and post-graduate levels in the art, science and techniques of communication by radio, TV and other media, either acting alone or in cooperation with an established university."

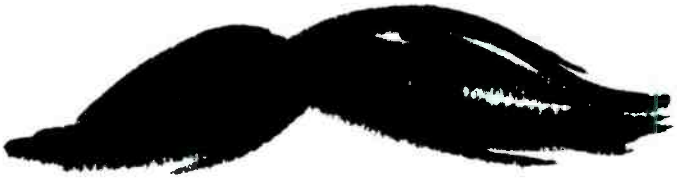
The Annenberg Schools at Penn and USC currently command only some $10 million annually. This figure could be upped, but Dr. George Gerbner, who is dean of the School at Penn, fears that a rapid increase in size would dilute the quality of the school, which admits only about one of every ten applicants.

Given the kind of dollars now available, a more likely option is to open additional Annenberg Schools, even abroad. And the Annenberg Washington Program, headed by former FCC chairman Newton Minnow, might be transformed into a full-fledged Annenberg School. It now conducts shorts courses on the legal and economic ramifications of communications regulation and sponsors related conferences and publications. The School could choose to fund more special projects, such as the $6 million, four-volume Encyclopedia of Communications it recently published in collaboration with Oxford University Press. The CPB program could also be expanded.

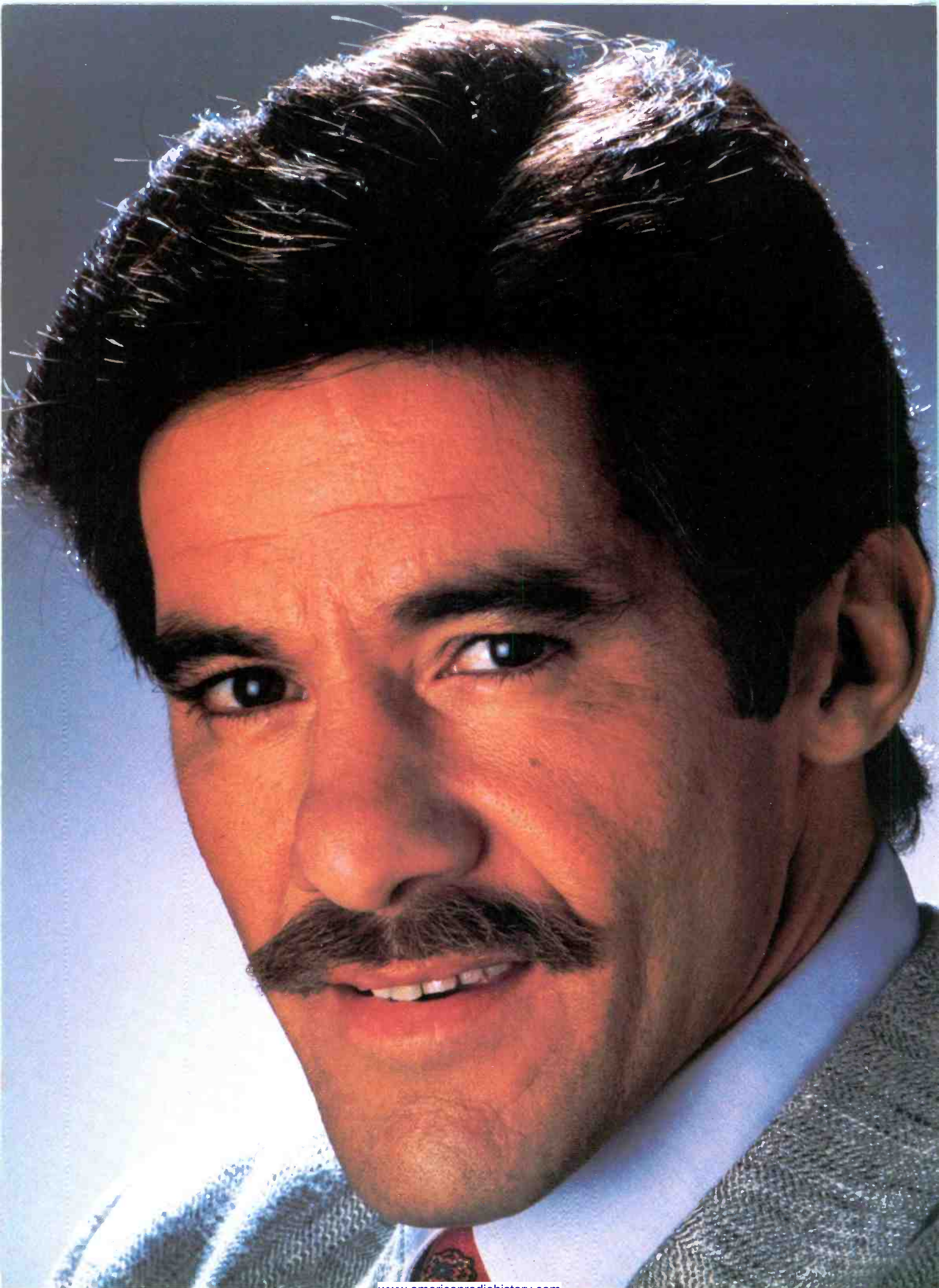
But even these additional expenditures won't begin to consume the $100 million or so in investment income that the Annenberg School will be able to dispense annually. Maurice Mitchell, a former chancellor of the University of Denver who is a consultant to the school, says that it will be a challenge to come up with worthwhile programs. "I think the Ambassador's instincts are to do what he's been doing, but even better. We [Annenberg School trustees] have been given a mandate to listen carefully for monumental ideas, but I haven't heard any yet."

One other possibility is the kind of marriage between art, education and technology that Annenberg tried to initiate 12 years ago at the Metropolitan Museum of Art. He offered the Met $40 million to establish a division of the Annenberg School that would put great works of art on videocassettes and discs, preserving them for the ages and making them accessible to a much wider audience. New Yorkers didn't much like the idea of giving Annenberg control of an entire wing of the Metropolitan, and the offer was withdrawn. But there are many museums that would welcome such money, and another pass at the Met is not out of the question.

Maurice Mitchell insists that nothing has been decided, and that the Annenberg School is at the very beginning stages of formulating creative ways to spend the Annenberg School's relentless flow of cash. In the meantime, anyone with a monumental, multimillion-dollar idea might want to give Walter Annenberg a call. ADAM SNYDER



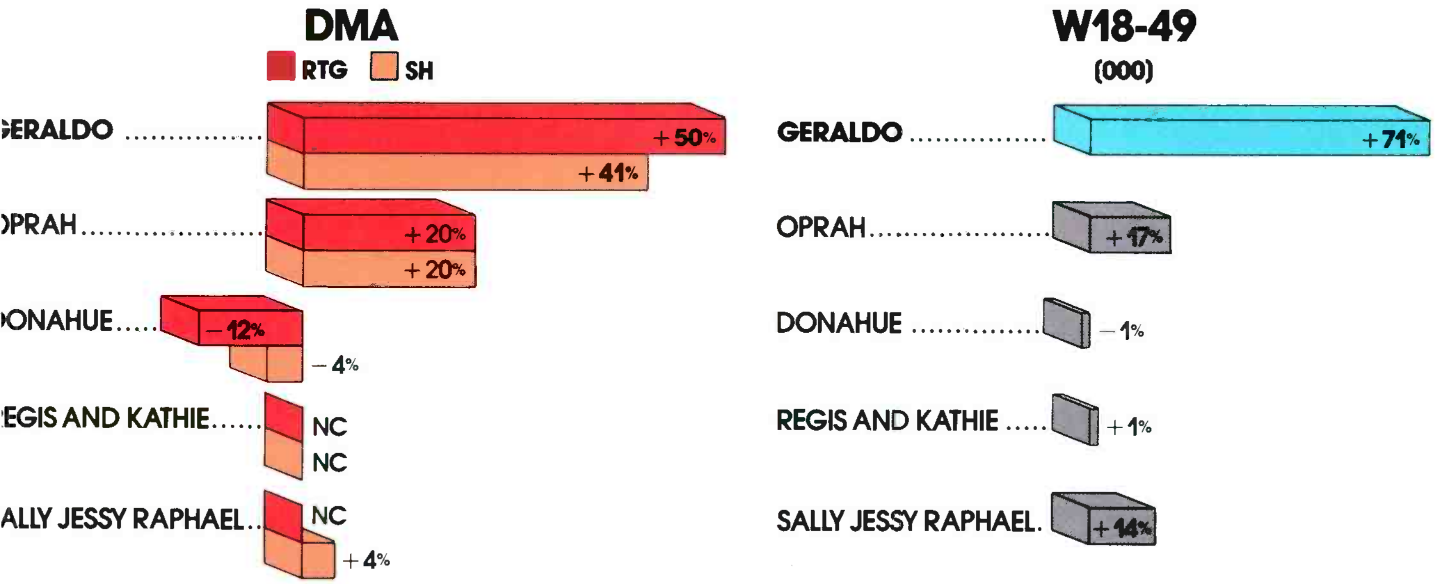
SENSATIONAL



SENSATIONAL RISE IN RATINGS!

SENSATIONAL CLIMB IN SHARE!

SENSATIONAL INCREASE IN DEMOS!



Geraldo

MORE THAN JUST TALK.

Station Sales

SOURCE: NSI, November 1988 vs. November 1987 T.P. (Top 50 markets)

Advertiser Sales
TELETRIB

TRIBUNE ENTERTAINMENT Company

AT THE CUTTING EDGE


THE
Joan Rivers
SHOW

DAYTIME NATIONAL FORECAST: CLEAR IN 36 MARKETS AND MORE CLEARANCE PREDICTED.

Already, 36 stations have seen that the warm and funny climate of the new Joan Rivers Show will make their daytime. And a great number of other commitments are in the wind.

Because, when it comes to capturing audiences (especially women 18-49), Rivers delivers.
So... can we talk?

FIRM GO

WCBS	**New York**	**KSAT**	**San Antonio**
KCBS	**Los Angeles**	**WVTM**	**Birmingham**
WGN	**Chicago**	**WPRI**	**Providence**
KYW	**Philadelphia**	**WGAL**	**Lancaster**
KRON	**San Francisco**	**WCHS**	**Charleston, WV**
WDIV	**Detroit**	**WPEC**	**West Palm Beach**
WJLA	**Washington**	**WNYT**	**Albany**
KDFW	**Dallas**	**KSLA**	**Shreveport**
WXIA	**Atlanta**	**WLUK**	**Green Bay**
KSTP	**Minneapolis**	**WHEC**	**Rochester**
KIRO	**Seattle**	**KTBC**	**Austin**
WCIX	**Miami**	**WGME**	**Portland**
KTVI	**St. Louis**	**KVOA**	**Tucson**
KUSA	**Denver**	**KTNV**	**Las Vegas**
KTVK	**Phoenix**	**WDAY**	**Fargo**
WVIT	**Hartford**	**WPTA**	**Ft. Wayne**
KOIN	**Portland, OR**	**WDIO**	**Duluth**
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TRIBUNE ENTERTAINMENT Company

AT THE CUTTING EDGE

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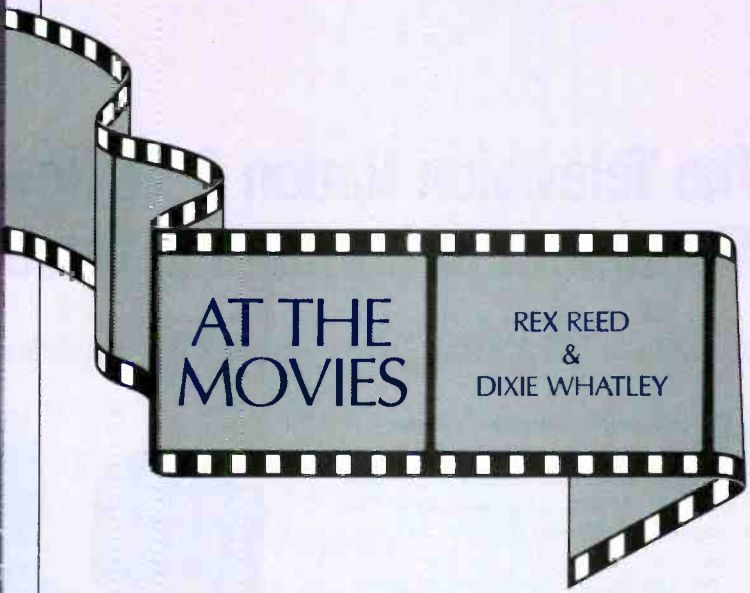
THE MOVIE
REVIEW SHOW
WITH A
CRITICAL
DIFFERENCE.

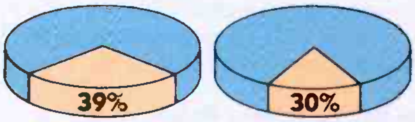


As the only one with critics of both gender, *At the Movies* offers a critical difference in appeal.

Added now to Rex Reed's renowned wit and commentary, is the female point of view (and review) well represented by Dixie Whatley.

It makes for a show designed to deliver the male *and* female. An important distinction since your ratings hang in the balance.

The critical difference with the critical demos.



	Women 18-49	Women 25-54
At The Movies	39%	30%
Siskel & Ebert	28%	27%
Cosby Show	30%	25%
Current Affair	29%	28%
Wheel of Fortune	17%	18%

TRIBUNE ENTERTAINMENT Company

AT THE CUTTING EDGE

Distribution
TELETRIB

Source: Audience Composition NTI/NSS Pocketpiece, Season Avg. (Week ending 10/30/88)

The Television Nation Gets New Monument in Borough of Queens

Museum of the Moving Image shows TV's 'material culture.'

Up to a point, television's history is there for all to see. It's called "reruns." But other than what actually goes on the air, TV's past seems to end up vanishing into thin air. At least, it used to.

Now, thanks to the American Museum of the Moving Image, the powerful but slippery television medium is being captured for viewing in unexpected, novel ways. Meanwhile, the museum, which is also known by its jovial acronym "AMMI," is busily pointing up the kinship between television and film as it examines the intertwining paths they tread.

AMMI, which opened its doors last September in a former scenery warehouse adjacent to the revived Kaufman Astoria Studios in Queens, N.Y., is neither a film nor tape archive. (The Museum of Broadcasting in midtown Manhattan archives the miles of videotape that make up television's history.) Facilities at AMMI do include two state-of-the-art theaters where more than

Lunch boxes depicting characters from '60s television shows.

From AMMI's collection: a Montgomery Ward "Airline" portable television from 1950.

700 film and video programs (on loan) will be screened annually. But the $15 million museum sees its mission slightly differently: as a unique storehouse and showroom for more than 60,000 items, representing what officials call "the material culture" of television, video and film.

"This is the first place that really pays attention to the history of television and the moving image in general," says JoAnn Hanley, curator of video and performance art, "and puts it where people can come see it." Which they have, with daily attendance numbering about 750, and 1,000 per day on weekends.

Through mid-March, visitors can see an unprecedented exhibit called "Masterpieces of Moving Image Technology," which gathers 58 motion picture and TV devices, some of them inspired precursors to the marvels of today, others fascinating, forgotten curiosities.

On view along with the Zoetrope parlor toy from 1867 and an 1891 Edison motion picture camera are primitive television cameras from as far back as the early 1930s, and a pioneering—and in its own way primitive—portable camera and videotape rig from (could it really be so recent?) 1973.

The museum's centerpiece is the permanent exhibit "Behind the Screen: Producing, Promoting and Exhibiting Motion Pictures and Television," where in almost a carnival atmosphere art, technology, craft and culture all rub elbows. The varied components shed light on how special effects are achieved and display such nostalgic artifacts as a pair of go-go boots from the mid-1960s *Hullabaloo* television series and a carton from an original Swanson's TV dinner. Museum-goers can visit the living room set from Paul Newman's 1987 theatrical film of Tennessee Williams' *The Glass Menagerie*, while a few steps away, in a section on costuming, a clothing form looks smashing in a Gianni Versace-designed suit once worn by Don Johnson on *Miami Vice*.

Speaking of glad rags, the visitor can "try on" the costumes (and physiques) of actors from such movies and television series as *I Dream of Jeannie*, *The Wizard of Oz* and *Saturday Night Fever*. With an interactive "magic mirror," these familiar images are projected onto an image of the viewer.

The more avant-garde applications of television are on exhibit, too. A specially commissioned installation by the renowned video artist Nam June Paik, *Get-away Car*, sculpts 80 wildly flashing television monitors into—yes—a virtually life-size automobile, its wheels spinning in a visual pun on the idea of a moving image.

"But we don't claim that everything we show here is art," says Hanley. In particular, the museum never loses sight of how business moves the moving image.

"People have a tendency to think of film and television in a very romantic way," says Sharon Blume, the museum's director of education and interpretive programs. "But the nature of the moving images we see is often determined by the profit motive."

Accordingly, the exhibit includes a fascinating look at the importance of promotional efforts and marketing tie-ins, offering an impressive assortment of such pop-culture treasures as posters, toys, souvenirs and fan magazines. One recent acquisition is a mint-condition Davy Crockett coonskin cap such as crowned the heads of countless kids in the mid-'50s after Fess Parker appeared on *Disneyland*, ABC's first major hit series, as the "king of the wild frontier."

This, too, is television history, and the American Museum of the Moving Image is taking it seriously. All the better that it happens to be fun.

FRAZIER MOORE

INTRODUCING DIONNE & FRIENDS, STATE-OF-THE-HEART TELEVISION.

With 11 gold albums gracing her brilliant career, Grammy winner Dionne Warwick returns to television with a half-hour weekly show sure to bring a smile to America's face and a song to America's heart.

Scheduled for Fall 1989, "Dionne & Friends" is superstar hitmakers, rising new talent and celebrities from all walks of life. In short, it's music and talk in perfect harmony.

Dionne and friends

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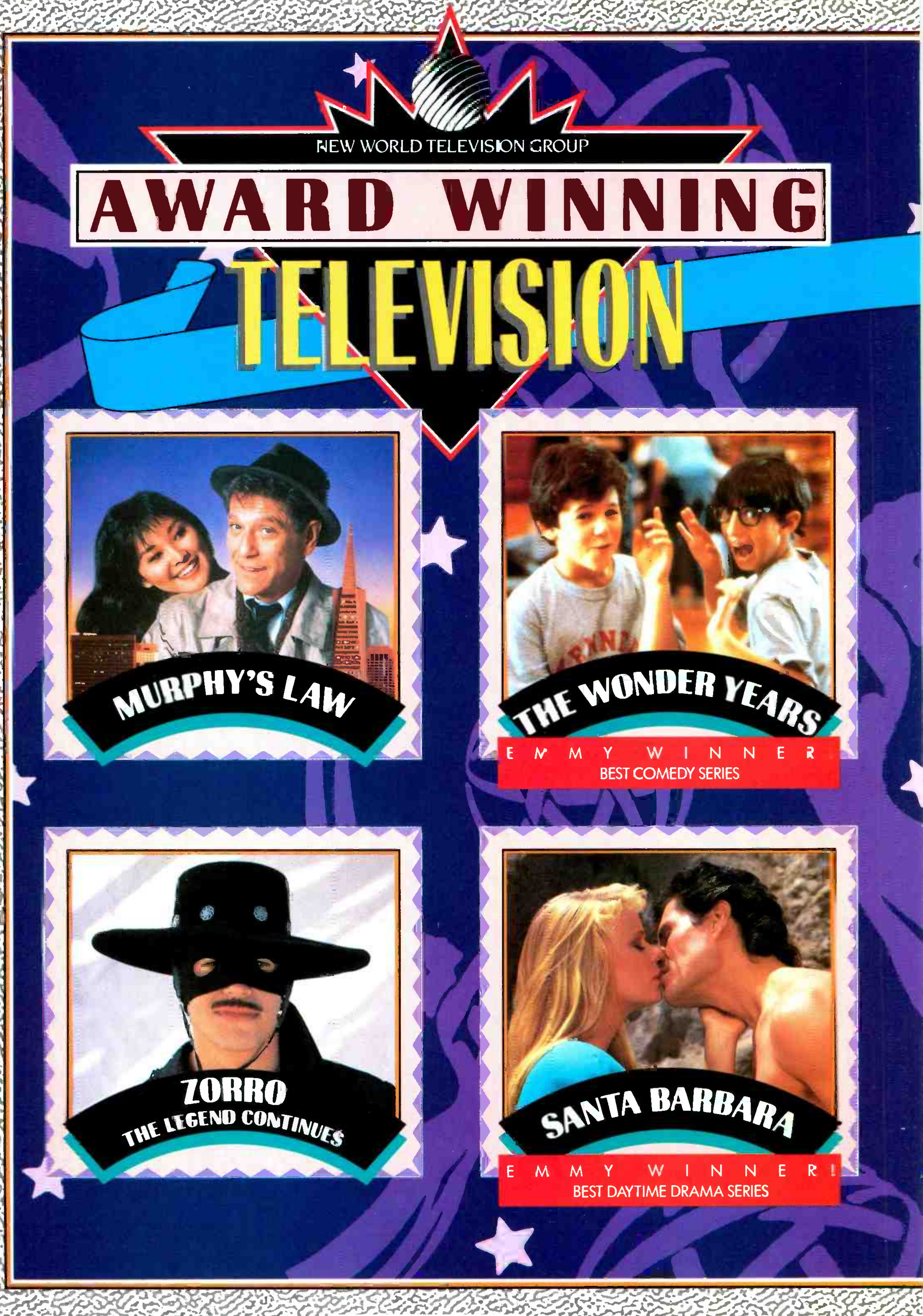
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THE WONDER YEARS
EMMY WINNER
BEST COMEDY SERIES
ZORRO
THE LEGEND CONTINUES
SANTA BARBARA
EMMY WINNER!
BEST DAYTIME DRAMA SERIES


THE ROBERT GUILLAUME SHOW
TOUR OF DUTY
EMMY WINNER!
SOUND MIXING FOR DRAMA SERIES
A FINE ROMANCE
MARVEL ACTION UNIVERSE

What's On

F • E • B • R • U • A • R • Y

Monte Carlo Blues

by Richard Katz

FEBRUARY 13-17: The **Monte Carlo market** fills the third floor of the Loews Hotel as international producers exhibit their wares. But because only one floor is allotted for the market, some companies have trouble getting an exhibition suite. "We've tried," says **Mathew Ody,** vice president/ international sales for **Reeves Entertainment Group.** "We are a network-producing company in the U.S. market and we sell a lot to Europe and the Middle East, so we have a strong reason to be there. But I'm continually told that there is a waiting list of 40 companies and we are on that list, as we have been for years. I went last year and it really got me that there were three companies that had never been there before. One of them was **Weintraub** and they couldn't have been on the list longer than us because they only formed a couple years ago." **Jim McNamara,** senior v.p. of **New World Entertainment,** a company that has had space at the market the last three years, doesn't perceive the limited space as such a problem. "We piggybacked with some of our agents the first year," he says. "Spots do open. **Warner** and **Lorimar Telepictures** merging will create a spot. If they expanded the market to another floor, there wouldn't be enough room for all the guests."

....

MARCH 2: CBS presents the 30th annual **Grammy Awards** live at 8 P.M. (EST), marking the 17th year in a row the network has aired the music event. Last year's Grammys, which scored a 21.1 Nielsen rating and a 33 share, initiated a lifetime achievement category, of which there were 10 winners, including **Igor Stravinsky, Benny Carter, Enrico Caruso** and **Roy Acuff.** To capitalize on the Grammy hoopla, **Viacom's VH-1** will feature frequent "behind the scenes" interviews with Grammy guests and performers begining the weekend before the event, says VH-1 spokesman **Marty Von Ruden.**

....

MARCH 4-19: Public television viewers across the country face the dreaded **PBS pledge drive.** March is by far the most successful of the three annual drives and **Michael Soper,** senior vice president of the national PBS headquarters in Alexandria, Va., says that last year's March drive netted $38 million in pledges and an additional $7 million through direct mail. Much '60's counterculture programming, such as the films *Easy Rider* and *Woodstock*, is popping up these days during PBS pledge drives in an attempt to put **baby-boomers** back in the idealistic, nonmaterialistic spirit of the '60s—a mood conducive to donating money. "We're giving some emphasis to this type of programming for the baby-boomer generation," says **Larry Lynn,** senior v.p./membership and development at **WNET New York,** "not because they don't watch and this is going to draw them to watch, but rather because we want them to think about us philanthropically." Currently, one of ten WNET viewers is a member of the station. The March drive's main goal is to improve that ratio. This March's pledge goal is $3 million. "Baby-boomers as a group have become very influential as people to peddle soap to," says Lynn, "but we think they are also important people to peddle ideas to." ●

CALENDAR

Feb. 13-18: The Monte Carlo market. Loews Hotel, Monte Carlo, Monaco. Contact: Andre Asseo, (033) 145-62-31-00.

Feb. 14-15: Broadcast Credit Association credit seminar. Orlando Airport Marriott, Orlando. Contact: Mary Ghiselli, (312) 827-9330.

Feb. 14-15: Seminar on signal leakage and cumulative leakage index compliance, sponsored by National Cable Television Association. Atlanta Airport Hilton, Atlanta. Contact: Sabine Lavaud, (202) 775-3637.

Feb. 16: Federal Communications Bar Association monthly luncheon. Speaker: Robert Allen, chairman, AT&T. Washington Marriott, Washington D.C. Contact: Patrice Lyons, (202) 331-0606.

Feb. 22-24: Texas Cable Show, sponsored by Texas Cable TV Association. San Antonio Convention Center, San Antonio. Contact: W. D. Arnold, (512) 474-2082.

Feb. 22-24: Financial Planning and Analysis, certificate in cable management course sponsored by the University of Denver Center for Management Development and Women in Cable. University of Denver. Contact: Pam Armstrong, (303) 871-2827.

Feb. 23-24: Federal Publications 14th annual course on investing in broadcast stations. Coronado, Calif. Contact: Ms. Van Wycks, (202) 337-7000.

March 1-4: 20th annual Country Radio Seminar, sponsored by Country Radio Broadcasters. Opryland hotel, Nashville. Contact: Frank Mull, (615) 327-4488.

March 2: Gold Metal banquet, sponsored by the International Radio & Television Society. Waldorf-Astoria Hotel, New York City. Contact: Marilyn Ellis, (212) 867-6650.

March 7-10: Audio Engineering Society convention. Congress Centrum, Hamburg, West Germany. Contact: (030) 831-28-10.

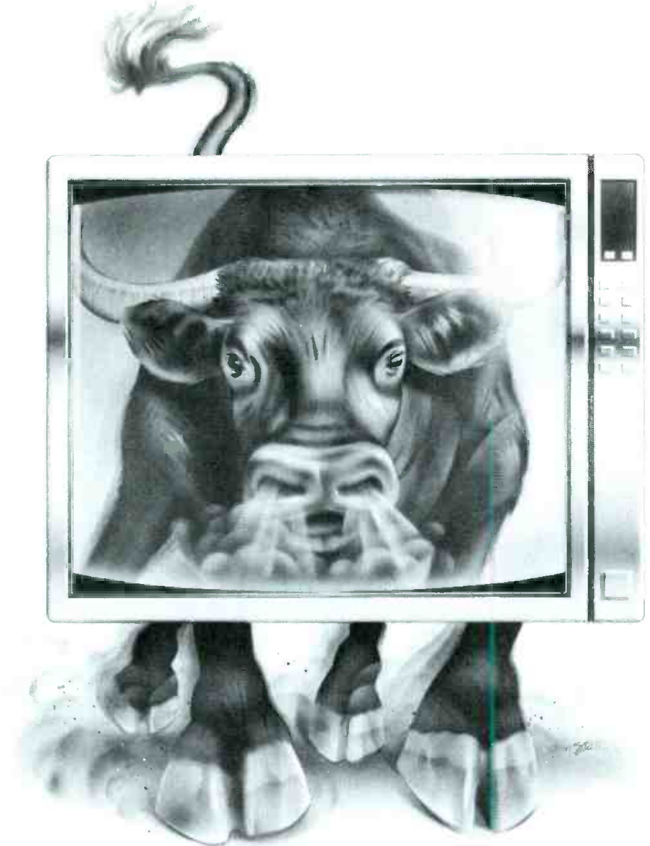
March 8-9: Ohio Association of Broadcasters congressional salute. Washington Court (formerly Sheraton Grande) Washington, D.C. Contact: Dale Bring, (614) 228-4052.

March 9-10: Satellite Technology seminar, featuring Dr. Mark R. Chartrand. Ritz-Carlton Hotel, Buckhead, Atlanta. Contact: Brian Bigalke, (301) 340-2100.

March 12-14: West Virginia Broadcasters Association spring meeting. Ramada Inn, Beckley. Contact: Marilyn Fletcher, (304) 344-3798.

March 12-16: Broadcasters in global cooperation; sixth world conference of broadcasting unions, organized and hosted by North American National Broadcasters Association. Willard Hotel, Washington, D.C. Contact: Spencer Moore, (613) 738-6553.

March 15: News-maker luncheon sponsored by the International Radio & Television Society. Waldorf-Astoria Hotel, New York City. Contact: Marilyn Ellis, (212) 867-6650.



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Beef up TV's bottom line

Traditional definitions of the television audience just aren't paying off like they used to. ScanAmerica[SM] gives you a new definition. One that proves the power of television advertising. We call it Buyer-Graphics[SM] — viewers profiled by the products they buy and the services they use.

BuyerGraphics gives advertisers a convincing measure of television's value: a direct measure of how television increases their sales.

And when ScanAmerica proves how television works, you'll add to your bottom line and to your advertisers'.

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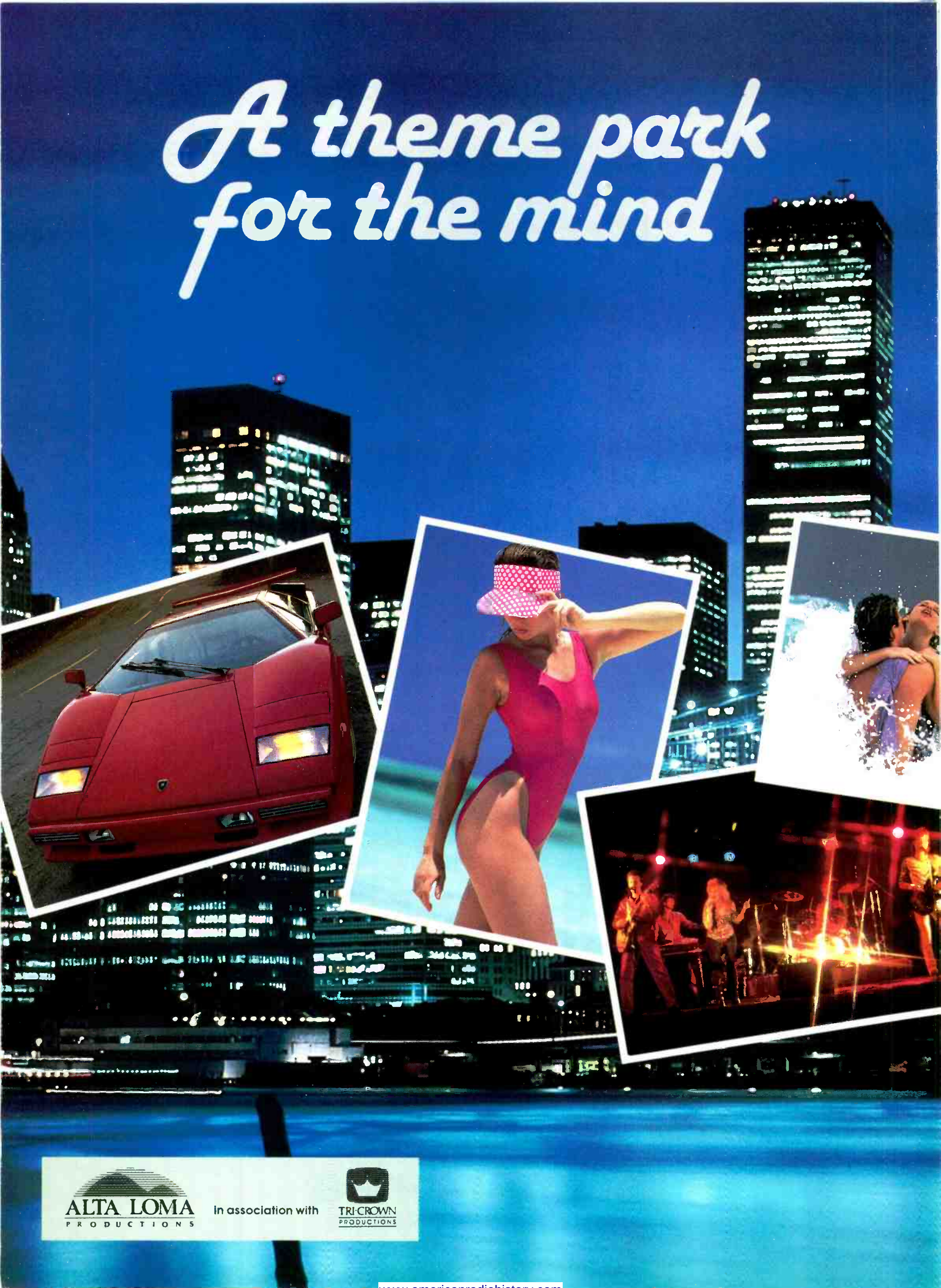
A theme park for the mind
ALTA LOMA
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In association with
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A breakneck rollercoaster ride in and around who's hot, what's what and where it's happening. That's After Hours.

A late fringe breakthrough, After Hours is the late-night, first-run variety magazine strip that grabs audiences with high-energy sizzle and the look and feel of the 90s. So have a good night.

After After Hours there's no other choice.

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Political Quick-Step

by Michael Couzens

TV marketers are using audience research tactics honed by the Bush campaign.

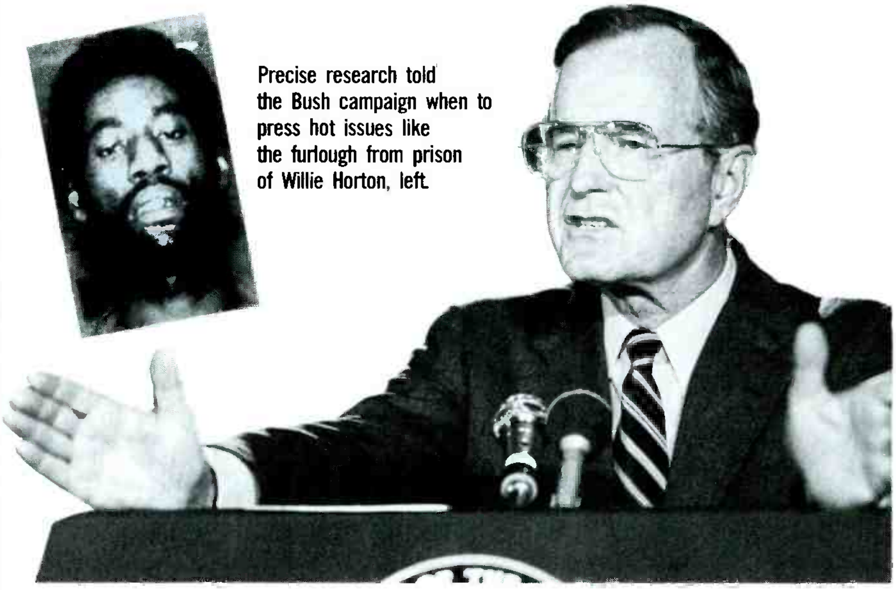
By the day after the general election, it was accepted, nonpartisan fact that George Bush had won the Presidency by "going negative." The campaign closed with media commentators wondering whether winning through negativity would become a new advertising catch phrase. Soon after the election, Bush's key media operative, Roger Ailes, passed word that he would be available as an adman for consumer brands, which he said could benefit from reactive, "comparative" appeals like the ones he honed and deployed for Bush.

That is "wishful thinking," according to Michael Traugott, a professor and social research scholar at the University of Michigan who spent the campaign season last year in the Gallup Organization. Negative messages, he says, are "just about completely irrelevant to normal advertising of products." But Traugott and others see a real convergence of politics and consumer marketing in the exploitation of the sharper, faster techniques developed by researchers. Products, like candidates, can now be repositioned swiftly with an eye to research findings from last month or even yesterday. "It is virtually impossible to overstate the linkage between market research and political research," says Traugott.

In the past, a large national advertiser would plan its television campaign for a full year in the spring and then stay the course, letting its public relations firm address the run of headline news as it affected the company. But recently, under the press of events, such as the stock market plunge of 1987 or the Suzuki Samurai's damning safety report from a consumer group, large firms have been driven by research into reactive advertising. From there it is a small step to the design of ongoing reactive campaigns that can change opportunistically with the flow of incoming research, as well as news.

In the pressure cooker of a political campaign, quickly answering the alarm bells sounded by research findings is routine. It is not so much that national advertisers are learning about this from political handlers, but that both now use the same research tool kit for combatting uncertainty and rapid change in their environments.

"Two days after the stock market crash, Merrill Lynch already was out with monitoring surveys [by telephone], to see whether consumer spending decisions were changing," says Peter Kim, senior vice president and executive research director of ad agency J. Walter Thompson/New York.



Precise research told the Bush campaign when to press hot issues like the furlough from prison of Willie Horton, left.

Indeed, spending decisions were changing, sharply. Kim and his agency assisted another brokerage, Thomson McKinnon, in fashioning emergency ads for *The Wall Street Journal*. The firm had never deemed it appropriate to advertise at all, but quick, post-crash research drove Thomson into the media.

In research, the same techniques are being deployed by politicians and marketers. Polling firms such as the Gallup Organization, Louis Harris & Associates and Field Research Corp. receive most of their publicity from political campaigns—but most of their revenues from national advertisers. The Prizm data base, a "geo-demographic" service of Claritas Inc., based in Alexandria, Va., tells the on-line user almost everything that can be known about a particular residential ZIP code. Prizm is popular with political action committees that use direct mail as well as product advertisers in television, according to Tony Phillips, Claritas' manager of corporate communications. With Prizm, television ratings from a Nielsen sample can be recalculated to examine only one neighborhood, political jurisdiction or marketing area.

The new element for all advertisers is not the tone, but the timeliness of the message. "With media tracking polls, they [politicians] can see how the ad worked and see what they have to do the next day," says Richard Armstrong, a self-described "junk mail" specialist and author of a survey of new technologies in politics, *The Next Hurrah*. "With television ratings computerized, you can start by selecting exactly the shows for the voters you want to reach." ●

Michael Couzens is a San Francisco-based writer and communications attorney.

PHOTOGRAPHS BY AP/WIDEWORLD PHOTOS


VESTRON
new
MOVI

Don't Bank on Spot

by Chuck Reece

Stations can't expect much national ad money in '89, despite a strong network market.

Talking to advertising sales executives at the Big Three networks late in 1988, one heard no edginess in their voices, no discomfort in anticipation of the first-quarter scatter market that was starting to percolate around them. Things were looking quite good—but only for the networks.

"The first-quarter scatter market is just getting going," ABC TV Network executive vice president for sales Jake Keever said, "and what we see now is that there is more than enough money in known and anticipated budgets to sell the three networks out in prime time." That's a prime time sellout—of non-guaranteed time—at rates that were promising to be at least 15 percent higher than those paid for *guaranteed* time in the upfront market late last summer. In the scatter market for network time in the fourth quarter of 1988, rates had held at the same high levels. NBC TV executive vice president Bob Blackmore also reported that a good scatter market was building for the first quarter and that the high rates appeared to be holding. At ad agencies, buyers agreed.

That kind of activity portends strong demand for advertising time—advertisers getting serious about the images of their brands, serious enough to break trends and pour money back into television advertising. "A few advertisers have told us in the past few weeks that while they are still doing promotions, new money is going to advertising," Keever says.

In the old days—say, five or six years ago—that would have been great news for every station sales manager who wanted to get his hands on some national spot money. Not this year. In the first quarter of 1989, if stations are lucky, they are seeing national spot revenue grow at a measly 3 or 4 percent; if they're not, national spot revenue is flat or down. And no one's offering hope for improvement later this year.

"I think [1989's] spot market, at best, will get a modest increase," says Pete Goulazian, president of station-rep firm Katz Television Group. "I just don't see any reasons to say it would be any stronger than a 4 percent increase." Ray Johns, president of Seltel Inc., another rep firm, agrees. "Very frankly, we expect 1989 will be a lackluster year," he says. "There's nothing that promises any breakthrough." Concludes Goulazian: "I think that the marketplace factors now are so complex and interrelated that it is almost impossible to identify clearly two or three precise rationales for what we are experiencing. The overlay of more media competition, the promotional aspects, dealer incentives—all those things are creating the most unpredictable marketplace I've ever seen, and it comes after 1988, which was the most significant disappointment that we've ever had."

Katz's Goulazian sees only a 4 percent jump.

Why—with demand for network time strong enough to create double-digit price increases—is spot not getting what was once its expected share?

"Cable and syndication," says Ira Carlin, executive vice president and national media director of ad agency McCann-Erickson. "For most of the guys who'd once have been using national spot, they would be thinking of national cable and national syndication now. If you've got a client with a 50-market list, and there's no problem with his product, it would be kind of foolish not to see what you can get with cable and syndication. These advertisers might have gone blindly into spot before. Now, that money [left over after network buys] is still in the spot budget, but you have to ask, 'What are my options in syndication and cable?' "

Such thinking is hard truth in ad agencies these days, says Tom Winner, executive vice president and media director of ad agency Campbell-Mithun-Esty. "I think the money that the networks are seeing now is obviously earmarked for national broadcast," he says. "Until cable and syndication get filled up, national spot won't see much. You may think of going to print or even radio before national spot. Syndication and cable are relatively low-cost. If you wanted to reach 60 percent of the country through spot, now you can reach 100 percent for the same cost."

Syndication and cable are cost-efficient for agency and client alike, points out Seltel's Johns. The major ad shops have gone through a spate of mergers in the past few years, and ensuing bottom-line pressure has made "spot television just too labor-intensive" for agencies to buy, Johns claims.

Agency media executives adamantly maintain their obligation to examine all media avenues to find the best deals for clients. But the fact is that buying network time, for an agency, is cost-efficient and not as labor-intensive as buying spot time.

"One person can spend millions in network," Johns says. "You'd need 25 buyers to buy the same thing on a spot basis. Spot will always be picking up what's left over. And today, when the nets get tight, the money goes to cable and barter."

Local sales managers would do well to work the home front this year. Showers of revenue aren't likely to fall from the hands of national advertisers. ●

TV Programmer's Worksheet

Section 1. Late Night

Match the program in column 'A' with its description in column 'B.'

A	B
Johnny Carson	talk
Ted Koppel	talk
HUNTER	talk
Arsenio Hall	talk
Pat Sajak	ACTION!

Section 2. Prime Access

Which is the true counter-programming alternative?

- ☐ Cosby
- ☐ Who's The Boss?
- ☐ Alf
- ☐ The Golden Girls
- ☐ News
- ☐ News
- ☑ **HUNTER**

Section 3. Afternoon

Which program is an alternative to the standard talk?


Oprah Winfrey


Phil Donahue


Morton Downey Jr.


Sally Jesse Raphael


Geraldo Rivera


HUNTER

Section 4. Prime Time

Where is each show available for syndication in 1989?

	ON CABLE	BROADCAST TV
HUNTER		✓
Murder She Wrote	✓	
Miami Vice	✓	
Cagney & Lacey	✓	

The Power Packed Alternative

A Stephen J. Cannell Production from

TELEVENTURES

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Knocking Newspapers

by Adam Snyder

Norfolk's WVEC and consultant Leigh Stowell go for the throats of the competition.

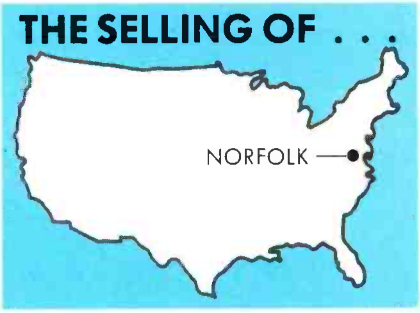
Negative campaigning has come to Norfolk, Virginia, but the fight isn't for mayor, congressional office or President. It's a war over the local advertising dollar, and broadcasters and newspaper publishers have apparently decided that what worked for President Bush and a host of senatorial candidates across the country can work for them.

The battle escalated sharply last year when WVEC, the Norfolk ABC affiliate, invested over $30,000 in a glitzy, six-color sales brochure entitled "The Report Newspapers Refuse to Print." It suggests that newspaper advertising is overpriced and ineffective, and offers a barrage of statistics proving that television is the much more effective advertising medium.

In the face of declining ratings and sinking revenue from national spot advertising, broadcasters across the country are recognizing that there's more to be gained by cutting into the larger local revenues of newspapers rather than stealing advertising from other broadcasters. This is nothing new, but WVEC's willingness to attack the competition head-on has pushed the battle out into the open.

According to Mark Young, WVEC's general sales manager, the station's hard-hitting campaign is simply an overdue attempt to fight back. "For years," Young says, "the newspapers in the Norfolk area have been mass-mailing slick anti-TV sales brochures with the common theme that newspapers do it all. We've always considered their contentions about television advertising to be misleading, vague or a twisted interpretation of research data. We finally got tired of sitting back and doing nothing."

Most of the anti-television missives Young is referring to have been distributed by *The Virginian-Pilot* and *The Ledger-Star*, the morning/evening papers that dominate Hampton Roads, the name commonly used for the nine cities and three counties that make up the Norfolk/Virginia Beach/Newport News metropolitan statistical area (MSA).

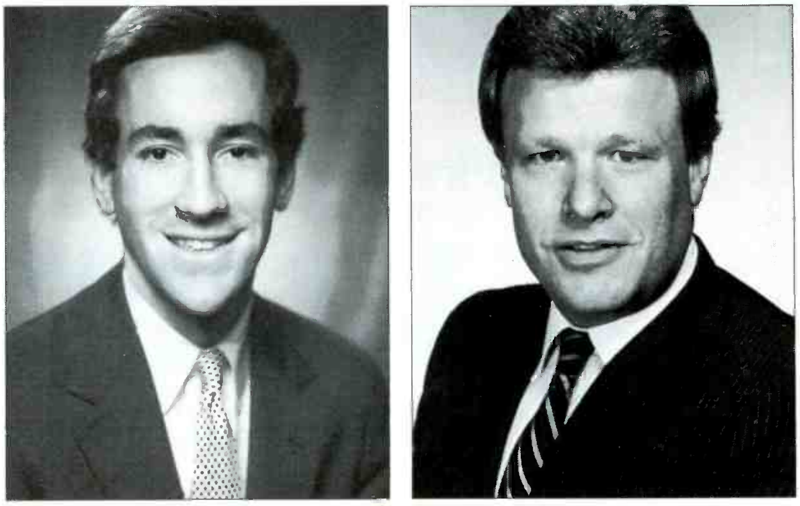


Bill Eisenbeiss, v.p. and advertising director of *The Pilot/Ledger-Star*, acknowledges that his department has for many years used an anti-television approach to sales. "We tell our advertisers," he says, "that television is a magic slate; that television ads disappear as soon as they air."

Indeed, a sales promotional brochure distributed early last year by *The Pilot/Ledger-Star* has a ten-point message beginning with: "A lot of TV advertising never registers with people who see it," and ending with "In television, the medium is the message. In newspapers, your message is the message." Another piece inundates readers with some tantalizing, if debatable, statistics. Do they know, for example, that 57 percent of Hampton Roads residents look forward to newspaper advertising, compared with only 6 percent who look forward to television commercials? How about that 63 percent find newspaper advertising most believable, compared with only 4 percent for television advertising?

Angry at the allegations and armed with a "they started it" rationalization, WVEC turned to Leigh Stowell & Co., a Seattle market research firm, for help. Leigh Stowell & Co. was founded eight years ago to provide broadcasters with information about the habits, attitudes and values that dictate consumer behavior. The firm specializes in what are called psychographics, the clustering of people by attitudes and values, rather than simple demographics, in order to determine not only what products people buy but why.

"The Report Newspapers Refuse to Print" is a departure for Stowell in that it emphasizes the weaknesses of newspaper advertising rather than the strengths of television. It argues that not only is the penetration of the newspapers in Hampton Roads limited and declining, but that actual readership is significantly less than circulation. According to the report, no section of a Hampton Roads daily is read by more



Mark Young, WVEC general sales manager, and Leigh Stowell. The station tired of doing nothing.

P R E S E N T I N G

SOME BASIC
THEORIES OF SYNDICATION

SURVIVAL OF

If Charles Darwin had studied the evolution of syndication, he probably would have concentrated on a place called "prime access." A place where many species of programs live, but few survive. Undoubtedly, Darwin would have been impressed with ENTERTAINMENT TONIGHT.

THE BIG BA

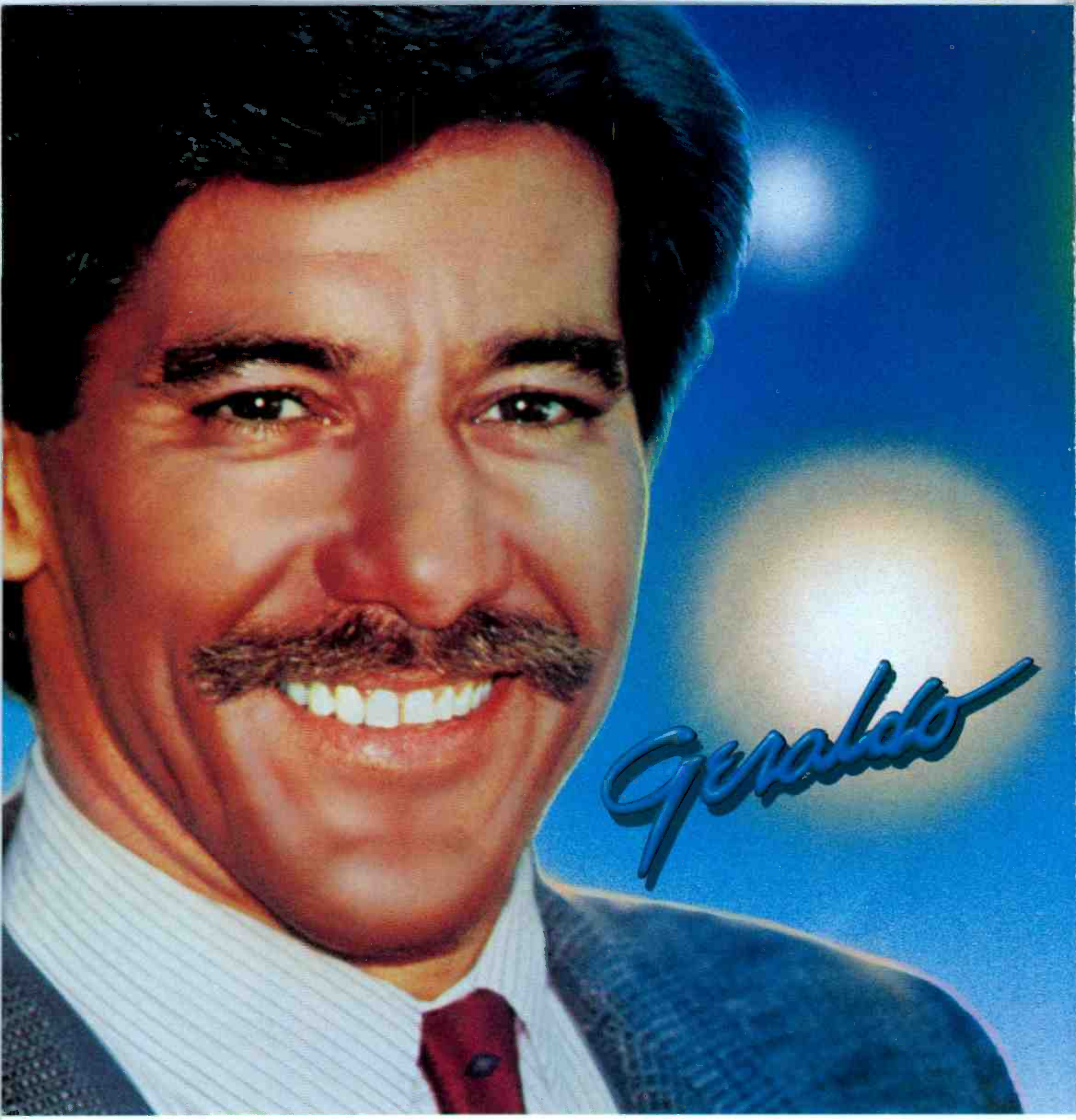
Two years ago, Paramount introduced a show so big, so powerful, it was destined for immortality from the beginning. Since its debut, STAR TREK: THE NEXT GENERATION's popularity has continued to expand—making it the #1 series in syndication among young men and the #1 weekly series with young women.*

NG THEORY

And then we did it again with WAR OF THE WORLDS, ranking #2 with male demos in all of syndication. It's also the #2 weekly series with young women, right behind our own STAR TREK.* Providing proof positive for those who want to break through in prime time, the Paramount "big bang theory" works.

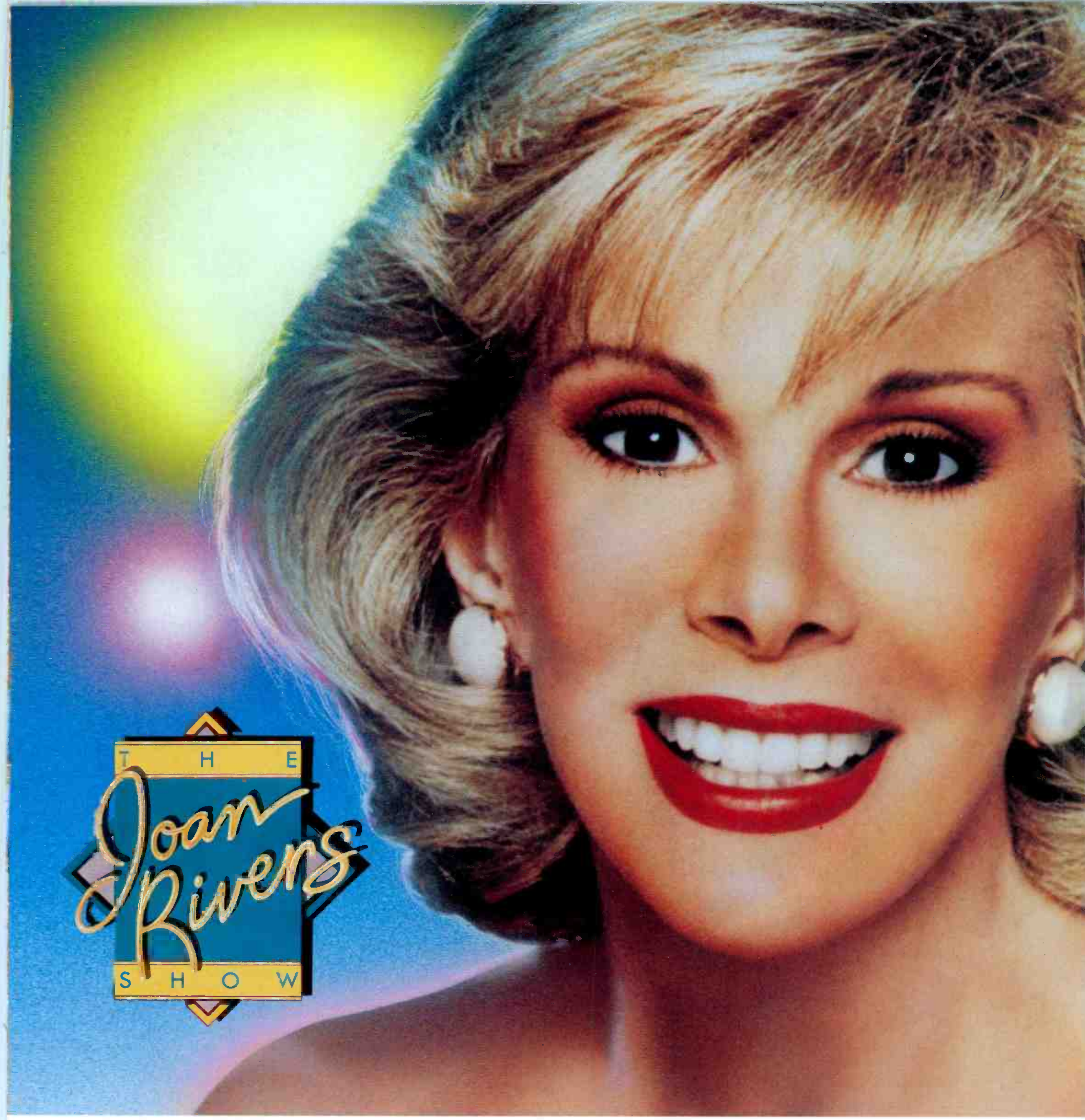
*Source: NSS, weeks of 10/31–11/27/88.

Paramount
A Gulf+Western Company ®



EM

In the search for the perfect daytime talk show, one element is essential to the formula. An emcee with personality. At Paramount, we've found two with plenty of it. GERALDO's blend of award-winning journalism, controversy and compassion has made his



CEE^{2}

program the hottest syndicated talk issue show on television.
And Joan Rivers' trademark sense of humor and ability to talk to
women is sure to make her show a hit in daytime. Together, Geraldo and Joan
have the energy you need to attract mass audiences.

Paramount
A Gulf+Western Company ®


THE
ARSENIO
HALL SHOW

THE TRICKLE DOWN THEORY

We always knew FRIDAY THE 13TH: THE SERIES would attract young demos in late night. But as the #3 weekly series among young men, and among women 18–49,* FRIDAY THE 13TH has been doing some trickling of its own—from late fringe into prime time and prime access. Now that's what we call "audience flow."

*Source: NSS, weeks of 10/31–11/27/88.

Paramount
A Gulf+Western Company ®

SPONTANEOUS COMBUSTION

When a program dares to take on today's most controversial issues, you get television that isn't just hot. It's explosive. Packed with the stories viewers want to see, TABLOID is designed for the viewer of today and the 90's.

Paramount
A Gulf+Western Company ®

THE THEORY OF RELATIVITY

It doesn't take the genius of Einstein to realize that family comedy works. That's why the award-winning sitcom BROTHERS is such a big hit with both men and women. Now available for syndication, BROTHERS is the kind of show that doesn't come along every day. Relatively speaking, of course.

Paramount
A Gulf+Western Company

LAW OF SUPPLY

Today's television viewers demand great comedy. And year after year, Paramount supplies it. Our Comedy Classics like FAMILY TIES, CHEERS and WEBSTER, along with old favorites like TAXI, THE ODD COUPLE, HAPPY DAYS, LAVERNE AND SHIRLEY, MORK AND MINDY

Y AND DEMAND

and THE BRADY BUNCH don't just satisfy audiences, they keep them coming back for more. So remember, follow Paramount's law of supply and demand and you'll never have a deficit of quality programming.

Paramount
A Gulf+Western Company

NATURAL S

THE WINDS OF WAR was one of the most-watched mini-series in history. And now this star-studded epic is available in a special 10-hour syndicated version. So you see, it's more than a theory. Paramount is the natural choice for selective programmers.

SELECTION

If you want only the best in movie entertainment, PORTFOLIO XIII is the natural choice. With titles like Top Gun, Crocodile Dundee and The Untouchables to name a few, PORTFOLIO XIII has evolved into our best movie package ever. And it's coming soon!

Paramount
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A
Gulf+Western ®
Company
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than 50 percent of the population. And since two out of every three readers spend less than half an hour with the paper, many pages, and thus many ads, are unseen by a significant number of people. The report uses these findings to compare favorably the $8.84 cost-per-thousand for a 30-second prime time commercial on a Hampton Roads television station to the $39.47 cost-per-thousand for a full page in the business section of *The Pilot/Ledger-Star*, or $13.53 in the local news section.

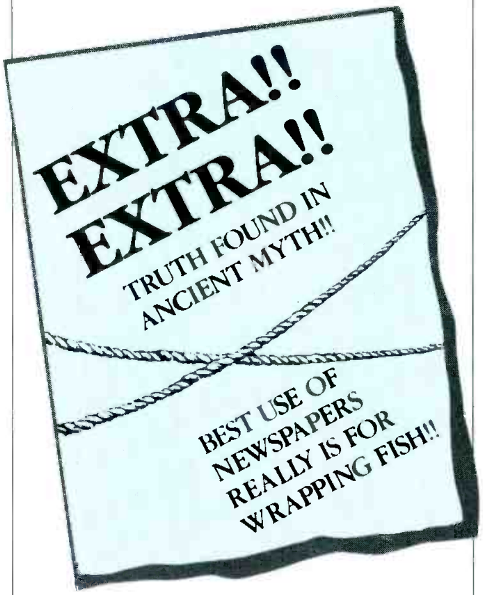
Eisenbeiss insists that *The Pilot/Ledger-Star* has not lost any business due to WVEC's new campaign, and that in fact he welcomes the opportunity to discuss with his advertisers the relative merits of newspaper and television advertising. He may be more concerned than he lets on, however, since he felt compelled to respond. In a letter to advertisers, Eisenbeiss calls "The Report Newspapers Refuse to Print" an "effort to take the focus off of an ever-growing problem faced by the television advertising industry—declining ratings, and the use by viewers of remote control devices to change channels to avoid commercials." The letter is accompanied by a copy of a *Wall Street Journal* article discussing NBC's disappointing Olympic ratings.

It is impossible to say for certain whether "The Report Newspapers Refuse to Print" has had any bottom-line effect. According to local experts, it is unlikely to initiate dramatic changes in the dollar allocations of large advertisers. Ginny Murphy, v.p. and director of Media Services at the Richmond advertising agency Finnegan & Agee, which buys more than $2.5 million worth of advertising in Hampton Roads annually, argues that each medium has its own strengths and weaknesses. "Television creates awareness and excitement, while newspapers provide more factual information," she says. "For a sale at a department store, we use television spots to trumpet the event, while newspaper space emphasizes specific sale items and prices. We're not about to drop either medium."

Jack Paris, general sales manager at WAVY, the Portsmouth NBC affiliate, applauds WVEC's attempt to proclaim the benefits of television advertising, but wonders how, short of an expensive direct-mail campaign, WVEC can get the Report into the hands of the right people. "Most large agency-based advertisers already know these truths," he says.

Nevertheless, in this highly competitive retail environment advertisers are applauding WVEC's leap into the fray. "It's put everybody on their guard to do a better job of selling," says Louise Kenslow, director of advertising for the Haynes Furniture stores, one of *The Pilot/Ledger-Star*'s largest clients. "The Report probably hasn't affected us as far as dollars and cents," she says, "but it has made us more aware of what's going on, and it's given us something to ask the newspapers about and to expect an answer."

The two sides can argue the merits of their own positions until they're blue in the face or until a new medium comes along to threaten them both. Each says "the facts" are in its favor. Material produced by *The Pilot/Ledger-Star*, for



example, counters WVEC's dollar figures with numbers of its own that show the cost-per-rating-point for a commercial on the area's top-rated television news program to be about twice the amount of an advertisement in *The Pilot/Ledger-Star*. Eisenbeiss also dismisses the significance of readership by section. "The important factor is reaching those who can be converted by your message," he argues. "If you don't buy the food for your family, it doesn't really matter that you don't read the food section."

Neither side is actually calling the other's research inaccurate. "It's not that WVEC's new study is untrue," says Christopher Bonney, media research director at Lawler Ballard, the Norfolk agency that represents the newspapers in Hampton Roads. "Let's just say that it's very sophisticated, and without rebuttal smaller retailers may fall for it hook, line and sinker."

But the facts aren't really the issue. Just as details of Willie Horton and Boston Harbor were less important in last year's presidential campaign than how the candidates were able to frame the issues, so too are the contradictory statistics offered by Hampton Roads newspapers and broadcasters less important than which one does the better job of presenting its point of view. In the past, the winner has always been the newspapers. According to the Newspaper Advertising Bureau, newspapers collect about 27 percent of all ad dollars, compared with 22 percent for TV. But the discrepancy is much greater at the local level. According to estimates by McCann Erickson, out of a total of $52.5 billion of local advertising in 1988, 52.4 percent went to newspapers, compared with only 14.4 percent to TV.

"The newspaper industry has always done a much better job staying close to local retailers," says Leigh Stowell, president of the market research firm. "For so long, television has been able to coast. But the handwriting is on the wall. Broadcasters now have to look elsewhere to increase their share of the overall advertising revenue pie. Our clients typically begin with the mistaken impression that their competitors are other local television stations. This simply isn't so."

So far, the battle in Hampton Roads over the local advertising dollar has avoided the nastiness of recent political campaigns. Ironically, both WVEC and *The Pilot/Ledger-Star* have corporate parents that own both newspaper and broadcast properties. WVEC is owned by Landmark Communications, which owns the newspapers in Greensboro, N.C., among others, and *The Pilot/Ledger-Star* by the A.H. Belo Corp., which also publishes the *Dallas Morning News*. Neither parent has involved itself in the local dispute, however. Theoretically, they don't have anything to worry about, since their cross-ownership allows them to benefit no matter which way the pendulum swings.

Stowell's company may have the most to gain. The company feels it has found a powerful tool that it can sell to other clients, so agencies and advertisers can expect to see more "Reports that Newspapers Refuse to Print." The firm is already in the process of putting together similar brochures in Baltimore, Portland, Providence, Buffalo and Seattle, and in order to promote the new marketing service further it has published a promotional booklet of its own entitled: "EXTRA! EXTRA! Truth found in ancient myth!! Best use of newspapers really is for wrapping fish!!" ●

Contributing editor Adam Snyder last wrote about cable/station cooperation.

Heaven ca

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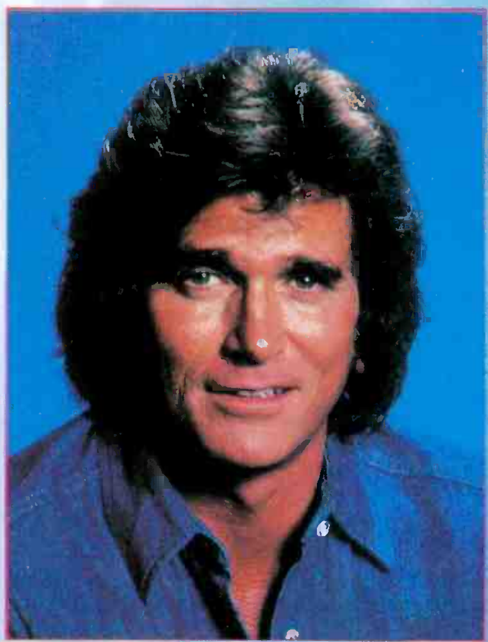

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*Source: NSI, top 100 fringe affiliates

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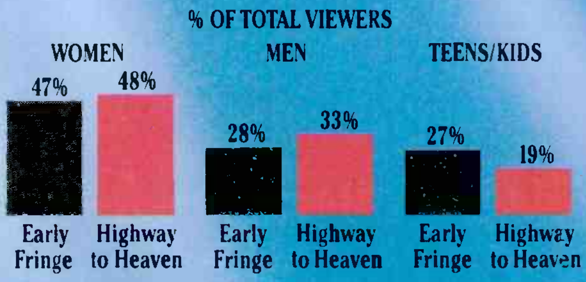

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The Inside Dope

by J. Max Robins

The Rundown and *The Tyndall Report* reveal the secrets of broadcast news.

Most broadcast-news analysts fall into a couple of categories. There are the pundits, imbued with that epidemic disease "media narcissism," ready with instant analysis of how their brethren's coverage of a story influenced its outcome. Then there are the academics. Removed from the fray, they can take a long-term view but are often left to pontificate in obscure journals.

Occasionally, articles that lend some insight into how broadcast-news operations run appear in the journalism reviews, trades or in consumer magazines. Still, those articles are rare. Short of turning to an outside consultant, news departments have few resources for self-improvement.

There are, however, two newsletters dedicated to providing regular insider reports on broadcast news. One, *The Tyndall Report*, has network news for its beat. The other, *The Rundown*, hones in on local newscasts. *The Tyndall Report* costs $95 for a 10-issue-a-year subscription. *The Rundown*, which publishes weekly, costs $300 a year. Nobody said staying informed came cheap.

The Rundown eschews analysis for a "how to" approach to local news. A recent three-part series, for example, provided a primer in developing an efficient assignment desk. A report on how several Texas stations covered Hurricane Gilbert gave a blueprint for disaster coverage. "It's like a weekly visit from a news consultant but one who is not married to one approach to the news," says Doug Caldwell, news director of Bakersfield's NBC affiliate, KGET.

Based in Ardmore, Pa., *The Rundown* is the brainchild of Kim and Dick Standish, both veteran broadcast journalists. The couple met at Philadelphia's KYW-TV. Dick is still the station's New Jersey bureau chief. Eight years ago Kim left the station, where she was a reporter, to do *The Rundown*.

"We didn't do any market research, we just knew from experience there was a niche for us," says Kim Standish, who counts 400 news departments as subscribers. "Now it's like a club. News directors like to talk about what they do. It's not just us contacting them—they let us know when they hear about something hot."

After eight years of keeping in contact with local TV news departments, Standish says quality is now rising. The reason? According to Standish, increased competition. "In most markets all three stations are doing a good job," she says. "What differentiates them is how they hit the big stories and how they gear what they do to serving their communities."

The Big Three news divisions have a different mandate, and a different kind of watchdog. "The news is what the networks report and what the networks report is news," is the motto of Andrew Tyndall's one-year-old newsletter, modestly called *The Tyndall Report*. The British-born Tyndall was a newspaper reporter in England until he came to the States 11 years ago and started working in market research. After several years doing statistical analysis of the news as a consultant to clients including NBC News, he decided to launch his newsletter. "I got tired of gathering all this data and doing this erudite analysis of it that only a couple of eyes would see," he says.

The Tyndall Report is laden with charts that give daily, weekly, monthly and quarterly reports of the time given to different stories. The charts are surrounded by Tyndall's analysis of how and why the networks deployed their resources covering the major stories.

Sometimes Tyndall does not like the amount of time a story is given and cries foul: He recently termed *NBC Nightly News'* handling of the Summer Olympics in Seoul "shameless hucksterism." Given that NBC's broadcast spent 80 minutes on the Seoul Games compared with 30 minutes for ABC and 22 minutes for CBS, he has a point.

People like *ABC World News Tonight* executive producer Paul Friedman and staffers of Sen. Bill Bradley of New Jersey give *The Tyndall Report* a quick monthly perusal. Some subscribers can't wait until their next issue arrives. "The Israeli Embassy rings me regularly," says Tyndall. "They usually want to know something like how many minutes the networks are spending on the uprisings."

Tyndall has no intention of stopping his scorekeeping. Referring to the baseball writer and statistician, he confides, "I want to be the Bill James of network news." ●

TYNDALL BY DAY

Coverage by the major nets' evening newscasts.

OCTOBER	TOP STORIES DAY-BY-DAY	MINS.
Mon 3	NASA Space Shuttle Discovery lands	17
Tue 4	Hostages in Beirut: Singh released	10
Wed 5	1988: V-P debate in Omaha tonight	16
Thu 6	1988: V-P debate in Omaha aftermath	24
Fri 7	1988: V-P debate in Omaha aftermath	7
Mon 10	Child abuse overwhelms social services	6
Tue 11	Drugs: Bank CCI moneylaundering arrests	9
Wed 12	1988: Electoral College poll	9
Thu 13	1988: 2nd debate in Los Angeles tonight	16
Fri 14	1988: 2nd debate in Los Angeles aftermath	28
Mon 17	1988: Bush on peace-through-strength	8
Tue 18	Iran-Chile plan US arms deal	10
Wed 19	Tropical rain forests threatened	9
Thu 20	Whales trapped in Arctic ice	8
Fri 21	Marcos embezzlement indictments	8
Mon 24	1988: Dukakis attacks Bush furlough ad	6
Tue 25	1988: Dukakis attacks Bush tank ad	8
Wed 26	1988: Bentsen grants live interview	8
Thu 27	1988: Dukakis grants live interview	19
Fri 28	1988: profile race in Texas	7
Mon 31	1988: Bush grants taped interview	11

Source: The Tyndall Report

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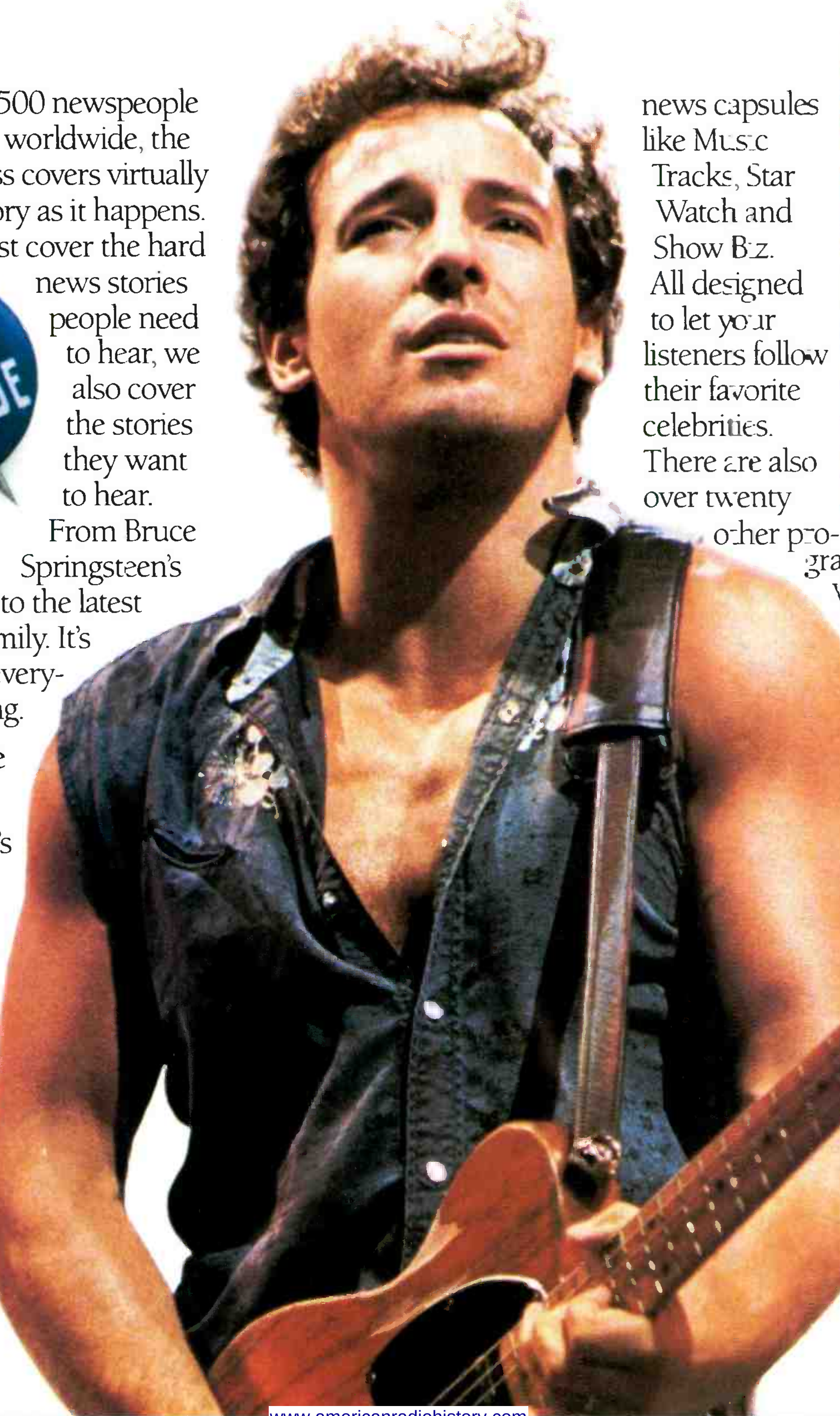

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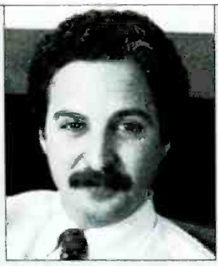
The Business Side



by Merrill Brown

On Network Falls and Balls

The stunning news that CBS chairman Laurence Tisch is in the process of writing Major League Baseball $1 billion worth of checks—paying as much as 25 percent more than what was predicted by insiders—for the privilege of carrying the sport for four years is a reminder of the desperate straits programmers find themselves in today. One of the primary reasons CBS stepped up to the plate for the baseball deal is the fact that it represents a rare opportunity for a network executive actually to acquire a commercially attractive asset, even though such an acquisition is not necessarily one guaranteed to yield a good return or to work on Wall Street.

Neither can one buy one's way into the hearts of the American public by acquiring the work of a particular production company, a fact evidenced by Tisch's thus far failed efforts to coax successful programming from Grant Tinker's new studio. It remains to be seen whether ABC will strike it rich from its remarkably pricey deal with producer Steven Bochco. Capturing the public's fancy can't be accomplished by just bringing on board popular stars, either. To date, such names as Mary Tyler Moore and Candice Bergen aren't doing much for CBS. Cap Cities/ABC, also apparently eager to win ratings by writing large checks, learned a similar lesson last season with Dolly Parton.

> If stars don't necessarily work then why not step up to the plate for sports rights, one of the few assets that can be bought.

There will be other lessons learned from Paramount's efforts to repackage Arsenio Hall into the late-night fracas, and CBS's simultaneous attempt to challenge NBC's Johnny Carson franchise with an entertainer likely to lure a far different audience than Hall, game show raconteur Pat Sajak.

There are, of course, no sure things. Certainly for CBS, having baseball to launch new program seasons can't do anything but help its fall ratings, although the sport has, on a direct-cost basis, regularly lost money for its rights' holders. "It is very hard to make these numbers work," says a knowledgeable source. But the baseball deal may also may be viewed by Tisch "as a way to demonstrate that he's not intending to liquidate the company, and that CBS really is a major player." He may also be aiding the fortunes of the broadcast networks by demonstrating the contrast between their resources and those of cable networks. Keep in mind that the *total* ad revenues of the basic cable networks last year may total less than the CBS baseball bid.

Whether baseball is in one of its peak periods or whether it is slightly out of fashion, as it now appears to be, is part of the chance CBS is taking. Also a potential risk is the somewhat confused state of the packaging of baseball on television with superstations still pumping games into markets at the same time the weekly network game is being dropped. Some experts say baseball still doesn't control its product. Perhaps baseball will be the sport of the '90s, just as basketball, with its remarkable trio of Magic Johnson, Larry Bird and Michael Jordan playing in the important Los Angeles, Boston and Chicago markets, emerged as the sport of the '80s, a boon to both CBS and Turner Broadcasting System.

But building identity with potential long-term value is also what many of these moves are about. At a time when analysts and others routinely wonder about the viability of networks, about niches, themes and identities, it's easier to take seriously a network that can bill itself as The Network of The World Series or The Network of (Some of) The Olympic Games than a network that hopes to bill itself as The Network of *Murphy Brown* and *Almost Grown*.

But perhaps there's really only one sure way to look at the CBS deals, and similarly NBC's stunning $400 million buy of the 1992 Summer Olympics. It's likely that ABC's, CBS's and NBC's most valuable assets are their stations. Analyst Paul Kagan values the CBS-owned stations at $3.7 billion and puts the value of the ABC stations at a stunning $6.3 billion. So Tisch and his old pals, the ABC triumvirate (see this month's Sound Bites), have come to know something ABC's station management knew even before they were under the Murphy-Burke-Sias regime: that over time, strong stations are what count. ABC has thought highly of Big Ten and West Coast college sports, as anyone with stations in Chicago, Detroit, Los Angeles and San Francisco should. If the baseball teams of the CBS cities—New York, Philadelphia, Chicago and Los Angeles—are hot, the deal can work. But that's where trying to assess whether CBS, for one, really believes that regional notion becomes difficult. After all, who would play better in CBS's urban markets: CBS's Pat Sajak or, for instance, Arsenio Hall. ●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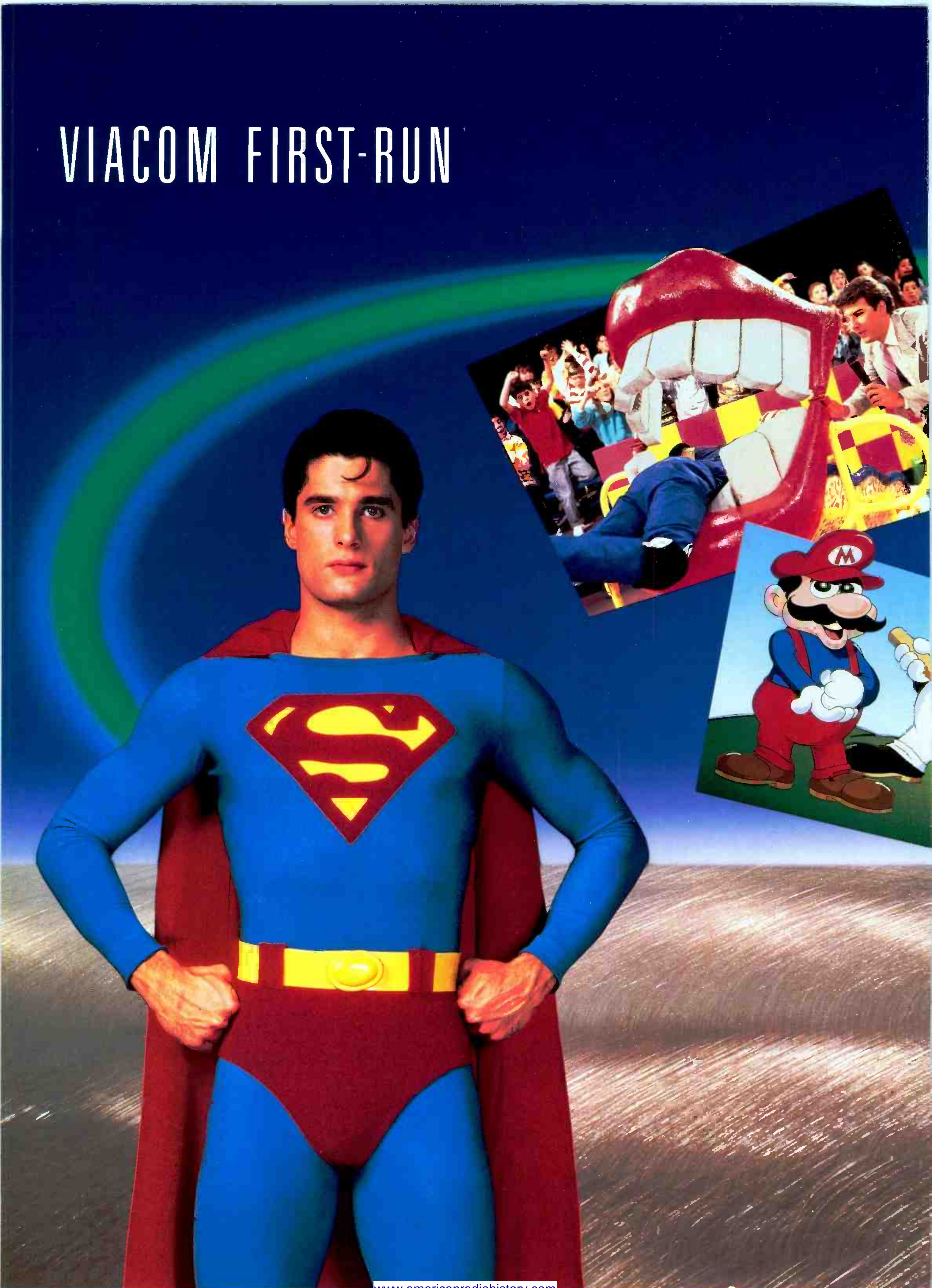
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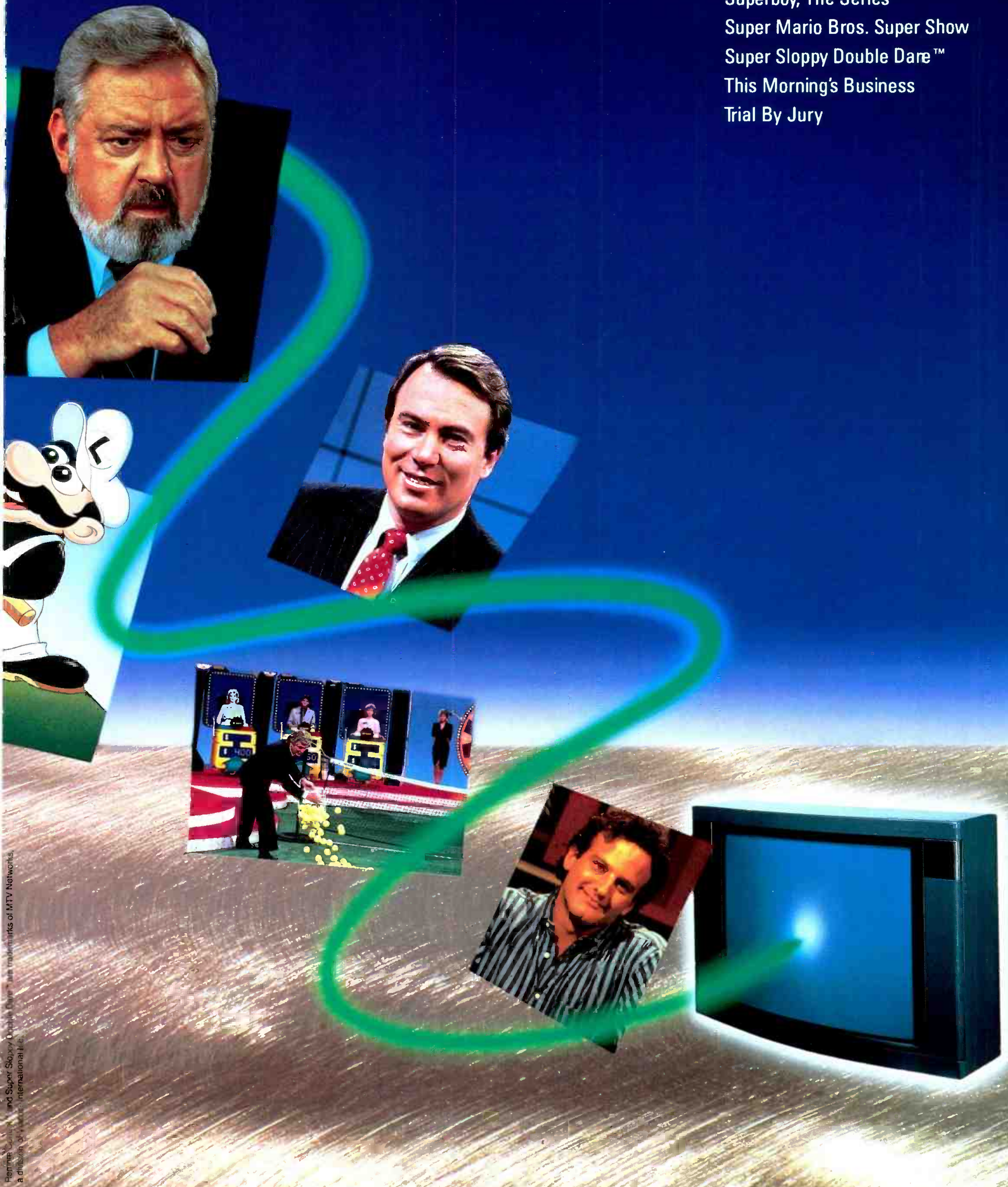

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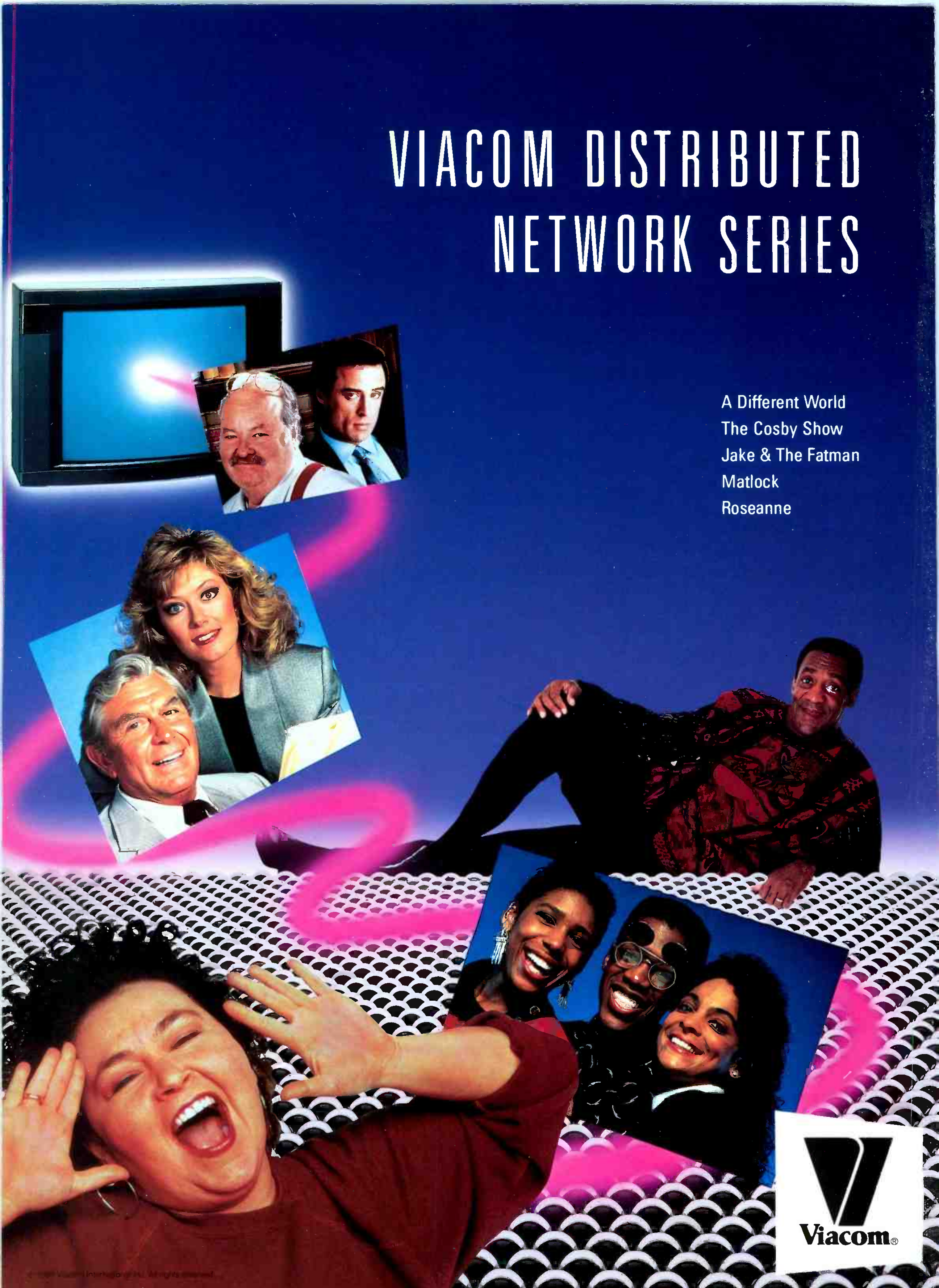
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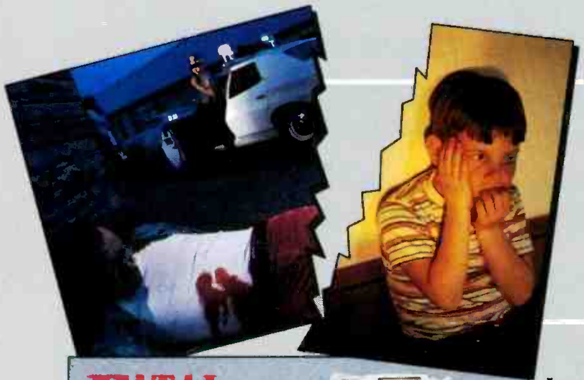

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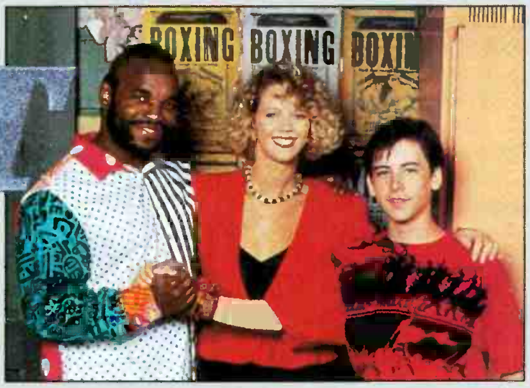

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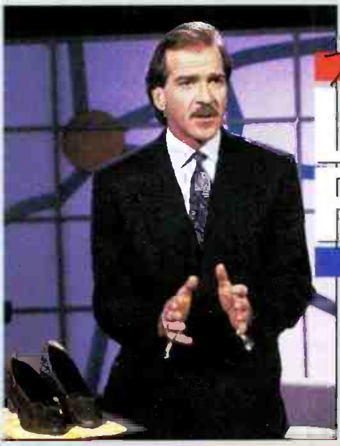

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The Paramount Challenge: Make Hits New Ways

The enterprising crew of Mancuso, Harris, et. al. once faced a bare cupboard. Today Paramount thrives, even without producing new network blockbusters.

by Neal Koch

In his more fanciful moments, producer Garry Marshall likes to tell the tale that in the early 1970s, the Orthodox Jewish cemetery of Beth Olam, adjacent to the Paramount Pictures Hollywood lot, offered to buy some of the studio's 55 acres and use them to bury dead bodies. "They figured nothing else was going on there anyway," claims Marshall, who at the time had just finished the last episode of one of the studio's few network shows, *The Odd Couple*. "You could shoot a canon down the lot." Half of the lot had been sold to an Italian construction company and Paramount's executives had moved to Beverly Hills, letting production wither as the studio turned into little more than a distributor of other people's product. "There was no one at home at Paramount in 1974," recalls Barry Diller, who arrived as chairman and CEO that fall. "It was basically shut down."

Today's Paramount is a vastly different place, alive with hit films and a television group now fully reshaped after being initially revitalized by Diller's team. For a decade it has been a production and syndication innovator, reinventing a lucrative first-run syndication market while at the same time churning out network comedies and other programming with a variety of creative, financial and marketing techniques that have become studio hallmarks.

But today's Paramount is also vastly different from the one run by Diller, Michael Eisner and their television compatriots, a TV studio reflecting the calm ways of studio chairman and CEO Frank Mancuso and the innovative thinking of TV group president Mel Harris, who has slowly emerged as a major, closely watched leader in television. Yet for all its executives' acumen, Paramount faces a key strategic problem: it appears to have hit a brick wall in producing the new network sitcoms and series that even in a changed marketplace remain the meat and potatoes of big-bucks syndication.

It was initially Diller, with Eisner and others, who brought Paramount to life, buying back the lot, churning out movies and turning Paramount into a dominant force in network television. In April 1979 the studio boasted four of the top five network shows, including Marshall's *Happy Days*, *Laverne & Shirley* and *Mork & Mindy*. In the 1980s, Paramount changed for all time the fledgling first-run syndication market that had grown little beyond game shows and the soap-opera parody *Mary Hartman, Mary Hartman*. The studio introduced *Solid Gold* in 1980 and *Entertainment Tonight* in 1981 and fed a new distribution apparatus with miniseries such as *A Woman Called Golda*. Paramount also revolutionized syndication sales, guaranteeing station buyers that five years' worth of episodes would be made for some shows, even if the programs were cancelled by the networks; putting shows up for bidding, rather than just offering them to network affiliates; and cutting themselves in for half of the barter advertising time, rather than the traditional one-third or so. Also with great success, Paramount pioneered price slashing on videocassettes to promote sales. By the 1982-83 television season, Paramount had 10 series on the air, more than any other studio. Paramount revenues grew tenfold to over $1 billion in 1984 from $100 million in 1973, and earnings more than tripled.

But then, Charles Bluhdorn, the controversial founder and chairman of Paramount's parent concern, Gulf+Western Inc., died unexpectedly in 1983 after having built G+W, one of the first and most aggressive of the conglomerates, out of a company with an almost worthless contract to supply rear bumpers for Studebakers. One of G+W's many acquisitions had been Paramount, bought in 1966 in a deal valued at $144 million. But once he'd acquired Paramount, Bluhdorn didn't stop there, paying about $20 million for TV producer Desilu Productions a year later. "Paramount was a motion picture studio that had little experience in television and Desilu was a television studio that had no experience in motion pictures, and our lots were next to each other," recalls Art Barron, former president of G+W's entertainment group, who spent much of his G+W career supervising Paramount. "And you had a parent company that didn't know much about either." Created to produce *I Love Lucy* in 1950, Desilu brought to Paramount the ongoing *Star Trek*, *Mission: Impossible*, *Mannix* and *The Untouchables*, all of which were losing money. "It was Lucy's willingness to keep doing a series that kept us going," says Barron, then a Desilu sales executive. A succession of studio heads followed, the lot grew quiet and the cemetery joke began circulating inside Paramount. So it went until the temperamental and impulsive Bluhdorn installed the fiery Diller, then an innovative young ABC programmer, at the helm.

But Bluhdorn's successor, G+W president Martin S. Davis, realized his own limitations, says a knowledgeable source close

Paramount TV Group presidents (from left): John Pike, network; Lucie Salhany, domestic syndication; Mel Harris, TV Group; Robert Klingensmith, video.

PHOTOGRAPH BY DARRYL ESTRINE/ONYX

to the company, as well as the fact that G+W could no longer fund the capital-intensive operations Bluhdorn had assembled. So Davis set about paring G+W down to units that grabbed his interest and that he felt he could understand. Today, the empire includes a growing publishing unit, centered around Simon & Schuster, a consumer and commercial financial services arm and an entertainment division, which includes large theater interests, Madison Square Garden in New York, the New York Knicks and New York Rangers, the Madison Square Garden cable network and half of the USA cable network (see box). Then there are G+W's beauty pageants, including Miss Universe and Miss USA, and, of course, Paramount Pictures, with its Hollywood studio of 32 sound stages and its library of films and TV shows such as *Top Gun* and *Taxi*.

At first Davis made Diller chairman of all G+W entertainment businesses. But then their management styles clashed. The contentious Diller departed in 1984 to run another studio, Twentieth Century Fox. To replace Diller as studio chairman and CEO, Davis chose Paramount's number three executive and marketing strategist, the soft-spoken motion picture group president Frank Mancuso, a 22-year company veteran who, like Davis, had risen through the company's sales and marketing ranks. This broke the contract of Paramount president and COO Michael Eisner, who had been promised Diller's position if Diller left. But Eisner had already been negotiating to become Disney's chairman and CEO and soon took off for Disney's Burbank studio. In his wake, Eisner raided Paramount's top management. So early in 1985, Mancuso and Davis installed Mel Harris, a gentlemanly but dynamic and forward-thinking Paramount veteran (see related story), as president of the studio's TV group. Hollywood promptly wrote off the new regime, virtually before it had begun. "The sense of the industry was these people would fall on their ass," recalls one Hollywood executive who requested anonymity. "They were good people, nice people. But this town is driven by creativity."

Today, many in Hollywood can be caught wiping the crow feathers from their lips. Paramount's new team has scored phenomenal successes: topping the film market two years in a row, 1986-87; continuing to push home video sales upward; and, in television, taking first-run syndication by storm, racking up record off-network syndication sales and churning up a whirlwind with 17 shows in production as of December (and three more in a distribution deal). While the studio still carefully controls information leaving its lot, inside the new team has implemented a more collegial atmosphere. There is now, for instance, a wider sharing of the annual bonus pool, an issue under Diller. Then, says a source, "It was Big House and Shantytown." With the change, he says, "You've gone from an elitist atmosphere to a collaborative one." One executive adds, "Frank's style is clearly management by relationship, by *partnership*. Barry and Michael's style was management by intimidation."

To be sure, it was not an easy start for the new team. Diller's people left behind a movie cupboard bare of new hits, save for *Beverly Hills Cop*. They also bequeathed what became the monumentally costly syndicated flop *America*, a late-afternoon magazine. Diller and Eisner also left what they themselves called a neglected network TV division. The studio had sold only two of its 13 pilots for fall 1983, while three hours of its existing shows had been cancelled, leaving the studio with just 2.5 hours of network series. Only 20 percent of the studio's sound stages were in use. For 1984—Diller's and Eisner's last year—none of Paramount's five pilots were picked up. In passing over Eisner for Paramount's top job, Davis gave as one of his reasons insufficient sales of prime time shows.

These problems left the new management team with a dilemma that extended beyond the network division, in large part because of Hollywood's peculiar accounting rules and the economics of network program production. Generally, studios lose money on network series, betting they can more than recoup the losses in syndication. These returns on hits can not only offset losses—they can make a studio rich. For instance, Paramount garnered an amazing $100 million in 1988 pre-tax operating income from the syndication of shows that included *Family Ties*, *Cheers* and *Webster*, after recording a like amount the year before, say analysts. That's only a fraction of the record-breaking half-billion dollars *Cosby* commanded for Viacom in 1988, but for Paramount, the $100 million in 1988 amounted to *half* of all of Paramount's pre-tax operating income for the year—and 12.5 percent of G+W's total pre-tax profits, according to Goldman Sachs analyst Jack Kelly.

Such numbers might make many companies very happy. But for Paramount it created what Hollywood hates most—a tough act to follow. The problem stems from accounting rules that require studios to put all syndication revenues on their books in the quarter in which they make their shows available—despite the fact that the stations pay gradually. This isn't a cause for concern with first-run shows, which get delivered each week, but it can become troublesome in syndication when packages of shows, 100 episodes or more, are delivered once.

For Paramount, this meant recording $100 million in its 1988 fourth quarter, which ended October 31, after having done the same the year before. That caused huge bulges in the studio's earnings that current management will have great difficulty matching in coming years, since Paramount has little in the way of new hit situation comedies coming off the networks to sell in 1989 and beyond.

TV chief Harris saw this problem coming shortly after taking over and began making contingency plans. First, Harris' team studied the rapidly shifting marketplace and drew a handful of key conclusions. While ABC, CBS and NBC would remain important, they decided, the network share of the viewing audience would continue to shrink. Second, the networks might begin producing more of their own shows when current consent decrees expire and the financial interest and syndication rules are revised. Third, the boom in independent and cable TV and foreign outlets would build programming demand. And videocassette viewing, they concluded, would also rise. In all, to succeed, a studio would have to follow consumers to all markets. Moreover, as viewing choices multiplied and remote controls were clicked more frequently, quality programming would be crucial to grabbing an audience.

To produce quality shows, Paramount would have to continue the studio's emphasis on signing top producers and writers to exclusive contracts. To attract and hold the talent, the studio would not only spend big money but provide the kind of supportive, autonomous atmosphere that talent craves. Importantly, much of Paramount's talent remained through the changes, as did the studio's highly valued syndication sales staff and many middle managers. At the same time, Paramount was aware that without more off-network hits, it would either have to lay off much of that sales staff or carry the expense of having them often sitting on their hands. Paramount also had an expensive 55-acre lot with 32 sound stages to use or lease out.

The studio pushed to land more shows on the networks. It first tried to sell a revived *Star Trek*. While Fox badly wanted the show as the centerpiece for its network launch, neither it, ABC, CBS nor NBC would commit to buying 26 episodes, a number Paramount felt it needed in syndication to recoup production costs. So it was time, Paramount's new management decided, to boldly go where no studio had gone before: They would build an extensive, informal first-run syndication network around a revived *Star Trek* with an unprecedented budget of $1.3 million per hour-long episode in the first season (since increased to $1.4 million for the second season)—and they formulated a plan to cover the show's production deficits. First, before production would even begin, the new episodes would be sold in a package along with the 20-year-old episodes. The old episodes went for cash and the new ones for cash plus barter, with Paramount keeping seven minutes in each episode and the

How a Rebel Rocker Became A TV Mogul

Guess what drives Paramount's Mel Harris and shapes his philosophy.

"Her own little son named Johnny B. Goode
Was gonna make some motion pictures
*out in Hollywood." —**Chuck Berry***

It's lunchtime on the Paramount commissary's patio when, in front of a guest, Dr. Melvin Arlyss Harris, 46—immaculately groomed and nattily dressed in a light grey suit befitting his position as a studio executive—suddenly drops his already deep voice an octave and launches into a spirited, gravel-voiced tribute to one of the inspirations in his life: "Civdad Acuna, Mexico. Hey, we're boppin' tonight!"

Wolfman Jack, the growling underground disc jockey who beamed in from Mexico in the late 1950s, flooded the airwaves over the American Midwest with rebellious rock-and-roll music, literally reaching into the isolated South Central Kansas fields where the disciplined teenager Mel Harris grew up on a wheat farm. For Harris, radio was his window on the world, and the Wolfman an inspiration. "I was a rebellious rock-and-roller," Harris laughs. "And a lot of my professional experience has those elements attached to it."

It began in the fields, where radio was his companion. "There just weren't that many kids around," Harris' younger brother, Max, recalls from Wichita, where he now runs an ad agency. "And like on any farm, we just didn't have that much time to play." "So," brother Mel says with a twinkle in his eye, "I went to the junkyard, took a radio out of an old Buick Roadmaster, mounted it on springs and foam rubber, and attached it to the tractor so that I could have my rock-and-roll radio no matter where I was.

"The great fun in the late '50s and early '60s there was to be up past midnight and tune in to Wolfman Jack. He played the *greatest* R&B," Harris says. "And he always followed the preacher selling prayer cloths. The Wolfman always had that howl at the beginning of the show. You had to listen to the last minutes of the evangelist so you'd be there for Wolfman." From then on, Mel ached to be an entertainer. "Anybody who's got that in their blood loves that applause," he says. "Nothing compares with that immediate response. That's why I look at overnights every day."

Sporting a ducktail in school, he acted in plays, worked on the paper and won ribbons by obeying his mother's orders to practice for 4-H presentations. At Kansas State University Harris studied media, marketing and consumer behavior, sang in a rock band, ran the campus radio station and worked as a commercial DJ to pay tuition. He soon decided, though, that he didn't have the performance talent and stayed on to get his masters.

It was the late '60s, however, and Harris found himself in Vietnam commanding an Army Signal Corps combat-

Says former DJ Harris: "If it ain't rock 'n roll, it ain't worth doin'."

photography unit. After his discharge, he landed teaching work and became a graduate student, earning his Ph.D. in mass communications in 1971 at Ohio University. While there, Harris locked horns with his advisor over his dissertation on how television viewers' habits would change if given up to 40 channels. "My rebellious nature continued," says Harris. As he recalls it, the professor contended that viewers would watch whatever was on, while Harris argued that they wanted choices, a theory proved by his willingness to endure the sales pitch to hear Wolfman Jack. "I knew from my own response: You'll seek out your own programming and go through a lot to get it. You can translate this directly into such things as having the great belief in *Star Trek: The Next Generation*, and saying, 'We will not necessarily go for tried and true if it's not necessarily the best for the property,' and if you really believe in what you've got."

A former Paramount official says Harris backed the show in the face of some opposition and advice against it. The show became a financial success as well as the first syndicated program to win a Peabody award for excellence.

Harris says the lessons of his youth also speak to the way people respond to performers, as he spits out the names of his favorite artists—Chuck Berry, Jerry Lee Lewis, Eddie Cochran. "They're on the tip of my tongue," Harris says, reflecting on star charisma. "So, when you can get Judd Hirsch in *Dear John*, you know that there is an immediate response to that on the part of the public. Someone who is on the pulse of popular America, like Gary David Goldberg—that's somebody you want to cultivate."

Harris' dissertation concluded that, with a 40 channel line-up—then an unheard of concept—viewers would not use many more than the three to six channels they were then using; the specific choices might change, he said, but the number of favored ones would stay fairly constant. Now subject to those choices, the challenge for producers and distributors of programming is to break through clutter to grab and retain viewers through quality programming and a commitment to marketing, he says.

Harris' dissertation led him into television, soon landing in Cleveland as the g.m. of UHF station WKBF, where he put to use his dissertation recommendations, successfully promoting the station's identity—rather than specific programs—and increasing ratings 25 percent. And that emphasis continues, he says, since more than ever stations will determine which shows succeed through their dial positions, promotions and community tie-ins. He talks with pride about how individual stations schedule *Star Trek: The Next Generation* when they can maximize viewership. The next step, Harris says, is for television to boost revenues by reestablishing its prominence as an ad medium. Stations must find ways to contribute the same value that advertisers now seek through cents-off coupons and sales contests.

After Cleveland, in 1974, Harris stopped at WKBS in Philadelphia and then landed in New York the following year, where he ran Metromedia's sales research. It was there in '77 that the phone call came from Hollywood. Paramount wanted Harris' research skills to help launch a fourth television network built around a revived *Star Trek* and films. Although the bold bid died in about seven months from lack of ad support, Harris stayed to pioneer cassette price slashing, a successful move that made Paramount a home-video leader and pushed the entire field into discounting. "Always start from the consumer point of view," Harris says repeatedly. He also headed Paramount's development team, which created *Entertainment Tonight* and *Solid Gold* in 1980-81.

He was named president of the TV group in March 1985, where he oversees all TV, home video and research operations. He starts the day with 6:30 A.M. phone calls from his car to East Coast advertisers, networks and government officials. He works out in Paramount's gym, then squeezes in calls to Europe before 10 A.M., to Australia and the Far East before 4 P.M., reads scripts, approves program promos and meets with department heads. Harris says he prefers to screen programs after he gets home at 9 P.M. so he can see them as viewers do. It's a job in which Harris has earned wide-spread respect. "He's very, very bright and he's not made very many enemies," says a network executive. "That's not to say he's easy. He's just not going out of his way to prove something when he's making a deal." It's not that unusual to hear studio executives say they're Mel Harris "fans." Indeed, at the start of last year's Writers' Guild talks, when producers presented the WGA with their views on new studio economics, they chose Harris to make the pitch. "I've had long conversations with him," says FCC chairman Dennis Patrick. "I'm always impressed by the breadth of Mel's knowledge of not just the industry but of the broader market and the changes that are taking place." Harris was also the first name to come to the lips of a Capitol Hill source asked to cite those sought out for industry views. "He works the Hill more," said the source. "Some guys, if they're in town, they stop by. Some guys make an effort to be in town so they can stop by. Mel is one of those."

Clearly, in front of the pack is where Harris likes to be. He likes to relate an incident in his favorite book, Kurt Vonnegut's *Breakfast of Champions*: "A science-fiction writer tells a truck driver about a story he's never been able to sell: A creature from outer space came to earth with a cure for cancer and a way to end wars. However, he came from a planet where they communicated by means of farting and tap dancing. He landed in a meadow next to a house that was on fire and warned the inhabitants. They killed him with a nine iron. When I had a CB radio," Harris continues, "my name was 'Tapdancer,' and I told my wife: 'My epitaph is Farting and Tap Dancing, because just because you can't understand what somebody has to say, doesn't mean they aren't right.' " Harris' credo: "You go through life with choices. It is a lot more comfortable, a lot less stressful to take the well-travelled path. But you're gonna get to the same place everybody else does. Maybe by running through the bushes, you'll find a new trail and get there first. I'm not sure where it is I'm going, but I'm gonna try to be the first one there." And if he were to leave Paramount and TV tomorrow? "It's one of the risks of being in rock and roll. And if it ain't rock and roll, it ain't worth doin'." N.K.

PHOTOGRAPH BY BONNIE SCHIFFMAN

stations getting five minutes. Second, foreign airings would be delayed until 1990, allowing a three-year window for overseas cassette sales of the new episodes, a move designed to net $100,000 to $200,000 per episode in the first season. Third, G+W's publishing and financial services arms backed the launch with an unprecedented marketing campaign (see box). By the end of the first season, ratings were 20 percent higher than Paramount had projected and the studio booked a slight profit. Moreover, a source says Paramount conservatively estimated long-term revenues for the series, so when the show is syndicated, profits will be greater than original forecasts.

On top of that, Paramount is using its network division to produce the new *Star Trek*. Foremost, that's to assure the show's quality. But insiders say it may also be to keep the network production people busy and spread their overhead. By 1988 the studio's sound-stage usage was up to nearly 100 percent, virtually all for Paramount productions.

Paramount also came up with two other first-run syndicated science-fiction/horror shows, *Friday the 13th: The Television Series* and *War of the Worlds*. Both have similar plans to cover their deficits, except that Paramount produces neither. Instead, to cut costs, in an innovation for TV series, Paramount has them produced in Canada using some nonunion workers, and buys the episodes for about $600,000 and $750,000, respectively. "We're not specifically targeting network television," says Mancuso. "We're targeting programming. It goes into our library and once costs are covered, it's an income stream." The same refusal to incur uncovered deficits carries over to longer projects. Paramount, which had the rights to *War and Remembrance*, refused to take on the risk of financing the epic ABC miniseries. ABC produced *W&R* itself and has said it may lose $20 million. Paramount, which kept international rights, will profit with distribution fees. In addition, two fall 1988 Paramount network shows, a revival of *Mission: Impossible* and the new *Dolphin Cove*, are shot in Australia, limiting Paramount's risk since both are co-ventures—*Mission: Impossible* between Paramount, ABC and Australia's Network Nine, and *Dolphin Cove* between Paramount, Nine and CBS. Production costs are cheaper Down Under, and by using some Australian actors and locations, both meet local content rules, allowing Paramount to charge higher license fees there.

Paramount's new management also instituted comprehensive five-year planning for the studio, something the previous regime "never, *never*" did, says Diller. Under Diller, says one source, the studio sometimes didn't know a full year into the making of a movie when it would come out. In general, Paramount, like G+W's current management, is financially conservative. All the major studios tend to operate within a limited range of accounting practices in television, say insiders. But within that range, Paramount is among the most, if not *the* most, conservative. Paramount is unusually prone to record its program-development costs and deficits as current expenses, rather than as capital investments—even though this can depress earnings and stock prices. Other studios regularly count as current income revenue estimates for anticipated syndication deals. Paramount waits until the agreements are made. "It's kept absolutely trim," says one former official. "Even if they think they'll be able to sell a station later, they don't put it in. They let it creep up." This reduces current taxes and avoids overstating profits and losses.

While G+W chairman Davis was once named by *Fortune* as one of America's toughest bosses, studio head Mancuso and TV president Harris have fostered a team approach to managing the studio's TV operations. "We have tended to put in place people who love the business, so it's a shared experience," says Mancuso. Network division president John Pike adds: "If I want to talk to Frank, I don't have to go through Mel. I pick up the phone and call Frank. We're past that." And says Harris, "I like to think that I hire people who are better than I ever could be, who work smart, not just hard."

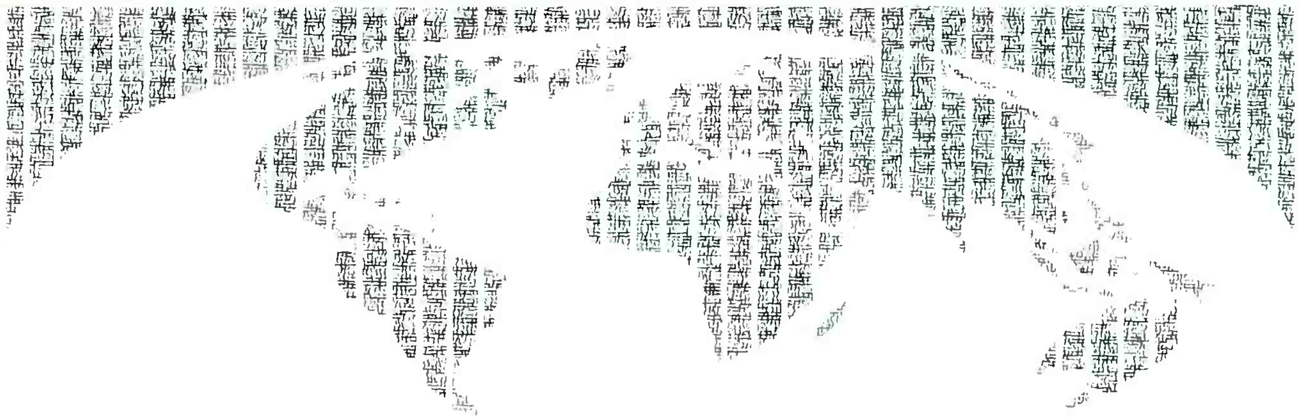
Paramount's current top TV executives come from modest beginnings and have decidedly un-Hollywood backgrounds. Mancuso started as a salesman in Paramount's Buffalo office. Harris, Pike and Lucie Salhany, president of domestic syndication, all rose as Midwest station programmers and all worked at Cleveland stations. By contrast, Diller and Eisner were the products of privileged backgrounds: Diller was raised in Beverly Hills, the son of a developer, and Eisner grew up on Park Avenue, the son of a New York lawyer. Harris grew up on a Kansas wheat farm. Pike, like Harris, is a former DJ with a communications degree. He's also a former TV news producer, writer, a program director and onetime head of program development for NBC's O&Os. Harris, when he was president of Paramount's video division, lured Pike to the studio in 1981 to make shows for pay cable. "I said I didn't know what cable was," Pike recalls. "He said, 'It's kind of a blank canvas. It's probably good that you haven't watched it.' " Pike went on to help launch Showtime's *Brothers*, was promoted and took over Paramount's network division in August 1986.

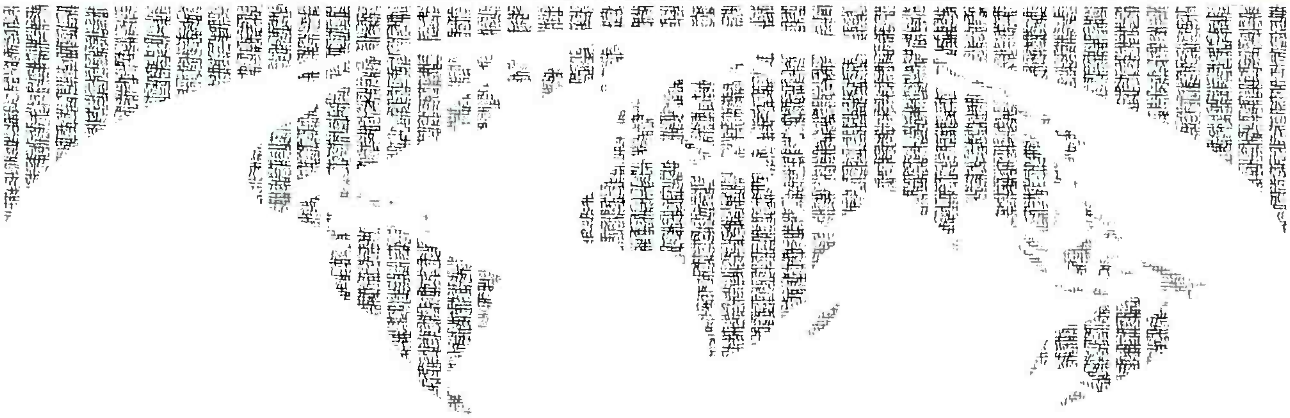
Salhany first met Harris at Cleveland independent WKBF (no longer on the air), where Harris encouraged her to stay in TV at a low point in her career and eventually promoted her to program manager. She then moved on to WLVI in Boston, where she met Pike, also working in Boston TV. She went on to become Taft Broadcasting's programming v.p. and, in 1981, the first woman president of the National Association of Television Program Executives. After 18 years at stations, holding positions few if any women had had before, Salhany was tapped by Harris in 1985 to be president of Paramount's domestic syndication arm.

Harris says he chose station people for top jobs because they understand that things have to move quickly. "When I interview people," he says, "I want to know that there is a sense of urgency about them. We're in a demanding medium and the public demands to be served." Says Pike, "One of the things that makes us different, perhaps better, is that we've gotten our hands dirty. When you've worked in West Palm Beach and Cleveland, you get a different perspective. I didn't go to Yale Drama [School]. I've spent time pushing a camera."

"Whenever I see Lucy or Mel," says KTLA g.m. Steve Bell, who was Salhany's Boston boss, "we always talk about ratings. 'What about that rating on *Cheers* in L.A.,' they will say. And I will say, 'You noticed?' They're really on the pulse a lot more than others." Both Harris' predecessor, Rich Frank, and Salhany's predecessor, Randy Reiss, both now at Disney, came from stations. Says G+W's Barron, "We've had great success hiring people who used to be in the businesses we're trying to sell to. They communicate better." Competitor Garth Ancier, president of FBC Entertainment, says, "Pike, Salhany and Harris is a pretty major triumvirate of talent." They also work closely with Harris' other two lieutenants, video president Bob Klingensmith and international TV president Bruce Gordon.

The fast-talking Salhany, who rarely sits still while doing business, took charge of an already effective production and distribution machine and kept up its aggressive pace. For instance, the company says that about 15 to 20 percent of the more than 200 stations carrying *Star Trek, War of the Worlds* and *Friday the 13th* run them as a block, some in prime time, including stations in New York and Los Angeles. And, behind the scenes, Salhany's staff has been hammering away at affiliates to use the shows to preempt prime time programming. "Stations are going to preempt anyway," Salhany shoots out, after first sidestepping the issue. "Let them do it with our product." Last year, Paramount's syndication staff was voted the "most professional" by a wide margin in a National Association of Broadcasters station survey. Paramount also reinvigorated an aging *Entertainment Tonight* in 1988, keeping the show's growing competition at bay. Finding that viewers wanted more substance and less glitz, Paramount highlighted *E.T.*'s scoops. And, to catch viewers at the start of the show, it shortened the opening and moved more quickly into the day's news reports. "When you have a franchise, the only way it deteriorates," says





HLS Corp

(Health Learning Systems, Inc.)

has been acquired by

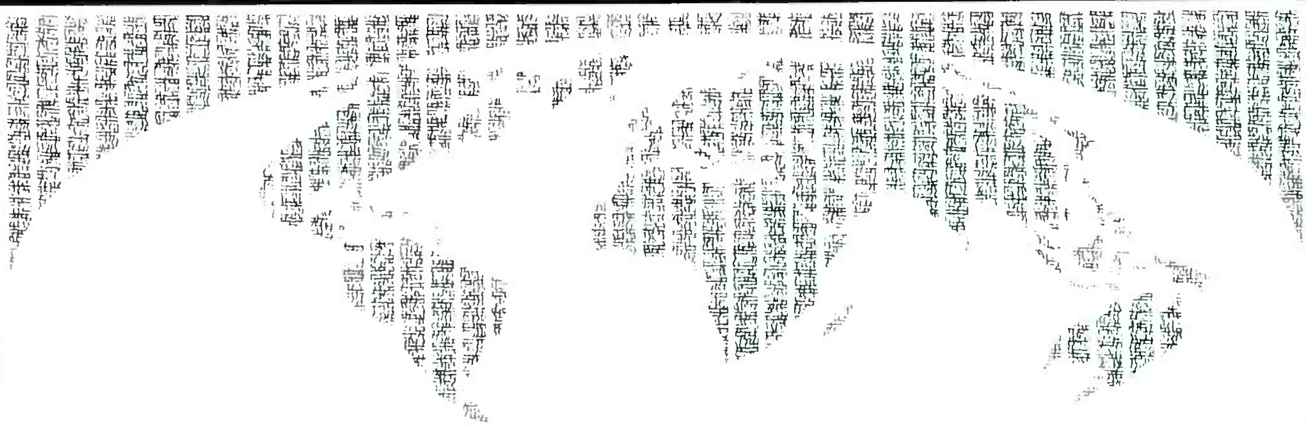
WPP Group plc

The undersigned acted as financial advisor to HLS Corp in this transaction.

MORGAN STANLEY & CO.

Incorporated

December 14, 1988



BET

has sold its publishing businesses

Argus Press

to

a new group
led by managers of Argus Press

The undersigned acted as financial adviser to
BET Public Limited Company in this transaction.

MORGAN STANLEY & CO.
Incorporated

September 2, 1988

Paramount's Card Trek

The new crew of the U.S.S. Enterprise didn't leave home without their Visa cards. To help launch *Star Trek: The Next Generation* into the frontier of big-budget first-run syndication, Paramount's parent, Gulf +Western, had its financial services arm issue a *Star Trek* The Enterprise Visa card. In fact, G+W called on all its divisions to back the September 1987 revival of the show in what Paramount television chief Mel Harris calls "the most comprehensive television publicity campaign ever undertaken by this studio."

But the campaign's importance to G+W transcended even the galactic *Star Trek*. At least two years earlier, G+W chairman Martin S. Davis had made it known that he wanted G+W's communications (Paramount and Simon & Schuster) and financial-services units to exploit each other's distribution systems. Since at least that time, for example, G+W has been considering using Simon & Schuster's J.K. Lasser tax guides to promote the Visa cards of its $12 billion (assets) Associates Corp. of North America, which through its Associates National Bank has become a top credit-card issuer. G+W has been considering using its Prentice-Hall direct-mail firm to target credit-card customers. And in 1985, Simon & Schuster developed a magazine prototype (which never launched) based on Paramount's *Entertainment Tonight*. But for Paramount, considered one of the top studios at marketing, the *Star Trek: The Next Generation* campaign promised to be a doozy.

Perhaps the most innovative part was the Enterprise credit card. The Associates targeted Trekkies and college students, working off Paramount's list of 50,000 *Star Trek* club members. The studio also featured the card in its "Special Effects" merchandising catalogue. But even the Associates, specializing in high-risk lending, apparently views Trekkies somewhat warily, charging 21.9 percent interest. The younger student generation may not be embracing *Star Trek: The Next Generation* as passionately as hoped, howev-

er. Within the month, the Associates is expected to abandon its college thrust in favor of a *Star Trek* MasterCard aimed at fans of the original series, those under 35 who appear on the *Star Trek* club rosters, offering them a 19.8 percent annual rate and, as a sign-up inducement, a Simon & Schuster audio tape of a *Star Trek* novel.

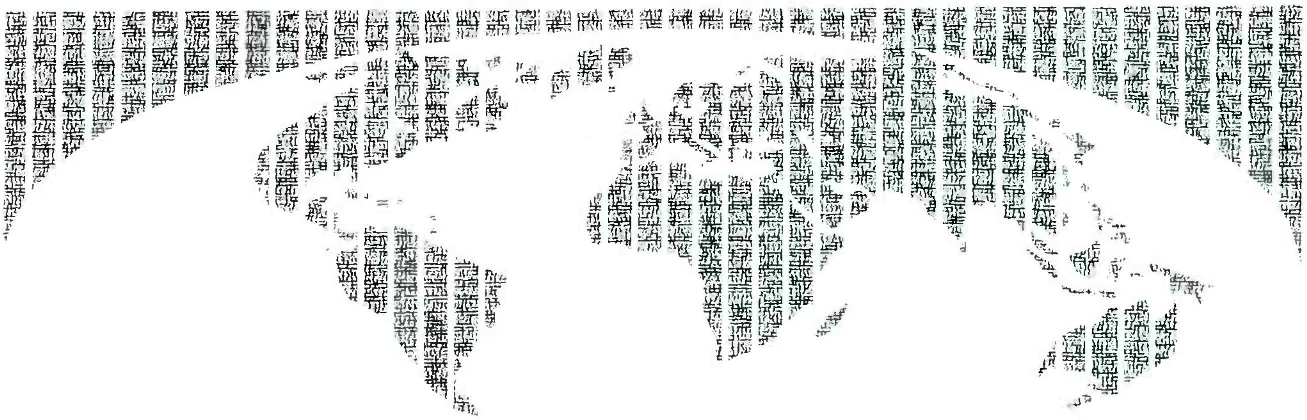
As part of a ten-week "countdown" campaign designed to create maximum exposure before the premiere of the two-hour television movie marking *Star Trek*'s 1987 revival, G+W also took the following steps. In addition to the standard print and tape press kits for stations to distribute to local news outlets, Paramount's *Entertainment Tonight* became the "official" chronicler of the show's production, which was taking place on nearby soundstages on the Paramount lot. The studio's film licensing and merchandising division, which launched *Beverly Hills Cop*, *Top Gun* and *Crocodile Dundee*, also went to work. On August 15, Coca-Cola began distributing to convenience stores souvenir cups with pictures of the Enterprise's new crew. The second week of September, 24 million packages of Cheerios and Honey Nut Cheerios hit supermarket shelves featuring a General Mills sweepstakes with the prize of a walk-on appearance in a future *Star Trek* episode. The contest was backed by a multimillion-dollar ad campaign targeted to give ten exposures to 85 percent of all U.S. households with children under 12 years old. And if Paramount was going to hit the kids at breakfast, it was also going to get them when they ate lunch, played and went to sleep: There were *Star Trek: The Next Generation* Thermos bottles, lunch boxes, shirts, comics, model kits, toys, games, watches and, to influence their dreams, linens. Paramount also geared up to bring "hundreds of thousands of next generation Trekkies" into fan clubs.

There's more. Simon & Schuster issued *Star Trek* novels, stationery, computer software and more. On September 30, Paramount shipped two million copies of the home-video version of its movie *Star Trek IV*, with a 60-second *Next Generation* promo at the top of the tape. Paramount research indicated that it would be seen by more than 25 percent of U.S. households in its first month. G+W later applied these techniques to other shows, issuing, for instance, *War of the Worlds* paperbacks based on the show. And with Davis' interest in tieing together what he refers to as G+W's communications units, the public will see many more such efforts. N.K.

Harris, "is through an inability to adapt when audiences change." With the new-found popularity of sensationalistic shows, Paramount is now bringing out for fall *Tabloid*, a half-hour show taking its cues from the check-out-counter papers. It quickly cleared 30 markets covering 45 percent of the U.S. Of course, Salhany's division's had its share of flops. For instance, this season's game show *Wipeout* wiped out, pulling a rating of 1.3 and ranking 115 out of 150 shows. Still, so successful has syndication been that last fall Paramount began to explore marketing its shows under the rubric of a "fifth network" to coax higher ad rates.

Pike has had a harder time, however. Recently, he sipped the Evian water his secretary regularly replenished and tossed a ball into the air as he chatted easily about the world—the needs of stations and the imperative to approach the new market as one integrated electronic delivery system. But asked if Paramount, which hasn't produced a new sitcom to stick to a major network since 1984, is up to the task of replacing the aging *Family Ties* and *Cheers*, Pike swiveled, leaned across his desk, smiled and threw up his arms, saying nothing. "There has not been a new network sitcom show since *Webster* [in 1983] that has stuck," notes Gary Nardino, Paramount network television president from 1977-83. Crucial to any studio's success today are half-hour situation comedies, because of their popularity in syndication. Paramount built its TV success in sitcoms in the 1970s around Garry Marshall, who at one time employed a stable of 50 writers working on 6 shows. After Marshall left to make movies, following 20 years in TV, Paramount rebuilt by raiding MTM Entertainment, the home of *The Mary Tyler Moore Show*, *The Bob Newhart Show* and others.

When proven MTM producers and writers went looking for bigger money, their own boutique production outfits and the chance to do movies, Paramount enthusiastically stepped forward. In 1978, James L. Brooks, Ed. Weinberger, Stan Daniels and Dave Davis left MTM's San Fernando Valley studio for Paramount in Hollywood to create *Taxi*. Then Glen and Les Charles and director Jim Burrows followed to work on the show. Gary David Goldberg went as well. "It was like they were all on the freeway at the same time," former MTM president Grant Tinker recalls. "It took the heart out of the comedy core." The Charles brothers and Burrows later created *Cheers* for Paramount, and Goldberg created *Family Ties*.



Metropolitan Broadcasting Holding Company

which through its subsidiaries owns

WNEW-AM/FM
(New York, NY)

KTWV-FM
(Los Angeles, CA)

WMMR-FM
(Philadelphia, PA)

KRLD-AM
(Dallas, TX)

Texas State Networks

has been acquired by

Sillerman Acquisition Corp.

The undersigned acted as financial advisor to
Metropolitan Broadcasting Holding Company in this transaction.

MORGAN STANLEY & CO.
Incorporated

December 16, 1988

Paramount execs have been trying to build talent for the future. First, they cut new independent deals with Leonard Goldberg and Johnny Carson, who had commitments from NBC, in an attempt to buy new hits that could fill the pipeline. But Goldberg left halfway through his three-year deal to join Diller at Fox, and CBS put his show, *The Cavanaughs*, on hiatus. Carson Productions is essentially shuttered, and former head Ed. Weinberger left last fall for Columbia Pictures TV. Paramount did buy from Carson NBC's *Dear John*, with Judd Hirsch, which got off to a strong start, ranking 13th in season-to-date ratings as of mid-December. But it will be two to three years before it's available for syndication. Gary David Goldberg has a new 1988 entry on NBC, *Day By Day*. But it was a midseason addition and, by December, hadn't proved itself, ranking 35th. *Duet* is in its third year on Fox, but it only pulled a 3.5 rating last fall and by season's end will have made only 57 episodes (it debuted in April 1987).

As a result of Paramount's lack of new off-network product for 1989, analysts forecast syndication operating income of just $50 million—half the amount of each of the last two years. That's despite the initial availability of *Brothers* reruns. Moreover, they hesitate to even guess about 1990, for which Paramount can only foresee at best the possibility of an eighth year of *Cheers* reruns (the show is now in its seventh season), the initial availability of *MacGyver* and new rerun cycles of *Happy Days* and *Taxi*. The year 1991 could bring *Dear John*, *Day By Day*, *Duet*, *Mission: Impossible* and *Friday the 13th*, but that equation contains many "ifs." On top of this the rate of growth in cassettes is slowing dramatically. "The pressure is going to be on to replace those earnings in some way," says a source close to G+W. "In good times Marty might push people very hard," a former G+W executive says of Davis. "So, in bad times—Lord knows."

Harris denies that the studio's situation in television creates problems for Paramount. The hour shows demonstrate the studio's ability to leverage assets that have recognizable names, he says. The fallowness in sitcoms he calls an inevitable trough in the creative cycle, such as the studio experienced after Marshall left. "What we've been doing is filling in with a large number of programs in first run" syndication, he says. "We've been aggressively pursuing ways of making our own good luck." For instance, sources say Paramount last December cut a multimillion-dollar, multiyear deal with veterans of *Cheers* and *The Jeffersons*, producers David Angell, Peter Casey and David Lee, to create a new sitcom whenever *Cheers* folds. "At the center of the creative process is a very risky business," explains Mancuso. "If you put a year or two into something—your heart and soul—I think you want to be surrounded by people who understand how vulnerable you are, that you're searching for the answers. You have to have a long-term philosophy toward talent," he continues. "You're not going to have a *Family Ties* every time. If you separate yourself from failure, if you're only there for success, you're only there, what, 25 percent of the time. And people need you most when there's failure. Who needs you when there's success? With success, the rest of the world tells you how good you are."

"Paramount, now, of the major studios, is the best for television," says Gary David Goldberg, who just signed a new seven-year contract with the studio that includes a film deal, "and it all goes to personalities. These are guys who really like television. These are people who, when you ask them a question, they answer it. They're not afraid to say 'no' or 'yes.' They're not 'going to get back to you' and they're not going to fudge it. Frank's vision is large. I would trust my children to Frank."

Mancuso is known to see himself as the benign patriarch of a happy Paramount "family." Reportedly, though, he became en-

Shopping for Outlets

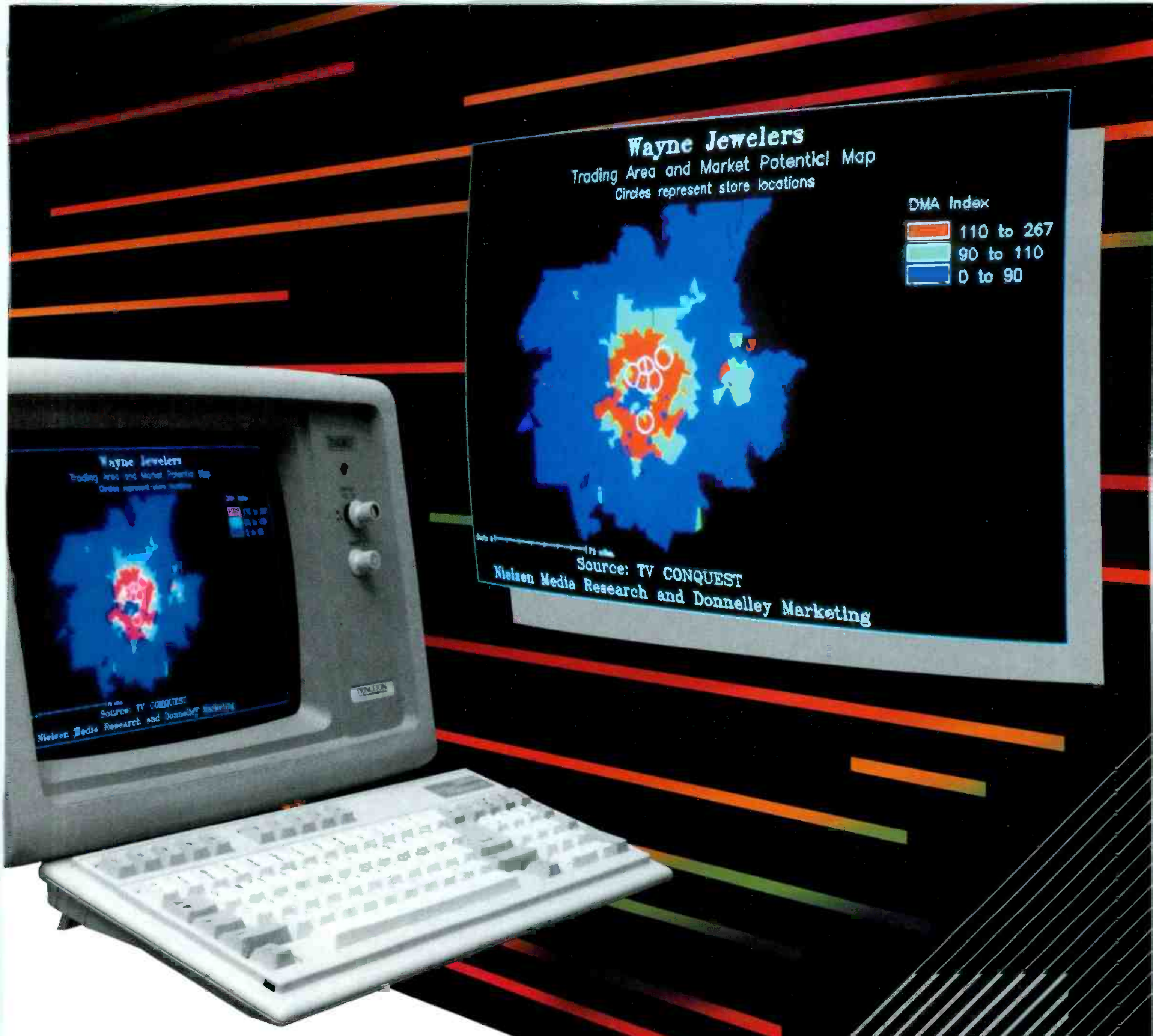
When it comes to owning programming outlets, Paramount officials admit that at times they feel like the gang that couldn't shoot straight. "Paramount had a lot of early opportunities it let slip through its fingers," says Art Barron, former president of Gulf +Western's entertainment group and now a company consultant. TV group president Mel Harris says Paramount is in the market for TV stations, but that they're too pricey. At one time it owned what are now two of the nation's most valuable stations, Los Angeles indie KTLA and Chicago ABC O&O WLS, respectively W6XYZ and WBKB in 1938. Like other studios, Paramount turned its back on television and sold the stations several years later. Paramount was also a major theater owner, until the government forced their sale 40 years ago. But it's recently re-entered the field and again has substantial theater holdings.

Paramount's efforts in pay-TV failed when its Premiere consortium with MCA, Warner Bros., Showtime and The Movie Channel ended in the early 1980s after the Justice Department frowned upon it. At one time, G+W, Paramount's parent, was the second largest cable operator in North America, until the Canadian government forced a sale to what became Rogers Cablesystems of Canada, says Barron. Moreover, G+W sold TCI's John Malone his first system, Athena, in the 1970s, says Harris. But now, Harris says, MSOs are also too pricey.

USA's Koplovitz: Kid of an irreverent parent?

Recently, Paramount has pushed aggressively into cable programming with the 46 million subscriber USA Network, in which it shares half ownership with MCA. In 1988 it unveiled plans to spend more than $300 million over two years to produce and promote new, network-quality programs for USA. But last September, Jones Intercable announced at a press conference that in three days it would be dumping USA from 65 percent of its systems because of poor programming. USA had also announced a rate increase from 13 cents a month per subscriber to 23 cents. Jones, which owns a stake in Turner Broadcasting, would instead run Turner's new TNT service, which promised big-event programming. USA figures the loss at 550,000 homes. "It's a devastating thing," says USA president Kay Koplovitz. On the issue of programming, Koplovitz says, "People can have differences of opinion."

True, USA got a boost when both MCA and G+W last fall announced plans to produce new films expressly for USA, as part of the networks's plans for six nights a week of original fare. But some say that MCA seems to be treating USA as a dumping ground, selling it *Murder, She Wrote* and *Miami Vice* only after meeting with weak response in syndication. And when Koplovitz goes calling at Paramount, she suggests that she comes away feeling a bit like Rodney Dangerfield. Koplovitz tried to land *Star Trek: The Next Generation* for USA, but Paramount put it into first-run broadcast syndication instead. She's also courted other Paramount reruns. "I would have loved *Cheers*," she acknowledges. But, "we weren't taken seriously." N.K.



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Paramount Television

	Length per show	Full seasons on air	Outlet aired	License fee per episode(a) (thousands)	Deficit per episode(a) (thousands)	1st-run syndication terms B/B+(b)	Nat'l/Local
PRODUCED BY PARAMOUNT							
The Arsenio Hall Show	1 hour	0(c)	1st run			B	7/7
Brothers	30 min.	4	Showtime	$250	$200		
Cheers	30 min.	6	NBC	650	100		
Day By Day	30 min.	1(d)	NBC	450	75		
Dear John	30 min.	0	NBC	450	75		
Dolphin Cove	1 hour	0(e)	CBS	NA	NA		
Duet	30 min.	2	FOX	425	50		
Entertainment Tonight /	30 min.	7	1st run			B+	1/5
Entertainment This Week	60 min.					B+	6/6
Family Ties	30 min.	6	NBC	600	75		
MacGyver	1 hour	3	ABC	975	325		
Mission: Impossible	1 hour	0	ABC	NA	NA		
Star Trek: The Next Generation	1 hour	1	1st run			B	7/5
Tabloid	30 min.	0(f)	1st run			B+	1/5.5
Webster	30 min.	5	1st run			Cash	–
Wipeout	30 min.	0	1st run			B+	1/5.5
DISTRIBUTED BY PARAMOUNT (Producer)							
Friday the 13th: The Television Series (Triumph Enter. Corp. of Canada in assoc. with Hometown Films)	1 hour	1	1st run			B+	6/6
Geraldo! (Tribune Enter. Co.)	1 hour	1	1st run			B+	2/12
The Joan Rivers Show (Tribune Enter. Co.)	1 hour	0(f)	1st run			B+	2/12
War of the Worlds (Triumph Enter. Corp. of Canada in assoc. with Ten-Four Prod.)	1 hour	0	1st run			B	6.5/5.5
PARAMOUNT MADE-FOR-TV MOVIES FOR 1988-89 SEASON							
A Very Brady Christmas	2 hours	December 18, 1988					
Not a Penny More	miniseries	sometime in 1989					
PARAMOUNT OFF-NET SHOWS CURRENTLY IN SYNDICATION (# of Episodes)							
Taxi (114 half-hrs), Laverne and Shirley (178 half-hrs), Happy Days (255 half-hrs), The Odd Couple (114 half-hrs), The Brady Bunch (117 half-hrs), Star Trek (79 hrs), Love, American Style (224 half-hrs), Star Trek Animated (22 half-hrs), The Brady Kids (22 half-hrs), Mission: Impossible (170 hrs), The Untouchables (114 hrs), The Lucy Show (156 half-hrs), Bosom Buddies (37 half-hrs), Mork and Mindy (95 half-hrs), Cheers (146 half-hrs), Family Ties (154 half-hrs), Webster (100 half-hrs), Angie (36 half-hrs), Brothers (116 half-hrs), Mannix (130 hrs).							

Sources: Paramount; DDB Needham Worldwide; Channels.
Compiled by James D. Bamford.
NA = Not Available

(a) Estimate for 1988/89 broadcast season.
(b) B = Barter; B+ = Barter plus cash.
(c) Premiered January 3, 1989.
(d) 1987/88 midseason replacement.
(e) 1988/89 midseason replacement.
(f) Premiered fall of 1989.

raged by last year's writers' strike, in which he was a key negotiator. While Paramount denies it, Mancuso is said to have been one of the most active in phoning independent producers to suggest that breaking with the majors was not in their best interests.

While TV is often seen in Hollywood as a creative stepchild, Paramount encourages talent, such as Arsenio Hall, to do both TV and movies as a way for the studio to leverage its assets. Following his highly successful Paramount film, *Coming to America*, made with friend Eddie Murphy (also a Paramount performer), Hall debuted in a Paramount-syndicated talk show last month. In its first three weeks of sales last year, the show was picked up by 75 stations covering 60 percent of the country. "Frank Mancuso really makes known to artists that here you can do it all," says Hall. "Paramount is like a mall: You can buy cookies at Mrs. Fields and underwear at The Broadway." Management also has moved to improve stars' creature comforts, adding valet parking, for instance. "We've taken our talent's focus away from griping," says Harris: " 'I can't get parking. The commissary food's lousy. I can't get into screenings.' "

For all the success, however, some still wonder whether another Paramount audience, Wall Street, values G+W fairly, raising questions of splitting up G+W. At least two analysts issued reports last year suggesting that shareholders—institutions hold more than 50 percent of the stock with insiders controlling little—could realize much greater value by breaking the company up and selling its parts. Last fall, Paul Kagan Associates, which holds G+W stock, valued Paramount "conservatively" at $3.6 billion, at a time when the market valued all of G+W at just $4.5 billion. A source close to G+W calls the Paramount figure high, and earlier last year, Drexel Burnham Lambert's Andrew Wallach, who says he compiled figures with G+W's aid, valued it at $2.9 billion. G+W spokesmen categorically denied last fall that Paramount might be for sale or that there were any plans to spin it off to shareholders, and those familiar with Davis doubt he'll ever part with Paramount voluntarily. While he may not care for showbiz people, they say, he began his career as a Paramount motion-picture press agent.

Nevertheless, he's sensitive to the public markets. Although G+W denies it, a Drexel official says G+W pressured Wallach into toning down his report. "There is pressure in all of Gulf+Western today to get as much earnings as you can from every operation," says the knowledgeable source close to the company. "Marty Davis wants to maximize shareholder value so he puts pressure on Paramount—and the TV group has to be part of that. He's going to put pressure on them to deliver."

While Paramount's corporate future may be far from certain, at least one apocryphal vulture seems to have renounced any interest in the studio. Jules Roth, a 45-year director of Beth Olam, indicates that he doesn't expect the cemetery to make an offer for Paramount any time soon. Laughing, he said he would have to take it up with his board. ●

Syndication's New Strategies

IN FOCUS

Searching For the Fizz

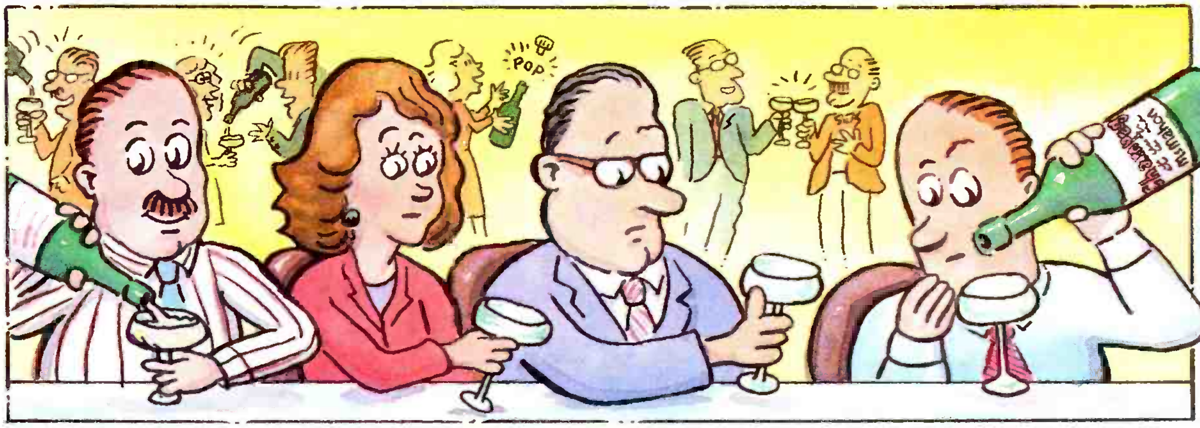
After a year for which they had high hopes, sober syndicators once again face life without the bubbly. But a number of them have developed adroit new strategies for the long haul.

Last year, syndicators and station executives arrived at the NATPE Conference in Houston full of hope for the new season, daring to believe that 1988 would bring an upturn in the business. But 1988 didn't deliver. This year they return to Houston—many feeling burned and wary of new shows. There will be fewer new programs to choose from, and many of the new offerings build on the tabloid tradition that spawned *A Current Affair* and *Geraldo*. But even as the programming grows more outrageous, the deal-making is growing more cautious.

In 1988, nearly everyone had to refine survival strategies. Jack Fentress, programming vice president at Petry, told *Channels* that compared with the syndication business five years ago, today "we're facing a lot of problems: escalated costs, decreasing audience, less money for advertisers."

Our In Focus section examines some of the strategies syndicators have chosen to help them maneuver the tricky waters of the current market. *Channels* senior editor J. Max Robins leads off with a profile of LBS chairman and CEO Henry Siegel, whose leveraged buyout of LBS frees the company of its Grey Advertising ties at a time when few others want to go out on a limb. For those smarting from NATPE's cost, Stephen Damiano eases the pain with a humorous, fact-filled accounting of expenditures, from orange juice to exhibit booths.

One of the strategies widely adopted this year has been to search for new markets, particularly overseas. Senior editor Kirsten Beck assesses the international course NATPE has set for itself, and Alex Ben Block finds the international survival strand in two of the three syndication companies he analyzes. Carol Hall revisits the post-*Cosby* state of the deal and finds both sides behaving more cautiously, offering few innovations in deal-making this year. Finally, *Channels* takes a close look at the performance of publicly traded syndicator stocks since the Crash and finds it's a long road back. ●



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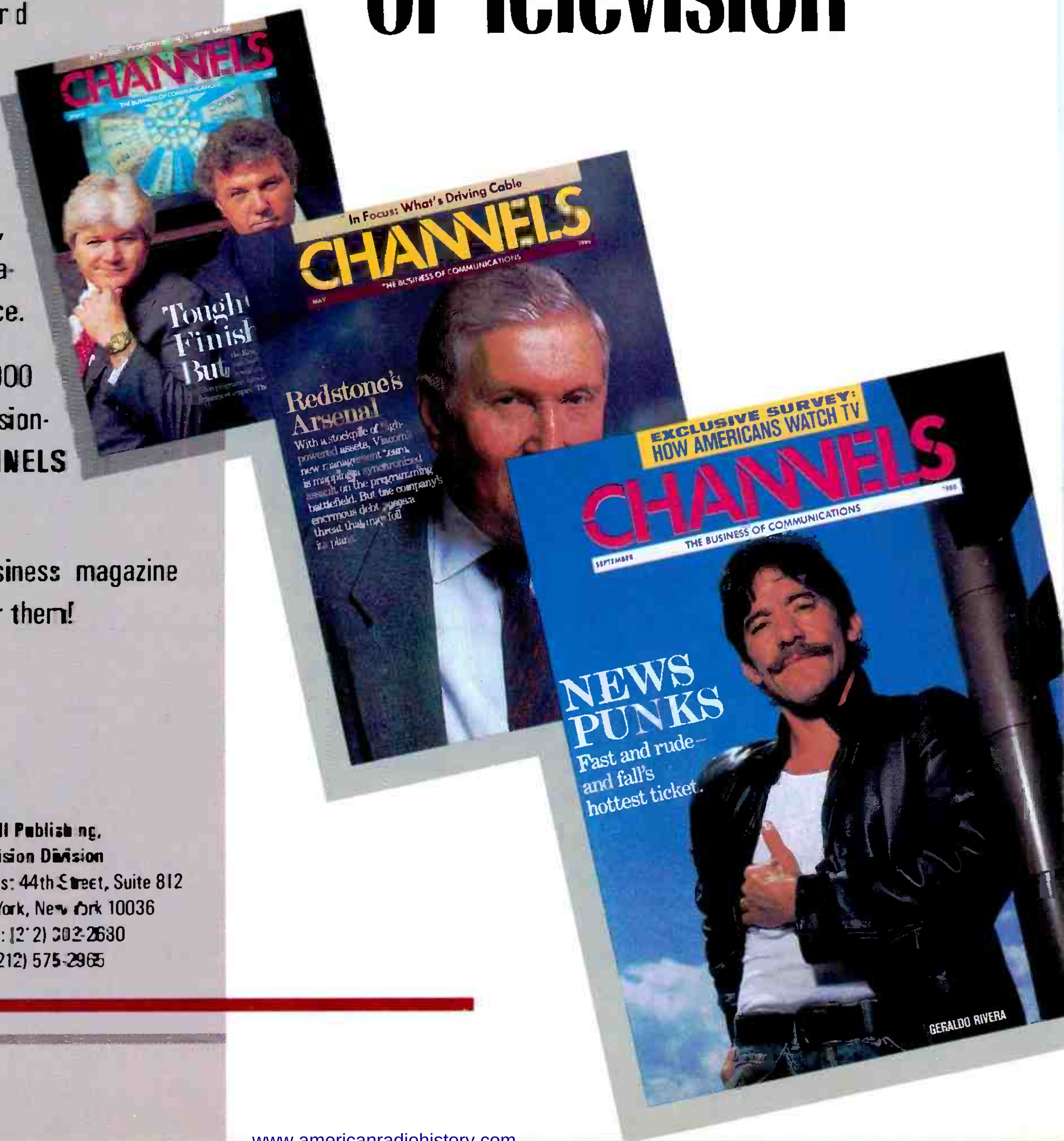

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Mr. Hardball Sheds His Grey

He bought his company from Grey Advertising. Now LBS's innovative but irascible Henry Siegel faces a chaotic syndication market alone. **BY J. MAX ROBINS**

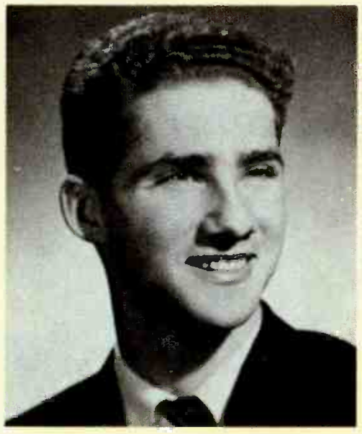
Henry Siegel was stoked. The chairman and president of LBS Communications had just emerged from a four-hour-plus meeting that would liberate him from his parent company, Grey Advertising. Siegel had been looking for a way to break out of Grey for more than a year. Still, when he left the meeting, the first thought that went through his mind was, "Did I do the right thing?"

But the doubt about leaving the company at which he had spent more than half his life was quickly overcome by a heady euphoria. Who would he call first? He phoned his twin brother Paul in Los Angeles, who heads the LBS Entertainment division, a West Coast operation. Then he called his 16-year-old son Brian. Siegel wanted to share the news with Brian before slipping into his tux and rushing off to the International Emmy Awards dinner scheduled for that night.

When Siegel told Brian he had cut the deal, he said right at the top that the company would be carrying some debt. Brian asked how long it would be before he would be able to pay it off. Siegel told him it would be seven to ten years. "My son said, Good, just enough time for me to come into the company without any debt," remembers Siegel. "I guess everybody has their priorities."

His son takes after the old man, shares his obsession with being the top guy and wants to be part of the dynasty Henry Siegel thinks he can build. Son, like father, will probably write by his picture in his high-school yearbook that his ambition is to be a millionaire. When a man is relentlessly driven in his business the way Siegel is, it becomes his life. And when his progeny wants in, it's a natural high, because he thinks he's seen a glimmer of his own immortality. Relating the story, Siegel eases out a rare chuckle.

Henry Siegel
Bird
Ambition: Millionaire
Hobby: Sports
German Club 1, 3; Alchemists' Club 3; Intramural Basketball 1; English Club 3; Key Club — Treasurer 1, 2, 3; J.S.O. 1, 2; Civil Defense Messenger 2, 3; Chess Club 1, 2, 3; Bowling Club 2, 3; Spring Concert 2; Cross Country 1, 2, 3; Indoor Track 3; Monticello Times 1, Co-Editor-in-Chief 2, 3.



Siegel's ambition showed, even in high school.

Anybody who knows Henry Siegel has an opinion about him. In the small world of television syndication, where everybody seems to know everybody else and gossip travels fast, as it does in any Harper Valley, everybody has something to say about Henry—some of it good and some of it . . . well, not so good. The portrait of him that emerges is of an intelligent, sometimes dour, sometimes explosive, extremely critical individual. By his own admission hyper-competitive, Siegel seems cut from the mold that screams, "Play the game as hard as you can, any way you can, because winning is everything."

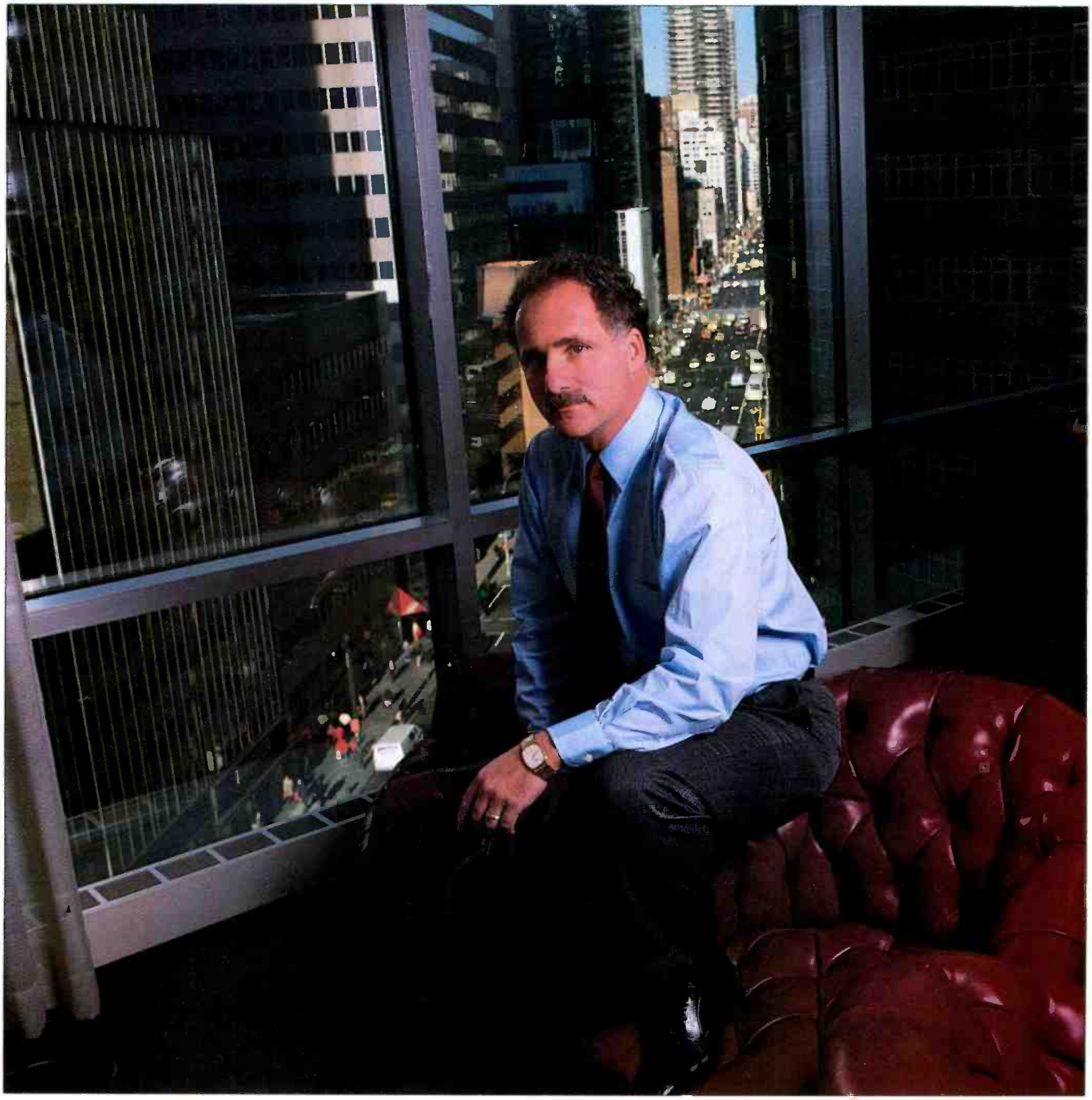
The stakes are about to get appreciably higher in Henry Siegel's favorite game. The $38 million leveraged buyout he and equal partner Warburg Pincus, the venture-capital firm, have engineered with Grey leaves LBS without its powerful billion-dollar parent at a time of turmoil in the syndication market. With substantial debt to service in a period when the syndication market grows increasingly cutthroat, Siegel has a tough fight ahead to hold onto his base. Powerhouse barter time-selling consortiums backed by major corporations, such as Camelot Entertainment, International Advertising Sales and Teletrib, are all heavy hitters swinging away on turf where not too long ago LBS reigned alone.

This is a key period for Henry Siegel, the man responsible for popularizing barter-syndication and then building a multimillion-dollar business around it. LBS has no high-profile product like *Fame*, for which it once sold barter time, opening doors for its other shows. Now that King World, Group W and others have stolen much of his thunder, Siegel will have to play hardball.

He is undaunted, almost cocky, about the challenge. "We will be an extremely successful diversified, multidimensional media company," he says.

The classic overachiever is more than ready to leave home. There were other times he almost left the nest. A few years ago LBS reportedly was about to be sold for $70 million and rolled into a group including Coca-Cola's Columbia Pictures, Paramount Pictures and Orbis Entertainment. LBS dropped out and the other three concerns created what is now International Advertising Sales. At another point it looked like financier Marvin Davis would help Siegel free his company from Grey, but that deal never materialized.

But this time it's for real, and Henry Siegel is in fighting form. He's been staying trim—his wife Elin, an aerobics instructor, has goaded him into weight training—and when the tennis pro comes for his weekly visit to Siegel's Westchester estate, it's not to give a lesson, it's for a showdown with the lord of the manner. "I cannot take a lesson from a pro. I have to compete against the pro," says Siegel. "I feel



PHOTOGRAPH BY E.J. CAMP/ONYX

obligated to do that. I just can't hit the ball back and forth."

Siegel traces the roots of his intense nature to his identical twin. He and Paul have always been close, but it goes beyond that. "When you are a twin," he says,"you have this mirror image walking around that you compare yourself to and want to best." The connection, Henry says, is "cosmic."

The Siegels went to Brandeis together and used gambling money to help fund their education. After college they took a stab at Las Vegas and making their fortunes at the tables. They went bust, got drafted and served together in the National Guard, where they both broke their ankles. Both men are divorced; the women they married the second time around were born on the same day.

Growing up in New Jersey, the sons of parents of modest means, the Siegel twins were best friends, yet goaded each other on in all-out competition in board games and in sports. "When we were younger, Paul and I used to play handball together and I used to beat him constantly," says Siegel, eight minutes his twin's senior. "He could never figure out how come I always won, until one day he discovered I kept a sponge in my glove." Henry's eyes still light up when he mentions how his softball team beat his brother's once again at last year's company picnic.

Paul Siegel says the most visible change in his brother's personality over the years is that he's become even more competitive.

Henry Siegel has been a star player from the early days of the evolving drama of TV syndication. Siegel started priming for his part in 1964 with an $80 a week job in Grey's media department. By 1974, ten years later, he was a senior vice president in the media department. By 1976 he had gained enough clout within Grey that conservative, financially tough-minded Grey chairman Ed Meyer was ready to bankroll Siegel.

"We believed in Henry. He was a prophet," says Meyer. "He conceptualized how this thing called barter could work for our clients. He also had the kind of entrepreneurial spirit I was anxious to promote to expand the scope of our agency into related businesses." By 1984 LBS was reportedly generating revenues of more than $100 million a year.

No one denies Siegel was the prime architect of LBS's success, but in the process of building his company he has managed to alienate a lot of people. Several high-profile players in the syndication business have worked for LBS; few have left amicably. The same drive that makes him a tough, adroit, successful deal-maker, several industry insiders believe, has also limited how great a success he could be.

"Henry doesn't delegate authority to anyone really," says a former senior LBS executive. "He has to make all the decisions. Whether it's the future direction of the firm or how many paper clips will be purchased in the fourth quarter. That's no way to grow your company." "His way of communicating is to yell and scream at everybody. LBS is not a happy place to work," says another former senior executive, adding to a common refrain. "Henry has this way of burning bridges."

Henry Siegel knows only too well he is a tough piece of work. But he doesn't think it's something he can change. He knows there are a lot of people he once worked with, who were friends, with whom he no longer speaks.

"I'm too impatient with myself, the people around me and the industry in general," admits Siegel. "I guess I'm too quick to anger and don't sit back and say, 'Okay, I'm an industry leader,' and be more accepting of things. But that's not my nature. I'm a fighter, a competitor. I feel I need to release my anger—maybe I'm not going to have an ulcer or heart attack because I let things out where others keep them in."

But friend and foe alike regard Siegel as a pioneer in the barter-syndication market. "I consider Henry Siegel the cornerstone of the industry, and I was the guy who originated cash barter with *The Mike Douglas Show*," says George Back, president of his own syndication company, All American Television, in which LBS owns a 6 percent stake. Back has been friends with Siegel for years. "I may have described the methodology, but Henry went and did it in a big way," Back adds. "People who travel the syndication road today do so because Henry paved it."

Even Siegel detractors give him his due as an industry pioneer, albeit with the left hand. John Ranck, who was formerly head of sales at LBS and left to join Orbis Communications in 1984, was once not only a colleague but a close friend. "With Henry it was almost a Greek tragedy," says Ranck, Orbis' v.p. of sales/international. "He had so many good things going for him, but his inability to deal with people always came back to bite him in the ass."

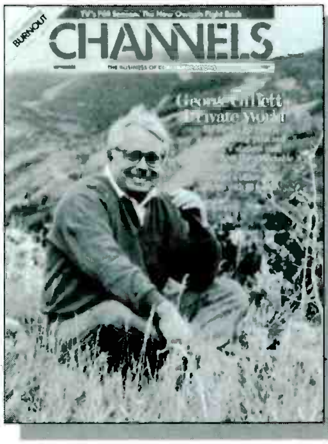
Ranck is in his office with Orbis president Bob Turner and vice president, financial Ethan Podell, LBS alumni all. The men are talking about life with Henry, and most of their memories are not pleasant ones. There is a shared belief among the assembled that Siegel has a "character flaw" that makes him unable to handle his success; moreover, that he has problems giving the people who worked for him money or the credit they deserve—and when there was plenty to go around. "He was an obsessed person," says Podell. "He never relaxed. He totally operated on an incredibly high-blood-pressure level."

Henry (right) with twin brother Paul and a *Titanic* model: Henry says the connection is 'cosmic.'

When Turner left LBS, where he had been president under Siegel, and took Podell with him to form Orbis, charges flew between the two firms. Siegel sued Turner for breach of contract, charging that Turner had gone after LBS clients. Turner, in a legal brief responding to the suit, charged LBS and Grey with questionable accounting procedures. Siegel then dropped the suit, saying that "it wouldn't prove anything by hurting Bob and John." But nobody has forgiven or forgotten.

Whatever ill feelings still exist, Ranck credits Siegel with seeing the opportunity in barter syndication.

Siegel was the one player savvy



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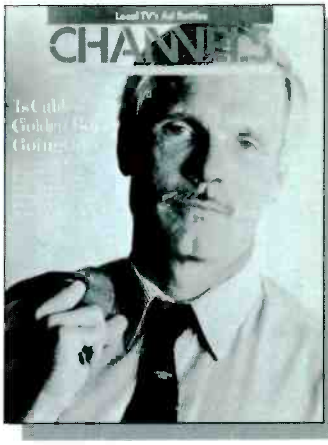

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☐ Law Firm
☐ Government Agency
☐ Advertising Agency
☐ Consultant (please specify) ______
☐ Other (please specify) ______

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☐ **MANAGEMENT:** Vice President, General Manager, Station Manager, Business Manager or System Director / Manager
☐ **PROGRAMMING:** Programming Vice President, Director, Manager or Producer
☐ **NEWS:** News Vice President, Director, Manager or Producer
☐ **TECHNICAL / ENGINEERING:** Engineering Vice President, Director, Manager or Technician
☐ **SALES:** Sales Vice President, Director, Manager or Representative
☐ **MARKETING / PROMOTION:** Marketing / Promotion Vice President, Director or Manager
☐ **OTHER:** (please specify) ______

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☐ MSO headquarters or regional office
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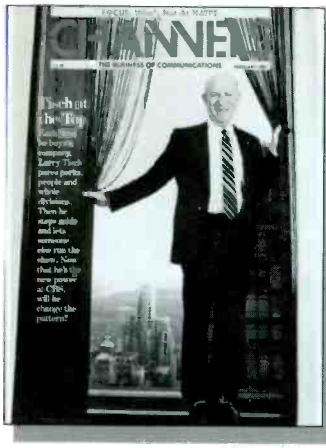

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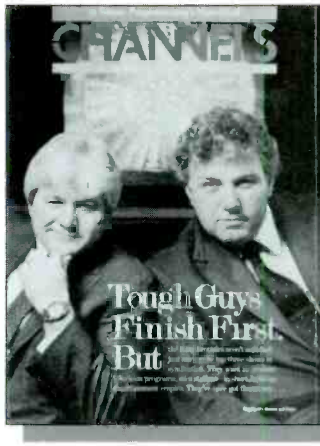

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enough to sell the concept to Grey, which then meant easy access to packaged-goods heavyweights such as Bristol-Myers and Procter & Gamble. "Henry has great tunnel vision," says Ranck. "When he sniffs something that is a good deal, he goes for it better than anyone I ever met in the agency business. He's a pit bull. He can get turned down by everybody, but in the end he will somehow make it happen."

Siegel's first major coup at LBS came in 1977 when he launched the syndicated series *Sha Na Na.* Siegel claims his daughter sparked the idea for the program when he took her to a rock-and-roll revival show where Sha Na Na was performing and she turned to him and said, "Daddy, that's just like *Happy Days* with music."

Siegel finessed a deal to get Procter & Gamble to finance and sponsor the program, which became a syndication hit. But by 1980, Procter & Gamble decided it had had enough of *Sha Na Na* the TV show; it wanted to sponsor programming with an older demographic.

Siegel gambled that LBS could produce and sell the show on its own through barter syndication. "Before *Sha Na Na*, it was the advertisers putting up the money and we were just getting a fee for distributing it," recalls Siegel. "It was the beginning of our risk-taking and also our success. We sold the program to all the younger-skewing advertisers. In that year alone we made more money on *Sha Na Na* than [LBS did] in the program's first three years combined."

For the next several years LBS had the golden touch. In a pioneering 1983 move, the company relaunched *Fame* with MGM, as the first first-run, off-network series in syndication. *Fame* was a great draw for other LBS shows. "In those days, the big topic of conversation was how much money Henry was making that week," remembers George Back.

In 1985, LBS hit a roadblock. Siegel had an audacious plan to launch an ad-hoc afternoon fourth network called INDAY (Independent Daytime Network) with Tribune and Columbia Pictures TV. A group of lightweight afternoon talk shows, INDAY failed miserably. Siegel recalls it as "the most trying time I had. I'm glad we were off the air in six months. We were promoting the concept to the ad community when we should have been promoting the programming."

The last couple of years have not been bad for LBS; they just haven't been the glory days when Siegel's company dominated the business. Revenues are estimated to linger under $100 million annually, a bit lower than when *Fame* was around. There have been successes, such as *Return to the Titanic . . . Live*, which was one of the highest-rated specials in syndication history and a big money-maker. And there have also been distribution alliances forged with syndication comers such as Twentieth Century Fox.

To cope with an increasingly competitive environment and to prep for his separation from Grey, Siegel had made some bold moves to grow his company, but it has been tough going. The company's $20 million syndication gamble on the first-run strip *Family Feud* (sold for cash), looks shaky with the NBC O&Os in New York, Chicago and L.A. starting to drop it, although Siegel claims he will make money on it this year anyway. Besides, with a weak barter environment, he needed a product to get into the cash market.

By introducing *Police Academy-The Animated Series* this year, LBS is trying to strengthen its hand in children's programming, which for the last several years has been a company strength. But that market has been flooded with shows, and there has been a slump in the toy market with no new hit products to drive ad demand.

LBS will also try and expand on another profit center, live special events such as *Return to the Titanic*, but that is yet another market in which the competition has grown fierce. Moreover, there is still some ill feeling among indies who were never given a shot at the Titanic special, because in several markets LBS pitched it solely to affiliates.

LBS has made several forays into other facets of the entertainment business, but with each the company is in a nascent stage. LBS Radio has yet to turn a profit. Ventures in home video and the international market have yet to become substantial revenue streams. And two other divisions, Global TeleCom Media, a spot-buying arm focused on unwired networks, and

Siegel invented the barter concept and then went on to sell time on (top to bottom): *Fame, Family Feud, Return to the Titanic* and *Police Academy—The Animated Series.*

Montaigne Media Management, a media-buying service, are in start-up mode.

It will take a major effort to get all these LBS ventures rolling. But there are those who think Warburg Pincus is key to whether Siegel can solidify and advance his plans for what he terms a "multidimensional, diversified media company." "LBS *is* Mr. Siegel, and obviously Warburg thinks he's a horse to bet on," says Dennis McAlpine, v.p. and analyst at Oppenheimer. "The question is whether Warburg will let him gamble $20 million on the next *Family Feud*, although it hasn't held up anybody in the past. Look how long it held on to the stake it had in Orion."

According to some industry observers, Siegel's separation from Grey is long overdue, because the ad giant spent too much time second-guessing him. "For the last couple of years, most of the time the umbilical cord from Grey has been wrapped around Henry's neck. Given the market, this is a time you need your mobility, and now Henry has it," says Dennis Gillespie, senior v.p./marketing of Viacom.

. . . .

Henry Siegel is in his corner office, reflecting on the evolving character of LBS. The office is all wood and deep red leather, CEO standard issue, with a handful of personal touches. On one wall there's a framed Sha Na Na T-shirt. Family pictures abound—he has two teenage children from a first marriage and two with his wife. On one wall there's a caricature of his oldest son from his Bar Mitzvah, saying: "I think I oughta study law some day and then join my Dad's business. The way he does things he needs a lawyer he can trust." The smattering of books on the book shelves are almost all work related. Two standout titles are *You Can Heal Yourself* and *Taking Your Company Public*. Given the state of entertainment stocks since Black Monday, and the current state of the industry, it will probably be a while before Siegel takes the advice of the latter title.

SIEGEL'S SHOWTIME

Programs that LBS distributes and sells national ad time for.

PROGRAM (PRODUCER)	TYPE	AVAILABILITY	TERMS	LENGTH	# OF TITLES	% U.S.
FAMILY FEUD (Mark Goodson Prod)	Game	Now for '88 / 89 '89 / 90 renewals	1 / 5¼ + cash	30 min. strip	39 orig. wks 13 repeats	86%
POLICE ACADEMY (Warner Bros.)	Animation	Oct. 2, 1989 + 2-hr. premiere movie	4th Q: 2 / 4 1st-3rd Q: 2½ / 3½	30 min. strip	65 eps.	62%
REAL GHOSTBUSTERS (Columbia Pictures TV)	Animation	Now for '88 / 89, '89 / 90, '90 / 91 renewals	2 / 4	30 min. strip	65 for '88 + 34 for '89 / 90	93%
HARDCASTLE III (Columbia Pictures TV)	Off-net Action / Adven.	Now for '88 / '89, '89 / 90 renewals	5 / 7	60 min. weekly	67 eps.	75%
LBS SPECIALS PKG. (Various)	Specials	First telecast Apr. '89	5 / 8 per hr.	One hour, two hours	7	50%
SPECTRUM II (Various)	Made-for-TV Movies	First telecast Nov. '88	10 / 14½	2 hours	6	85%
GIDGET (Columbia Pictures TV)	Sitcom	Now; '89 / 90 +	2½ / 4; cash	30 min.	80 eps.	70%
LIVE EVENTS III (Kushner-Locke) (Ron Lyon)	Live Specials	April 19, '89 June 14, '89	14 / 12	2 hrs.	2	
TIMEBANKS (Various Producers)	Various	July '89 for 2¼ years	42:30's	–	–	
CRAZY LIKE A FOX (Columbia Pictures TV)	Off-net Action / Adven.	Mar. 27, '89 for 74 weeks	5 / 8	60 min. weekly	37 eps.	
MANHUNT (Under Negotiation)	Reality	Fall '89	6 / 7	60 min. weekly	40 orig.	
NEW BONANZA (Alex-Courtney Productions)	Western	Fall '89	6 / 7	60 min. weekly	24 orig.	
TEST SERIES '89 (Dr. Frank Fields)	Specials	First telecast Feb. '89	3 / 3½	30 min.	5	
MUSSOLINI (Columbia Pictures TV)	Drama miniseries	Nov. 20-Dec. 17	–	–	–	
WHAT'S HAPPENING (Columbia Pictures TV)	Sitcom	Now	Cash	30 min.	131 eps.	
HEATHCLIFF (DIC)	Animation	Oct. '89 / 90	2 / 4	30 min. strip	86 eps.	
MONKEES (Columbia Pictures TV)	Sitcom	6 / 29 / 89 for 15 weeks	2 / 4	30 min. strip	58 eps.	

"The debt we've taken on we believe is easily manageable within our company," says Siegel. "I'm not concerned with being 'in debt.' If it were four or five years ago, there would be a great deal of trepidation if I was starting all over again. But we have evolved over the years and less of our business was coming from Grey. We anticipated the severing of the cord." Siegel says he harbors no ill-feeling toward Grey. Quite the contrary. After all, it was Grey chairman Meyer who agreed to back Henry when Siegel departed the agency's media-buying department and started what was then called Lexington Broadcast Services. Grey clients were the first to climb aboard, and gave legitimacy to the venture.

But there were only so many multimillion-dollar gambits Grey could support, especially when the steady stream of profit LBS brought into its coffers showed signs of slowing down. In the last couple of years it became clear that parent and child had what Siegel calls, "opposite ways of doing business." Siegel, a man whose well of ambition is bottomless, is a high-stakes gambler, distinctly at odds with the style at an agency Madison Avenue insiders say is best described by its name. Moreover, a desire to move full-tilt into the media-buying-services business was putting LBS in direct conflict with its parent.

"Henry has built up a great company," says PaineWebber research analyst Lee Isgur. "The problem is he's had to answer to Grey. Now we will see the real Henry."

The real Henry is pondering the state of his industry. He's searching for the upside to a down market. "Yes, it's true the cash marketplace isn't very good and that stations aren't buying. Yes, a lot of independents are having problems," he allows. "But that's when they turn to companies like ourselves to deliver barter programming."

Siegel has a point. But ad revenues are soft and that fact, combined with a programming glut in barter, does not portend well for the immediate future. Still, he sees opportunity.

"We are seeing some softening in the barter market. But it's not just our market. It's the networks' and spot television's, too," says Siegel. "We have to be a little more efficient in the programming we create. We're a little different than the networks; we can increase or decrease what we do based on the nature of the market."

Siegel sees a further shakeout coming in the syndication business. The next two or three years will be particularly difficult, but by 1992, an Olympic and a presidential-election year, he thinks the business will come back strong. Traditionally those Olympic/election years have been good to Siegel. He formed LBS in 1976, assumed the risk for *Sha Na Na* in 1980, was on top of the barter-syndication world in 1984 and finessed an LBO of his company in 1988.

"If you're a driven individual like I am," he concludes, "if you feel you're doing things in a proper way and you believe in yourself and in your company you developed, then eventually things come your way."

The real Henry Siegel. ●

Can NATPE Really Internationalize?

NATPE is determined to broaden its horizons, but it looks like the syndicator will benefit long before the station executive.

BY KIRSTEN BECK

In spite of its announced intent to become international, the NATPE convention is far different in substance and style than a truly worldwide program bazaar. International attendance last year amounted to roughly 700 people, less than 9 percent of the 7,500 conferees, half of whom hailed from Canada, Central and South America.

Nonetheless, the NATPE organization is pursuing an aggressive policy of internationalizing, adding convention services for foreign attendees, inviting an international programming executive onto the NATPE board, opening the convention floor strictly for foreign participants during an entire morning this year and investigating the presentation of seminars and services in Europe as well as the U.S.

And NATPE's push has paid off. As recently as 1986, the international conferee was a rare animal; fewer than 200 foreigners attended NATPE. But by last year, NATPE's overseas delegates had more than tripled, rising from 195 to 689 conventioneers. Most of this growth came—not surprisingly—from the Western Hemisphere.

Still, some in the industry question why this quintessentially American convention, a unique blend of the carnival, the bazaar and continuing education, should stretch to include international participation, particularly when its primary constituency—the station-programming executives—appears to be singularly uninterested in buying foreign material.

But for NATPE's other constituency—the syndicators—overseas outreach was all but inevitable. In much the same way that the network-production community has been forced by the cost squeeze to recognize the importance of the overseas program market as a deficit-reducer, producers of first-run syndicated product, too, have been turning to foreign lands for growth.

Reflecting the priorities of their participants, trade shows have adopted the same strategy: to internationalize along with the rest of the business.

Even the cable industry's gatherings are joining the international bandwagon, looking off-shore for new participants now that U.S. cable-system owners are beginning to invest in international cable ventures. And in programming, cable is the most voracious U.S. consumer of off-shore programs.

NATPE chair Weber says an international market helps U.S. sellers.

Seen in the context of an economically depressed U.S. syndication market, NATPE's decision to become the oxymoronic *National* Association of Television Program Executives *International* comes as no surprise. Although NATPE chairman and CEO Joe Weber (who is also associate director of programming at rep firm MMT Sales) explains that new international members don't add significantly to NATPE's bottom line, he notes that increased international participation "provides a *real* service for our syndicators: another way of reaching the international community." And, he adds, "as we get more international people attending the convention, buying product, we would assume that we will have international distributors who will want to display on the floor."

But, for the present, the primary beneficiaries of NATPE's internationalization are the distributors. International buyers at MIP, MIPCOM and Monte Carlo prefer network programs to first-run syndicated product, which consequently is an underrepresented category of programming in the existing international markets. So additional exposure for syndicators' new programs can't hurt. But even though internationalization is a boon to NATPE's U.S. member-distributors, few international sellers find the same.

Only the Spanish-speaking contingent finds NATPE a successful sales venue. Because the Latin American and Spanish-speaking U.S. broadcasters and distributors have no market of their own, NATPE has become their market of choice, says Marina Galliez, director of sales for the Americas for TV Globo, Brazil's major broadcaster and producer. NATPE's location in the South for four straight years has proved favorable for the Latins, because traveling is easier and more affordable. The size of the Spanish-speaking contingents at the NATPE convention and the American Film Market in Los Angeles, Galliez says, has enabled her to cut back dramatically on other sales trips.

Canadians, too, are well represented at the NATPE convention. But for the roughly 350 executives who hail from beyond the Western Hemisphere, the convention's main benefit is contact with American colleagues. Most of the British who exhibit say their primary purpose is not sales but contacts. Even Granada chief executive Vivien Wallace, the NATPE board of directors' international member, admits that for Granada, potential sales are only one purpose.

Granada's NATPE experience has evolved over the past several years, recalls Wallace. "At first, Granada saw it as a public-relations thing to come to NATPE. Then, for a number of years, there was good business with PBS. Last year was the first where people came to talk co-productions with us."

Wallace's view is probably among the most optimistic among the non-Western distributors. In fact, there is

PHOTOGRAPH BY KEVIN GREGORY

SEE IT FROM A DIFFERENT ANGLE EVERY DAY.

JAN. 16-20.

MONDAY:
X-RATED EXERCISE
DOES EXERCISE IMPROVE YOUR SEX LIFE?

TUESDAY:
SPA EXPOSÉ
HOW THE RICH PAMPER THEMSELVES THIN.

WEDNESDAY:
WELFARE FOR THE RICH
SHOULD THE WEALTHY RECEIVE SOCIAL SECURITY?

THURSDAY:
THEY SHOOT ANIMALS
ARE ANIMALS ABUSED IN MOVIES?

FRIDAY:
DEADLY ECSTASY
THE PARTY DRUG, ECSTASY, CAUSES AGONY.

JAN. 23-27.

MONDAY:
COSMO CONFESSES
HELEN GURLEY BROWN'S SECRETS FOR STAYING FIT.

TUESDAY:
HOT TICKET!
WHY FANS CAN'T GET ENOUGH OF "LES MISERABLES."

WEDNESDAY:
TV LOSES CONTROL
WITHOUT CENSORSHIP, SEX AND PROFANITY SIZZLE ON TV.

THURSDAY:
ARE YOU BLUE TOO?
WHY MENTAL DEPRESSION SEEMS TO BE SPREADING.

FRIDAY:
BOSS LADIES
WOMEN EXECS AND THE COMPANIES THAT PUT THEM IN CHARGE.

considerable British frustration over U.S. buyers' resistance to shows from the U.K. Don Gale, currently the chief program buyer for Britain's independent television (ITV) stations and formerly an MCA International sales executive, cautions that "bearing in mind that the ITV companies have taken space for years, they hope this year the rewards will be better."

Even experienced international sales executives working for American companies occasionally grit their teeth in frustration over what they see as NATPE's seeming inability to make simple changes that would ease their jobs. Those accustomed to the international markets of MIP and MIPCOM pine for an advance list of foreign buyers attending, including their hotels (a service always provided to sellers six weeks before each MIP and MIPCOM) to aid them in finding their customers.

A number of foreign distributors have, nonetheless, made NATPE a strategic stop in their annual world sales travels. Some use NATPE as the first contact point of the year, seeing buyers with whom they hope to close sales at the smaller and thoroughly international Monte Carlo market, following NATPE.

Others, like Peter Orton, COO of London-based Henson International Television (HIT) use NATPE to introduce new product—not in a booth, which would be far too expensive, but in a suite. Orton also scouts programs HIT can acquire to distribute off-shore and checks out the new first-run shows.

Considerable exploration of possible co-production and co-financing happens at NATPE, too, but for many international delegates, NATPE is simply a place to learn more about the U.S. television business and how it works. "It's a place where you sense the pulse of the industry in the U.S.," says Orton.

European interest in the U.S. marketplace has intensified as Europe's TV has become more a business and less a public service. As increasing numbers of commercial broadcasters sign on, common ground is emerging.

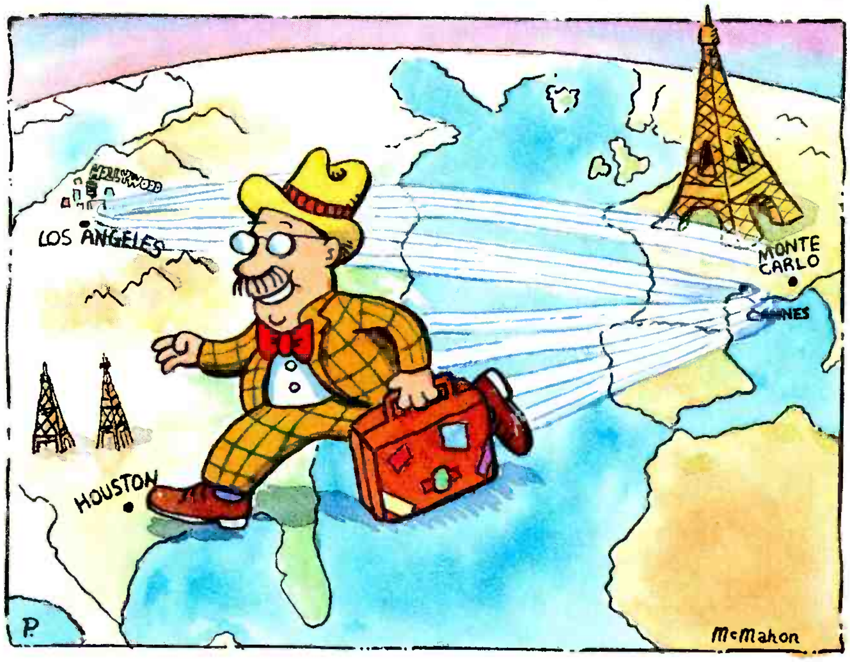
But the new-found common ground results from continental TV becoming more like American TV. So far, it's not a two-way street. Most U.S. stations are not ready to buy European-made television. On the contrary, most local station executives still stiffly resist off-shore productions.

But it's an entirely different story in the cable industry. Foreign distributors have found and developed a healthy market for both their programs and their co-production funds among such cable programmers as USA Network, The Discovery Channel, Arts and Entertainment Network, Bravo, HBO, Showtime and The Disney Channel. Each of these companies has become a regular part of the international program community.

With bustling international activity already underway among these companies at the MIP, MIPCOM and Monte Carlo program markets, it will be hard for NATPE, which owes primary allegiance to local station programmers, to become a genuinely international convention on the scale of the others.

NATPE board member and Petry v.p. Jack Fentress underscores this point when he speculates that "90 percent of NATPE's business is domestic distribution and domestic television sales. And the minute that the membership starts to feel that is being diminished in favor of something else that they are not a part of, then it will be a problem. So the balance is extremely critical."

Peter Clark, joint managing director of Telso Communications, which owns the MIP and MIPCOM markets, the U.S. production company MTM and has also been a frequent co-producer with HBO, points out that cable programmers may eventually want to create their own international market in the U.S. NATPE, he says, will never be a genuinely international program market unless the U.S. "de-parochializes significantly."



Clark is not the only TV executive to note the growing internationalization and power of the cable programmers. Frank X. Miller, senior v.p. of Itel (representing British broadcasters Anglia and Yorkshire in the U.S.) and a 33-year veteran of the international business, says as cable begins to co-produce and commission its own programming, it may turn into the tail that wags the dog of mainstream TV production. If cable doesn't have its own international program market by then, he thinks, it may have to create one. Current cable conventions are dominated by the system operators and slight programming, he says.

But United Artists Entertainment's Nimrod Kovacs, group head of domestic and international programming, responds that this is changing. Multiple-system operators' growing interest in and ownership of cable-programming services has also increased their sensitivity to programming. Interest in international participation is now stirring among cable trade-show managers too. It may be only a matter of time before the United States, long known as one of the most provincial of nations in the international television community, has its own genuinely international TV program market. The question is, who will be the sponsor? ●

NATPE '89: Inside The Money Pit

Every year syndicators spend upwards of $500,000 to participate in the NATPE market. And those people are pinching pennies. **BY STEPHEN DAMIANO**

When was the last time you spent $27 for some individually packaged containers of orange juice? How about $50 for a bowl of strawberries? If you're a syndicator, chances are these are just some of the higher-than-supermarket prices you pay every year to participate in the NATPE Program Conference.

While some syndicators just shrug off these catering and convention-center prices as the cost of doing business, others wonder if strawberries are really worth $50 when an extra $10 gets you a single room at a local Houston Holiday Inn and $4 less buys a double at the Travelodge.

And it's not just the fruit that worries them. Are program directors really worth $50 bottles of scotch and $34 cases of soda—not to mention what it costs to stock Perrier? You have to sell an awful lot of programming to cover the catering costs alone.

Then there's the exhibit booth. The expense for construction, storage, transportation and upkeep is enough to make even the most jaded creative-services managers cringe. But if booth costs can give them a migraine, imagine the headaches involved in getting salespeople, company executives, support staff and talent to a city most of them would prefer never to set foot in.

It is, indeed, the creative-services people at most syndication companies who handle NATPE pre-planning and clean-up. Preparations begin almost immediately after the previous year's event is over. Reserving convention center floor space is usually the top priority. While it is NATPE that ultimately decides where a company will be located on the show floor, the association will accommodate syndicators who request specific locations.

> The cost of NATPE '89 for most syndicators could easily exceed $500,000. The big boys will more than likely spend over $800,000.

"We put in our reservation for booth space the day we left last year," reports Genevieve Piturro, executive promotions director for All American Television. Most syndicators do the same thing.

If the convention is held in the same city two years running, as is the case with Houston, most companies will reserve the following year's hotel rooms even before returning home. Or, like Elissa LeBeck, vice president of research and marketing services for Viacom, they'll book rooms two years in advance.

Naturally, lodging is one of the unavoidable costs of any trade show. Since you already know the convention rates at the Travelodge and Galleria area Holiday Inn (and at those rates you can bet they'll fill up fast), here's a look at other hotel costs.

The Intercontinental, which was sold out as of mid-November, gets $88 for a single and $98 for a double room. At the Stouffer Greenway Plaza, the price for both room sizes is the same, $95. At the Warwick you'll pay $5 less for the single and $5 more for the double. A suite at the Westin, also sold out in November, can run between $225 and $880. At the Wyndham the suites are only $100. If you want a suite in Houston, however, advance booking is imperative since they are few and far between and most are reserved for visiting talent, not company executives.

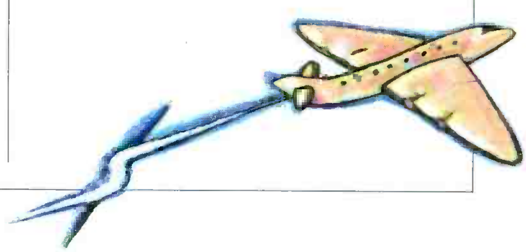
Few and far between is also an apt description for the relationship of hotels to the George R. Brown Convention Center. One of the reasons syndicators, and programmers, express a certain dismay at visiting the city is because there are so few hotels close to the convention center. If you miss one of the free NATPE buses, be prepared for some expensive cab rides.

Though NATPE-goers are left to hail taxis on their own, creative-services managers have to coordinate travel arrangements. Airfare (from New York) runs approximately $400 round trip, depending on the airline and when reservations are made. If a syndicator brings 40 people to the market (the average for most companies), that's $16,000 spent on airfare alone. The hotel cost for those people, if they each get a single room at a mid-priced hotel such as the Intercontinental, would be roughly $25,000.

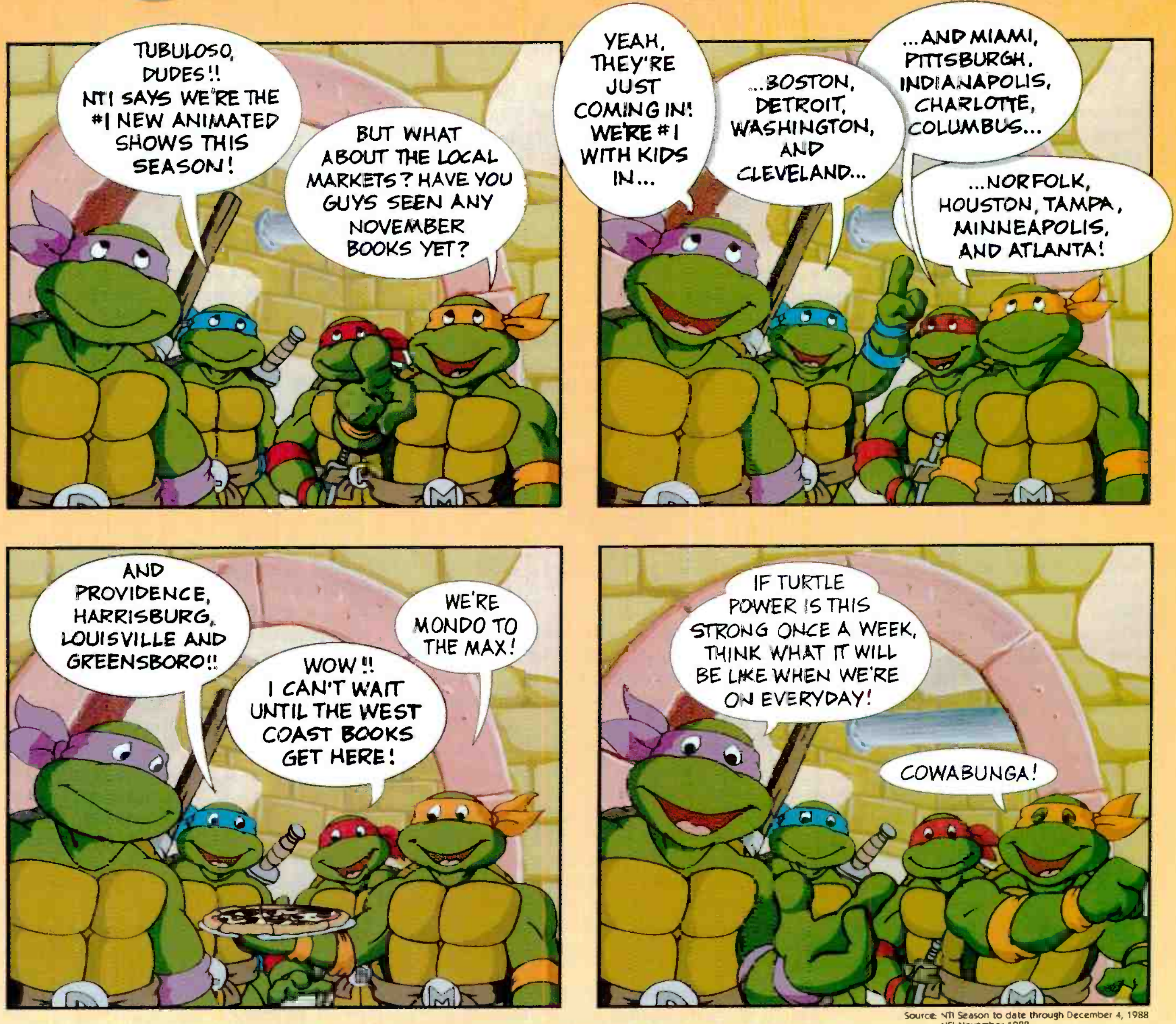
Another of the unavoidable costs of NATPE participation is the registration fee. This year's fee is $325 per person. So, the 40 people who have run up $25,000 in hotel bills (and that's not counting incidentals such as meals) and $16,000 in airfare will cost their company another $13,000 in registration fees.

Employees, however, are not responsible for the really exorbitant costs associated with participation in the NATPE conference. It is the booth, the focal point of the show floor, that represents the greatest monetary outlay.

First the least expensive booth-related item: renting floor space. In Houston, NATPE charges $6 a square foot. Booths range in size from 200 to 8,800 square feet, with many around 1,000 square feet. Most syndicators, then, spend approximately $6,000 to



TURTLE POWER!



Source: NTI Season to date through December 4, 1988
NSI November 1988

TEENAGE MUTANT NINJA TURTLES®

THE STRIP

BEGINNING SEPTEMBER 1989!

Distributed by
GROUP W PRODUCTIONS
A WESTINGHOUSE BROADCASTING COMPANY
3801 BARHAM BOULEVARD, LOS ANGELES, CA 90068 (213) 850-3800

Produced by
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Murakami Wolf Swenson

$10,000 on floor space. Paramount, with 8,800 sq. ft., spends over $52,000, while Dynacom (200 sq. ft.) spends $1,200.

Next on the list comes the storage and transportation of the booth. On average, depending on where the convention is being held and where the booth is stored, companies pay $10,000 to $20,000 for these services.

Considering what it takes to move all of that equipment (chairs, walls, carpeting, storage containers), that's a pretty reasonable price. For instance, Jim Moloshok, senior vice president of creative services for Lorimar Telepictures, says it takes four semi's to move his company's 7,000 sq. ft. booth. It's a feat equal to "bringing Michael Jackson on the road," he boasts.

Once the booth arrives at the convention center it must be reconstructed. The costs here vary depending on whether the site is in a right-to-work state (if not, union labor must be utilized) and whether set-up takes place during the week or on a weekend (when overtime rates apply). One creative-services manager, who has two shifts working three days to set up his booth, conservatively estimates labor costs at $85,000.

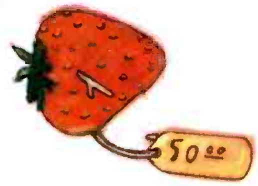
Most creative-services managers arrive in the convention town two to three days ahead of everyone else to supervise booth construction. While it is usually union labor handling the actual construction, company employees must make sure all supplies have arrived and that the booth turns out the way it was envisioned. That's not always as easy as it seems.

In New Orleans, for instance, Moloshok had to rearrange the layout of his booth when a pillar the floor plans said would be hidden actually wound up two feet too far inside a screening room.

Another firm, which shall remain nameless, found one of its entranceways behind another booth due to some miscalculations in set-up. The structure had to be disassembled and reworked to fit the floor space.

LeBeck, who likens the job "to building a house every year," reveals that booths are usually completed "about ten minutes before the floor opens."

Buying the booth in the first place is the most expensive cost in this area. It is also one of the most closely guarded secrets in the industry. If you've ever wondered why programming costs are so high, it might be that syndicators are merely trying to pay for their booths. The more elaborate, space-consuming structures run a minimum of $500,000 to $800,000. In fact, it is not unprecedented for the cost to reach $1 million.

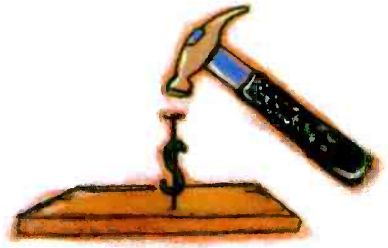


With booth costs so high, syndicators are loathe to change even the upholstery on their chairs until the structure has earned its keep. Generally the cost is spread out over three years (the average booth life is five), and you'll see few substantial changes during that time. There are exceptions, however. Disney had to scrap its 55-foot-tall castle when NATPE moved to Houston last year because the convention center ceilings weren't high enough. Company mergers also necessitate changes, as will future convention centers with an overabundance of pillars.

If company executives are notoriously tight-lipped about revealing the costs of their booths, they're even less talkative about such extras as dinner parties and shindigs at Gilley's. The cost of a really big soiree such as King World's "Salute to NASA" party last year is anybody's guess. One creative-services v.p. put the cost of a special event at about $100,000, but his company only invited 200 people.

Aside from the costs, special events often prove taxing on the people who coordinate them. Viacom's LeBeck remembers one party that was something less than picture-perfect.

Two years ago Viacom threw an art show/cocktail party with Hirshfeld drawings as the center of attention. Just prior to the guests' arrival, some



of the pictures, which had been hung on nylon strings, began to fall. "We had to put people in a sort of holding pen until we could get the prints back up," recalls LeBeck. "Everyone, including salespeople and executives, was frantically trying to hang the prints while we had more people lining up to get in." When the guests were finally able to enter, LeBeck says they didn't even notice that pictures were slightly askew. Company bigwigs, she says, "were just relieved that the prints were up."

Are all of the headaches and the exorbitant prices associated with NATPE really worth it? Marvin Grieve, president of syndication company MG/Perin and head of the Association of Program Distributors, a group that keeps an eye on convention pricing, says yes. He bases that assertion on the price of a bottle of beer. While noting that "the costs are enormous," Grieve says that if you can get a bottle of beer from the catering service for $3, the costs are not too far out of line. NATPE, you'll be relieved to know, meets this criteria.

So, including a reasonably priced bottle of beer, what will NATPE cost syndicators this year? Add all of the above figures together—including at least another $20,000 to cover catering, and $100,000 to $200,000 for advertising (prior to NATPE and in the dailies at the show)—and the total for many syndicators could easily exceed $500,000. You can deduct approximately $160,000 if the booth is already paid off. The big boys—and you know who they are, even if they did refuse to be quoted—will more than likely spend over $800,000. Both figures, we suspect, are underestimated.

Anyone care for a strawberry? ●

Stephen Damiano is a New York-based free-lance writer.

ILLUSTRATIONS BY JENNIE OPPENHEIMER

Picking on the Little Guys

The syndication market since 1986 has been a bully, particularly to the smallest firms. The survivors have learned new strategies. **BY ALEX BEN BLOCK**

In the fall of 1986, after six years of rapid growth, the television-syndication business slammed into a brick wall—and it has never fully recovered from the shock. Smaller syndicators took the biggest hits. Some survived; others went under. The survivors have since cut back on risk, mounting fewer productions, devising more efficient barter-sales strategies and looking for new sources of income.

The problems erupted when the sweetest syndication market ever turned mightily sour in the fall of '86. Wall Street had been raising the value of any company that had a film library, but in '86 the Street began to wonder whether it was getting its money's worth. An early-'80s shortage of quality programming had been replaced by a glut of off-network and first-run sitcoms. The deregulation-fueled licensing of new TV stations, which pushed the number of U.S. independents from about 100 in 1979 to 310 in '87, was halting. Even worse, the decade-long growth curve of ad revenues and price increases leveled off. Sales softened into early 1988.

This succession of shocks left many local stations in pain. Competing viciously for programming from 1984 though 1986, they had paid too much for programs and acquired more shows than they could use, often simply to keep them off competitors' airwaves. The legacy of this buying spree, coupled with greater overhead costs from high-interest junk bond issues, had cut deeply into funding for new programming. Some stations switched to less expensive formats such as home shopping and left the market for syndicated shows; others reached the breaking point. The most visible failure was Grant Broadcasting, which went bankrupt in December 1986.

Access sold the kids' show *Beverly Hills Teens*, but for too few bucks.

Prices for most shows, especially hours, peaked in mid-1986, then began to fall. This forced large syndicators to look for new markets, which led them into first-run shows.

The market for children's shows also went cold. With toy companies backing shows based on products and new technology lowering animation costs (especially when moved overseas), cartoon shows had flooded the market. Prices, even for top shows, fell. Those that made it often aired in undesirable time periods—at 5 A.M., for example.

The number of companies exhibiting shows at the National Association of Television Program Executives (NATPE) convention fell from 257 in 1987 to 222 in '88. Today the leverage held by the remaining firms is greater, making it tough for small distributors to play.

"It's very difficult," says Dennis Miller, founder of short-lived Access Syndication. "I don't think you'll see many [small syndicators] in distribution outside the studios in the future."

The stock-market crash of October 1987 compounded the woes of small companies. "It became very difficult for medium and small companies to raise any substantial amount of money in the public markets," says investment banker Joel Reader, managing director of Oppenheimer & Co. in Los Angeles. In their search for funding, syndicators had to turn to private investors or the banks, where strings were attached. "Wall Street said, 'Show us your record and we'll raise money,' " says George Back, All American Television's president. "[Banks] asked what you planned to do with the money and placed restrictions on how you could use it."

For the small companies that remained, survival was increasingly a question of how easily they could afford to fail. "In the first-run arena, if you're not properly capitalized or if you don't have the base of a big studio or a large [film] library or the support of a major station group, you just can't survive your failures," says Ritch Colbert, 32, who was president of Access and is now vice president and director of program marketing at Television Program Enterprises (TPE). "That's a very big problem when the odds are stacked against any new programming."

Many small companies that weren't driven out were forced to merge with competitors. "Those companies able to come up with the money for new development and acquisition of other programming are able to continue," says Phil Corvo, executive director of NATPE. "They must be able to get into something knowing full well it could collapse and still have enough wherewithal to go to the next project."

That level of risk is the essential dilemma facing syndicators. To offer perspective, *Channels* examined how three companies responded to the challenge—and why only two are still around.

Access Syndication

Dennis Miller, only two years out of law school, began Access Entertainment in 1984 with modest ambitions. He had taken over coproduction of a local ABC show in Los Angeles called *Hollywood Close-up*, which he believed could be syndicated nationally. But he needed a company to sell it, ergo Access. Miller soon added other weekly series and a few specials to his inventory, but it soon became obvious that the economics weren't in his favor. Like major syndicators, he had to maintain offices, put salesmen on the road and attend trade shows; but his revenues were far smaller. Miller's choice was to shut down or get a lot bigger. In early 1986, he went for it.

Miller, who is now 31, recruited a new group of sales executives at substantial salaries. The most important were Ritch Colbert, whose father was a widely known syndicated-program supplier, and Rick Jacobson, who came from Orion Television. "We were young, but we had a lot of experience," says Jacobson, who now works with Colbert at TPE. "We were full of piss and vinegar to make it work."

The next problem was finding programs that were as high-powered as the new sales executives. *Hollywood Close-Up* had lasted only a year. Miller searched for joint ventures in which Access would act as distributor in return for a share of sales revenue. By NATPE '87, Access had *Beverly Hills Teens*, an animated show produced by DIC Enterprises, and *Honeymoon Hotel*, an ambitious, five-day-a-week, first-run sitcom starring Isabel Sanford that network affiliates could run during prime access. *Honeymoon* wasn't an easy sell, so Access decided to line up a group of stations that would run a one-week ratings test of the show. Access paid around $500,000 to arrange and market the test. "The ante to get up to bat was just as much as it would have cost a Lorimar or King World," says Colbert. The show got higher ratings than its lead-in, but the audience size fell 40 percent from Monday to Friday. Furthermore, "the perception of broadcasters was that this type of show was just too hard to produce five days a week," says Jacobson. "They didn't believe it could be delivered."

Meanwhile, *Beverly Hills Teens* did get on the air, but the distribution fee Access received barely covered its investment. "The problem with joint ventures," says Jacobson, "is that you have to split up profits." Miller's backers weren't willing to pour in endless capital, so Access had to find a big revenue source fast. As Miller searched for new programming, he ran into another problem. He says producers would negotiate prices for their shows that squeezed Access' margins "so much that you couldn't cover costs unless you came up with a home run."

NATPE 1988 was do or die for Access. It had several shows to sell, but the principals knew that the "home run" had to be *Camp Malibu*, an animated show from DIC Enterprises about heroic Kid Cool. During the first two months of 1988, Access spent around $1 million to market the show in every conceivable way. It not only needed to get on, but to land certain time periods. "We needed 80 percent clearance of U.S. TV markets at 4 P.M. for it to work," recalls Miller. "As it turned out, there was no way. We could have gotten 2:30 P.M. or 6 P.M., but in those time periods it was impossible to generate enough revenue."

Shortly after NATPE, the end came. DIC pulled the plug on *Camp Malibu* and killed plans for other shows Access was to handle. DIC's pullout "was financially and spiritually a real hard hit," says Colbert. "There didn't seem to be anywhere to go from there."

"I think they were too dependent on the DIC relationship," says Andrew Heyward, president of DIC. "They were victims of a competitive market, but other companies did get shows on." Heyward says Access' youth hastened its failure: "If you're a station manager and you're approached by a young company and by a major, all things being equal, you go with the company that's going to be there year in, year out."

Former Access Syndication president Ritch Colbert learned that without big-time financial backing, "you can't survive your failures."

When it ended, Access had lost between $4.5 million and $6 million, by Miller's estimate. Access needed more capital, better programs and a tighter rein on overhead. Miller now believes Access' plan to be only a distributor didn't make sense. "Unless you own the shows," says Miller, "you just don't have adequate profit margins."

Peregrine Entertainment

When 62-year-old Neil Rosenstein merged Peregrine Entertainment Ltd. with EMI Television in late 1983, he envisioned his company playing the roles of producer and distributor of network TV series, specials, TV movies and syndicated shows. Five years later, Peregrine is out of every business but syndication, and Rosenstein is sobered by his experience. "The shake-out has been very severe," he says softly. "It's changed a lot of people's perceptions. I think, however, those of us who survived came out stronger."

Along with EMI, in '83 Peregrine acquired an active program-development department—under Roger Gimbel, an experienced producer—that primarily developed movies for TV. Peregrine got its first jobs from HBO, and later moved into network production. But as times got tougher, the economics soured. Says Rosenstein: "It turned out to be an unprofitable business. We couldn't maintain a very expensive development department when, for a two-year period, the networks were cutting back. It became a cash drain."

In 1987, Rosenstein fired the entire development department (Gimbel is now suing Peregrine for breach of contract) and announced that in the future all development would be done either in joint ventures or with outside producers. And although he had been actively acquiring film libraries—including American National Enterprises in 1986—all new acquisitions were also put on hold. One reason was that he no longer had the luxury of a stock selling at a high price-earnings multiple. At the height of Wall Street's affair with syndication in mid-1986, Peregrine stock had traded as high as $32.75 a share. Recently, the price has been less than $2 a share. Another reason, says Rosenstein, is that he saw a need to exploit what the company already owned, as part of a new emphasis on sales rather than on development. Harold Brown, 59, who is vice president of Peregrine and president of two key subsidiaries—Peregrine Film Distribution and National Peregrine—says another important shift was placing a greater emphasis on sales to the growing foreign market. Overseas sales provided 27 percent of revenues in 1986 and 38 percent in 1987. Brown was expecting a higher percentage for 1988.

Another solution was to move into first-run, where Peregrine has had some luck. *The Spectacular World of Guinness Records* is completing its second season and is cleared in about 75 percent of the U.S., where it airs mostly on weekends. It has done spectacularly overseas, says Brown, noting that the program airs in more than 40 countries. "*Guinness* is an unusual show," says Brown, "because the record-setting feats have universal appeal. It is also a very well known name." The other first-run program Peregrine got on the air was *Improv Tonite*, a nightly strip featuring stand-up comics. It went on last October and is now seen in about 70 percent of the U.S. Dick Block, a consultant who works closely with Peregrine on sales, says *Improv* has done well enough to win upgraded time slots in many markets. "It's done at a cost where everybody can benefit, with what I'd call modest ratings," says Block.

The hardest blow to Peregrine was the fall-off in interest in B and C movies, and the tendency of stations to demand short-term contracts on the ones they bought. Briefly, there appeared to be enough A titles to satisfy stations. Brown says stations now realize that a mix of titles is desirable. "After a guy buys a package of A titles and pays big money," says Brown, "we're the company that can help him average down the price."

To keep Peregrine alive, last year Rosenstein converted a $2 million loan from First Executive Life Insurance into a stock sale that represented 20.4 percent of Peregrine's equity. Peregrine will have one or two new shows to sell at NATPE 1989. The most promising, says Block, is *That's Wild*, a nature magazine. "It's designed to sell foreign," says Block.

Neil Rosenstein, the head of Peregrine.

As he sums up Peregrine's reaction to syndication's crash, Rosenstein has his assistant bring him a tall glass filled with a milky white antacid. "You hunker down," he says. "You get through and go on to better things."

Harmony Gold

Frank Agrama, who speaks fluent English, Italian, French and Arabic, jokes that he can make deals in four and a half languages. What's the half? "I also know a bit of Hebrew and a little Spanish," says the 59-year-old president of syndication company Harmony Gold. Agrama's international connections are no joke. They kept Harmony Gold going as U.S. market conditions deteriorated. Overseas markets—joint ventures and presales of foreign broadcast rights—are also his primary source of capital for new productions. "To find partners who will go in very fast, with one phone call, doesn't exist," Agrama says. "But we have it because of our relationships of ten years or more."

Agrama is a native of Egypt, where he was a child actor and later became a medical doctor. After five years of practicing medicine, he went to Los Angeles for an advanced degree at UCLA. Much to his family's chagrin, he studied theater arts instead. He began making movies in the Middle East when he returned, then moved to Rome, and came to the U.S. to sell his pictures in 1976. Instead, he ended up being one of the first to recognize the potential of licensing long-form U.S. TV shows overseas as theatrical films.

As TV stations proliferated in Europe, Agrama became the U.S. buyer of shows for Italian TV. In this venture he worked with Silvio Berlusconi, now chairman of Fininvest, which runs three station groups in Italy and one in France, and holds cable interests in Germany. The relationship ended in 1983 when Berlusconi, after acquiring several competitors, balked at paying for American shows. That's when Agrama decided to start his own company. Harmony Gold's first show was *Robotech*, a Japanese cartoon serial dubbed into English. It had a brief period of success before it was swamped by imitators. By then Harmony Gold had its first major production ready—a ten-hour, $20 million miniseries about southern Africa during the 19th century, *Shaka Zulu*. The show was coproduced with state broadcaster

Peregrine's *The Spectacular World of Guinness Records*, left, is performing quite well, and *Improv Tonite* has been put in upgraded time periods in certain markets.

Shaka Zulu, left, drew great numbers for Harmony Gold, but *The Man Who Lived at the Ritz* miniseries performed a bit below the company's expectations.

RAI, Berlusconi's remaining competitor in Italy, and Telemunchen of West Germany. "I realize now that it was too expensive, too ambitious," says Agrama, "but then I didn't know. I just did it." Amid charges that it glorified and rationalized racism, *Shaka Zulu* became extremely controversial. Paul Wischmeyer, Harmony Gold vice president and director of domestic syndication sales, says the controversy helped *Shaka* become one of the top miniseries in the history of syndication.

It also set the course that was to become Harmony Gold's future. After *Shaka*, Agrama realized that ten hours were too much for independent stations to show, yet a single two-hour movie was too brief to bother with. He decided that four-hour movies, shown in two parts, would be perfect. When Harmony Gold set up Harmony Premiere Network (an ad hoc station group that agreed to take selected shows), Agrama decided to do only two four-hour shows a year so that each would be perceived as an event. The stations bought two runs in the same month, so a single wave of publicity boosted both. "It also eliminated amortization problems," says Wischmeyer. "The whole thing is written off in one month." The cost of the shows is divided between Berlusconi's company and SFP, a French producer. The shows were sold for cash plus barter—with one minute per hour held by Harmony Gold. The first four-hour miniseries, *King of the Olympics*, performed poorly early last year. Agrama blames a lack of interest in the Olympics. The second was *The Man Who Lived at the Ritz*, which also performed at levels lower than were expected.

Despite its best efforts in late 1987, Harmony Gold ran into problems clearing the Premiere Network as widely as it had hoped. Agrama says he kept hearing that stations had no money, in part because the ad market had been soft. "The salesmen said, 'What can you do? People don't want to pay cash,' " says Agrama. "So I said, 'Give them the shows for free.' " Free? Not quite. But Harmony Gold did come up with a way to avoid up-front payments. The Revenue Sharing Alliance (RSA), introduced at INTV in January '88, enabled stations to get shows in return for paying Harmony Gold 35 percent of the ad revenues. In practice, says Agrama, Harmony Gold has often made more money than expected.

"I hate revenue-sharing," says the sales rep for a large station group. "I'm not going to share my revenue. I'd rather pay cash." That's all right with Harmony Gold, which Agrama says merely wanted to offer options. He says some large-market stations have balked, but many smaller stations have jumped at the chance.

RSA may also be an option on two syndicated shows Harmony Gold will sell for the first time this month at NATPE—*All in a Day's Work*, a game show with former football star Dan Pastorini as host, and *Now You See It*, a high-tech game show aimed at teens.

During the first half of 1988, Harmony Gold was squeezed by the marketplace and the writers' strike. Prudential Bache was hired to find new financing options, spawning rumors that the company might be for sale. Those rumors arose again in mid-1988, when nine employees were let go. Gigi Agrama, Frank's daughter and executive vice president and chief operating officer of Harmony Gold, says the company is not for sale. "The layoffs were really a restructuring because we had grown too fast and had too many people in certain areas," she says.

Harmony Gold president Frank Agrama.

This spring, Harmony Gold will move into the former Preview House, a three-story, 30,000-square-foot building Agrama purchased on Sunset Boulevard in Los Angeles. The interior theater has been replaced with a post-production videotape facility.

Agrama has also been busy making deals for other products. A joint venture called "America 5" has been set up with Berlusconi to produce other long-form programming. There is also a deal with a new Soviet production entity. In addition, Harmony Gold has begun to do business with the U.S. networks. *Down Under* is in the earliest stages of development as a two-hour movie for CBS. *Around the World in 80 Days*, a joint venture with Berlusconi, has finished production for NBC.

Harmony Gold remains a fringe player in the markets it serves, but Agrama is using his access to foreign production money to secure a niche as others pull back. "Everybody's afraid and wants to cover his backside," gripes Agrama. "In this world I've learned you can't be afraid. Ninety percent of the time it will work. They think we're crazy. But this is what being an entrepreneur is all about. You must take risks." ●

Contributing editor Alex Ben Block last wrote about Republic Pictures.

After the Crash: A New Set of Values?

Publicly traded syndication stocks—once a superheated commodity on the market—fell, along with the rest of the market, in the October '87 crash. *Channels'* month-by-month charting of stock values since then reveals an industry that for the most part still has not recovered its former appeal.

COMPANY NAME	END OF MONTH										% CHANGE SINCE 9/87	END OF MONTH					% CHANGE SINCE 9/87
	9/87a	10/87b	11/87	12/87	1/88	2/88	3/88	4/88	5/88	6/88		7/88	8/88	9/88	10/88	11/88	
All American TV	2.63	1.25	1.25	1.38	2.00	1.88	1.88	1.75	1.75	2.00	−24%	2.00	2.88	3.00	3.00	2.88	+10%
Barris	12.50	5.13	6.88	6.88	8.88	9.63	10.13	10.63	9.63	9.75	−22%	8.75	7.38	7.00	6.88	6.38	−49%
Columbia Pics.	48.75c	37.50	37.00	8.13	7.63	7.13	7.75	8.50	8.38	9.25	NA	10.25	9.75	11.75	11.25	11.25	NA
Tri-Star	15.63	8.88	10.13c	–	–	–	–	–	–	–	NA	–	–	–	–	–	NA
Dick Clark Prods.	3.75	5.00	4.50	6.00	5.25	5.13	5.25	4.88	4.63	4.50	+20%	4.00	4.38	4.25	4.50	3.88	+3%
Disney, Walt	79.75	48.00	52.38	59.25	58.13	61.38	59.13	57.50	58.00	63.00	−21%	63.13	62.63	64.88	66.25	63.00	−21%
Fries Ent.	3.38	2.38	2.63	2.38	2.38	2.13	2.38	2.00	1.88	1.75	−48%	1.63	2.00	1.50	1.75	2.50	−26%
Gannett	52.25	34.75	34.00	39.13	37.00	37.00	35.50	31.75	32.38	32.13	−39%	32.25	31.25	32.75	34.50	33.38	−36%
Great American	– d	9.13	9.50	12.75	11.75	10.75	11.50	11.50	11.25	11.25	NA	10.75	9.38	9.63	9.38	9.25	NA
Gulf + Western	89.75	62.50	67.38	71.13	71.50	77.13	78.25	75.50	42.00e	44.75	−50%	43.88	40.75	39.50	41.50	39.25	−13%
Hal Roach	8.00	4.00	5.00	4.38	5.13	4.38	5.25f	–	–	–	NA	–	–	–	–	–	NA
Halmi, Robert	3.38	1.75	1.50	1.50	1.50	1.75	2.00f	–	–	–	NA	–	–	–	–	–	NA
HRI Group	–	–	–	–	–	–	–	4.25f	4.00	3.88	NA	3.50	3.75	3.38	3.63	3.50	NA
Heritage Ent.	6.00	3.50	3.38	3.13	2.50	3.00	2.63	2.38	2.50	2.63	−56%	3.13	2.50	2.50	2.00	1.75	−71%
King World Prods.	28.50	15.00	15.50	17.75	18.38	20.88	19.13	19.25	16.88	19.75	−31%	20.63	21.50	23.50	26.00	23.50	−18%
Laurel Ent.	3.00	1.38	1.25	1.38	2.00	1.50	1.88	1.75	1.75	2.63g	−12%	2.25	2.25	2.50	2.63	2.63	−12%
Lorimar Telepics.	16.38	7.13	8.63	10.25	10.00	10.63	14.50h	12.50	13.13	13.88	−15%	13.50	13.13	12.63	11.00	11.88	−27%
MCA	59.13	35.25	32.25	34.50	38.63	46.75	43.75	44.38	40.50	42.25	−29%	41.63	41.63	44.00	49.50	44.63	−25%
MGM/UA	11.13	7.25	5.75	6.25	7.88	8.88	9.00	18.38i	16.50	14.88	+34%	11.75	13.13	11.75	11.00	13.88	+25%
Multimedia	70.50	43.25	43.00	53.50	54.00	58.50	63.50	68.50	65.50	70.25	0	73.00	70.00	75.00	71.00	70.00	−1%
New Line Cinema	8.13	4.88	3.88	3.88	5.13	7.50j	7.25	7.25	6.13	6.88	−15%	7.50	6.75	6.13	6.88	5.63	−31%
New World Ent.	7.63	3.75	3.13	3.13	3.13	2.50	2.75	2.25	2.00	2.25	−71%	2.88	2.75	3.25	2.75	2.88	−62%
News Corp	34.13	15.25	14.00	16.88	16.63	16.75	20.50	21.63	18.38	18.13	−47%	17.38	16.38	15.88	17.88	16.75	−51%
Orion Pics.	13.88	8.00	8.88	10.75	14.63	19.38k	15.63	15.75	13.50	15.38	+11%	14.88	14.75	15.00	14.63	13.88	0
Peregrine Ent.	6.75	2.00	1.75	1.75	3.25	2.75	2.63	1.75	1.63	1.50	−78%	1.75	1.38	1.88	1.75	1.25	−81%
Prism Ent.	5.63	3.50	3.25	2.88	2.88	2.63	2.88	3.50	3.88	3.50	−38%	2.88	2.63	3.38	3.38	2.88	−49%
Reeves	12.63	4.63	5.38	6.38	6.50	6.25	5.50	5.75	6.00	5.63	−55%	5.75	6.50	5.75	5.75	5.88	−53%
Republic Pics.	7.88	4.75	4.88	4.25	5.63	5.38	6.38	5.88	6.13	7.25	−8%	7.75	7.25	8.25	8.25	7.50	−5%
Spelling, Aaron	9.38	5.25	4.50	4.63	4.50	5.25	5.75	5.88	5.63	5.75	−39%	7.88l	6.38	6.75	6.50	6.25	−33%
Tribune	47.75	32.25	36.25	41.00	36.63	40.88	37.00	38.38	37.50	37.25	−22%	37.63	35.50	38.50	39.50	39.00	−18%
Turner Bdct. A	12.25	11.63	10.63	10.88	11.75	11.13	15.25m	15.63	14.38	14.00	+14%	16.00	14.88	14.38	14.38	15.00	+22%
Vestron	6.00	3.88	3.88	3.75	4.38	4.50	5.88	6.13	5.38	5.38	−10%	4.88	4.75	4.00	4.13	3.88	−35%
Viacom	28.50	12.00	14.00	18.13	20.25	23.63	22.75	24.00	22.00	24.63	−14%	28.38	27.25	30.00	27.88	27.88	−2%
Warner	38.00	22.63	24.50	27.63	28.88	33.25	30.50	33.00	34.00	36.38	−4%	35.50	33.50	36.13	35.75	34.88	−8%
Western World TV	1.19	0.44	0.31	0.38	0.19	0.31	0.13	0.13	0.13n	–	−89%	–	–	–	–	–	NA
Westinghouse	74.75	42.75	43.38	49.75	50.25	53.25	51.75	52.13	53.25	56.25	−25%	54.38	50.13	52.75	52.38	51.13	−32%

Compiled by *Channels*. Research: James Bamford. a) October 2, 1987. b) October 27, 1987. c) For Sept., Oct., and Nov., 1987, Columbia Pictures stock listing represents the price of its then parent company, Coca Cola. On December 17, 1987, Columbia was spun off by Coke and merged with Tri-Star Pictures. d) On October 6, 1987 FMI Financial merged with Taft Broadcasting and become Great American Communications. e) 2-for-1 stock split (May 6, 1988). f) On April 11, 1988 Robert Halmi merged with Hal Roach Studios and became HRI Group. g) The 50 percent increase in Laurel's stock price during June can be attributed to the company's June 15 announcement of an agreement to merge with Aaron Spelling. h) Lorimar's 36 percent rise during March was the result of an agreement to merge with Warner Communications. i) MGM/UA's 104 percent jump during April was due to speculation over a takeover by several groups of investors, including Burt Sugarman and Kirk Kerkorian. j) In anticipation of the theatrical release of *Nightmare on Elm Street IV*, New Line Cinema's stock price rose 93 percent during the first two months of 1988. k) The Orion stock-price increase of 80 percent during the first two months of 1988 was the result of a takeover battle between Viacom's Sumner Redstone and the eventual winner, John Kluge. l) The 37 percent increase in Aaron Spelling's stock price during June was due to the announcement of it's plans to merge with Worldvision Enterprises. Great American Communications, the parent company of Worldvision, will own 50 percent and Aaron Spelling himself will own 30 percent of the newly formed company, Spelling Inc. m) The primary cause of Turner Broadcasting's 37 percent stock price increase during March was the buy recommendation made by Donaldson, Lufkin & Jenrette. n) On May 13, 1988, Western World TV stock stopped trading on NASDAQ due to the company's failure to meet the exchange's minimum capital requirements.

Deal-makers Pull The Purse Strings

After some disheartening performances in the ratings by last year's mega-deal shows, guess who's back in the deal-making driver's seat? **BY CAROL HALL**

In a market where television executives on both sides of the negotiating table appear increasingly cautious, broadcasters continue to hold a small edge over syndicators, and the gap between mega-show deals and the remainder grows. For starters, there are more new shows for sale than there are time slots available. In addition, stations are carefully weighing the effects of *Cosby*'s cost and its ratings. And they are demanding syndicated exclusivity in contracts, which adds a new twist to the deal-making process.

But the momentum is not all in the stations' direction. Broadcasters are watching warily as cable competes for product, and on the few mega-shows that remain it's still a sellers' market.

Nonetheless, syndicators admit they are smarting. "It's been a tough year," says Lucie Salhany, president of domestic television at Paramount. "Last year was tough, but people had optimism for this year. It didn't turn out to be as strong as they thought," she sighs, "so they are far more careful than they have ever been."

While the handful of hit shows can command prices that, as one rep says, "push the envelope" in terms of increases, prices of non-hit shows are dropping. Distributors need that 70 percent clearance level—the magic number that grabs advertisers' attention—and are willing to shake hands for less money in order to get it.

Yet even though station money is tight in general, and fourth quarter revenues were lower than expected, it is perhaps *Cosby* more than anything that has station executives pulling their purse strings tighter. The initial returns on *Cosby* have left some stations feeling slightly burned. Though the initial ratings weren't bad, most agree that they just weren't good enough to justify what stations paid. Says Larry Cazavan, program director at Great American's ABC-affiliated WTSP in Tampa/St. Petersburg, a non-*Cosby* station in a rare non-*Cosby* market, "You can call the *Cosby* performance good, but at the prices paid, it has to be great."

The staggering prices paid for *Cosby*, in addition to those paid for *Wheel of Fortune*, *The Oprah Winfrey Show* and *Who's the Boss?*, among others, have put many stations in an ironic position of strength through resolution. "People aren't going to be paying that kind of money again as long as their memories are working," states Jack Fentress, v.p. and program director at Petry National Television.

Not only has the *Cosby* comet failed to ignite but there have been no huge successes among the fall premieres, and that has made stations leery of rushing into new purchases. Instead of looking for new product, many stations

Janeen Bjork: Syndex will polarize industry.

are shifting around shows they already have, making the early fringe and access blocks particularly hard for new shows to penetrate. Stations are more likely to upgrade shows already successful in one time period, taking a morning show like *Donahue*, for instance, that's performing well and moving it to a more valuable afternoon spot. This is nothing new, but according to Mitchell Praver, v.p. and director of programming at Katz Continental Television, "stations are now doing it more as budgets tighten."

Stations that have an established hit are also taking pains to retain it. A five-year deal for *The Oprah Winfrey Show* signed with seven ABC O&O stations topped last year's record-breaking contract lengths for *Wheel* and *Jeopardy*. But that's life in the realm of the mega-shows and not the start of a trend. Station managers say, in general, they are pushing for one of two contract lengths. For a show that's performing well or a new show they think has promise, they go for at least two years to lock in prices. With most first-run shows, however, they want one-year contracts with renewal options.

The latter move is largely a response to the dismal performance of GTG's *USA Today*. The show came with no pilot, a high price tag and, in most cases, a mandatory two-year contract.

The performance of *USA Today* has, as Cazavan says, "put the fear of God into people" when it comes to pilotless shows. But apparently not everyone is afraid; witness the impressive clearances for King World's *Inside Edition*, sold on concept alone. "It puzzles me that some of the same stations that cleared *USA Today* without a pilot have done it again," muses Praver, "unless it's from sheer desperation" for a replacement.

A number of industry sources say King World was so anxious to get the show cleared that it virtually gave it away in some cases. "They told me 'dollars are not the important thing,' " says one program director. "But that's smart on their part. Give it to the station, get it established, and then come back in September and nail them between the eyes with an astronomical license fee."

Roger King, King World chairman, says he understands the difficulties, especially for *USA Today* stations, of coming up with the cash for a January show. But, he adds, "Trust me, we are not lowering our license fees."

Inside Edition's early sales also spawned accusations that the company is block-booking the show, using one or more of its hit shows as leverage to force the new show onto program schedules. "Who's saying that?" demands King. "The answer is no. I didn't make them buy another show."

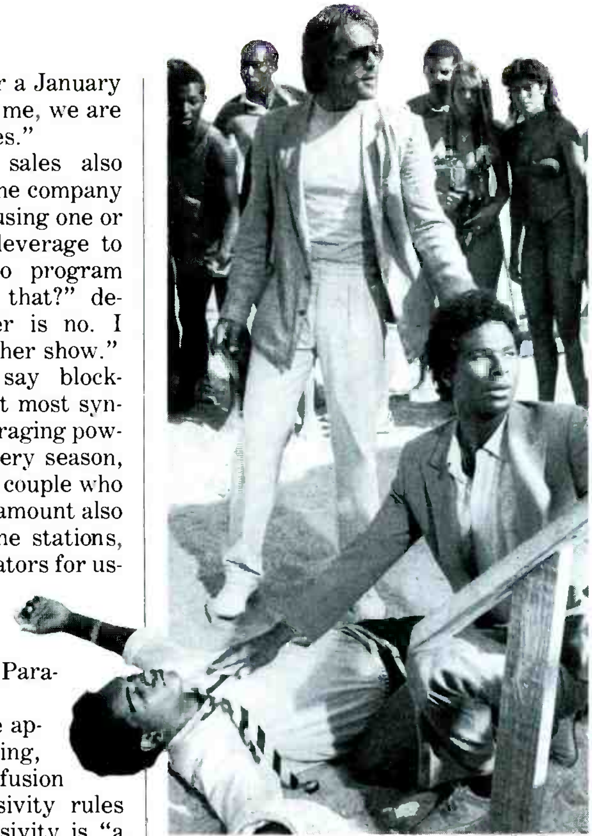
Most in the industry say block-booking is a fact of life, but most syndicators don't have the leveraging power to get away with it. Every season, though, there are at least a couple who are accused. This year, Paramount also comes under fire from some stations, sales reps and other syndicators for using *Geraldo* to get its new *Tabloid* placed, along with Joan Rivers' new show. "It's not true," says Paramount's Salhany.

While stations have some apprehension over block-booking, a larger concern is the confusion over the syndicated-exclusivity rules (syndex). Syndicated exclusivity is "a huge issue that will polarize our industry more than anything else in recent memory," declares Janeen Bjork, v.p. and director of programming at Seltel. As Randy Smith, v.p. and general manager of WPHL in Philadelphia, puts it, "Along came the FCC saying syndex [to be guaranteed] has to be written into the contract and suddenly it's become the big issue of negotiations."

But since the FCC ruling last May brought back exclusivity, syndex is something of a grey area in most contract negotiations. Many stations say they now insist on it with every deal. Others say they pick and choose which shows they ask for exclusivity on because syndex comes at a price. The pitch Paul Prange, program manager at Cox-owned indie WKBD in Detroit, is hearing more often is "should you want exclusivity and want to make your offer commensurate with that, we'll take that into consideration."

But money isn't the only bargaining chip that may be used in a syndex negotiation, says Katz's Praver. It could also be the number of runs for a show or the number of years a station will have access to it.

Most station people say syndicators are infuriatingly vague on the subject. "They come in and tell you, 'we're going to do what's right,' " huffs Smith.



Crockett and Tubbs find afterlife on USA and shake up broadcasters with new order.

"They say, 'we're just going to wait until it gets through the courts.' " But he thinks what they mean is "we want you to buy this show and later we'll tell you whether you get exclusivity, and if you don't, it's tough shit."

Praver thinks that chances are, if a show has been bought by a superstation, the syndicator won't want to risk that lucrative relationship, and other buyers will have to settle for nonexclusive status.

Paramount is one of the few distributors firmly in favor of exclusivity in the debate. "We believe in syndex and we lobbied for it," says Salhany.

Program buyers also suffer a number of cable-related concerns in 1989. The notion that a syndicator, unable to sell a show to broadcasters at the right price, can shop it around to cable programmers was proved again last year by MCA TV selling *Miami Vice* and *Murder, She Wrote* to USA Network.

Station people worry that this heralds a trend. The progression of windows used to be standard, but now it's not, points out WPHL's Smith. "We want a specific definition of what the prior exposure of the product will be. I'm not trying to dictate it," he says, "but I want to know what it is so I can gauge the show's value." Others, however, don't see this as much of an issue at present. They contend that the shows likely to slip through the cable window are ones that stations would have a hard time making work in available time slots anyway.

Barter time, on the other hand, is still something of a sore point with station executives. The unusual barter minute in the *Cosby* contract, which made them initially wary, so far has failed to become the norm for other half-hour off-net product. And the good news for stations is that syndicators aren't demanding increases in barter time this year, even though an eventual rise in barter demands is expected by many. Only the soft national marketplace is holding back the trend.

Though Seltel's Bjork agrees that most syndicators won't ask for more than the nearly standard one-minute-per-half-hour barter time, they may in the future. Syndicators make more on the barter than on the license fees and stations can't afford to pay higher license fees.

One interesting new barter deal, however, concerns off-net hours, usually a cash-only property. LBS Communications has offered two off-net hours—*Hardcastle & McCormick* and *Crazy Like a Fox*—as either strips or weekly series. Each show contains a barter split of five minutes for LBS, seven for the station. This could become common for hard-to-market hour shows.

In any negotiation today—whether it involves barter, straight cash or some combination—the balance of power may have swung to the station side. But many station people agree that a sharper, more professional approach to negotiations by station executives is not materializing fast enough. Many charge that stations don't prepare carefully enough in advance and then compound the problem by only skimming a contract's fine print.

"The days of friendly [program] acquisitions are over," declares Karen Miller, director of broadcasting at WBBM in Chicago. "We're competing for market share in the same way our sales department is. You negotiate with whatever you've got. They will." ●

Carol Hall is a New York-based writer specializing in communications.

Boston Faces Reality

by Kathy Haley

Call it infotainment, call it tabloid, call it news. It's crowding Boston's access.

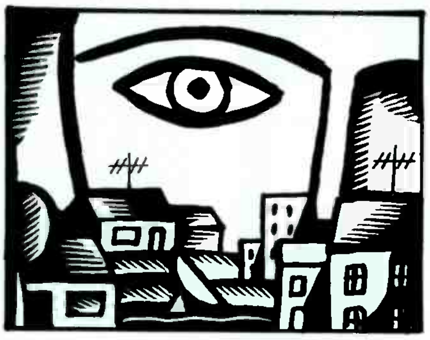
Terry Ann Knopf, TV editor for Boston's *Patriot Ledger*, thought she'd tune in *Chronicle* the night after November's national election to see how WCVB's award-winning, locally produced news magazine handled Massachusetts Governor Mike Dukakis' defeat. Flipping through the channels, she encountered a profile of Barbara Bush and stopped. "It was just like something *Chronicle* would do, thoughtful, incisive," she recalls, "only it wasn't *Chronicle*. It was a segment of *Evening Magazine*," on Group W's NBC affiliate, WBZ.

Chronicle did air what Knopf calls a "great" look at the future of Dukakis and the governorship of Massachusetts that night, but, intrigued by the apparent change in *Evening*, Knopf tuned in again the next couple of nights. "I was shocked," she says. "There was a long, drawn out story about Jack the Ripper, complete with eerie music and screaming, tabloid headlines. The next night, there was a story about a mysterious murder, retold with dramatizations and more screaming headlines. It was right out of *A Current Affair*."

Equally surprising was *Chronicle*'s choice of stories those nights. "First there was an interview with Suzanne Somers, then a valentine—not a retrospective but a syrupy 'valentine'—to Senator Ted Kennedy," Knopf says. "Both stories were trademark *Evening Magazine* pieces."

It had been some time since Knopf had tuned in to either show, but even so, the changes were drastic. Why was *Evening*, which for ten years had been Boston's number one 7:30 program, imitating *A Current Affair* with some of its stories and *Chronicle* with others? And why had *Chronicle*, known for its serious coverage of New England issues, softened up so much on some, if not all, of its stories?

WCVB, a Hearst-owned ABC affiliate, had recently sold a package of reworked *Chronicle* episodes to Arts & Entertainment Network, also owned in part by Hearst Corp., but that sale shouldn't have caused the show to soften



its focus so noticeably.

And a new national version of *Evening* was in development at Group W Productions in Los Angeles. Were the radical changes underway in Boston a sneak preview? In part.

But there's more to the story than that. It began in September 1987, when *Jeopardy* replaced *Entertainment Tonight* on CBS-affiliate WNEV and promptly catapulted the locally owned station out of third place, where it had languished for years, and into the top spot. Longtime front-runner *Evening*, now on WBZ, fell to second place in Nielsen, third in Arbitron, while *Chronicle*, which had surpassed *ET* in 1986 and begun to challenge *Evening*'s leadership, found itself in second place in Arbitron, third in Nielsen.

And that was just the beginning. In 1988, three of Boston's four independent stations began airing reality shows in access. That meant five of the city's seven over-the-air stations launched their fall 1988 seasons with information at 7:30.

"Only in Boston would you have five stations airing information at the same time," says John von Soosten, programming vice president at Katz Communications, which represents WCVB to national advertisers. "The audience is upscale, well-educated and has come to expect this type of programming."

But five stations deep? And on UHF indies competing with established shows on strong, VHF affiliates? Here again, several answers. All three indies are owned by corporate parents with interests in national program distribution. Twentieth Century Fox owns WFXT and *A Current Affair*, the syndicated tabloid whose surprising success has spawned a host of imitators this year. Gannett Co. owns WLVI and *USA Today*, the big-budget strip created to promote the newspaper of the same name. *The Christian Science Monitor* owns WQTV and *World Monitor*, the TV version of its newspaper.

A Current Affair had already proven itself a ratings-getter on Fox's WNYW in New York, so WFXT, ranked sixth in the time period anyway, had reason to get out of the sitcom business in favor of reality. Fifth-ranked WLVI had more to lose, considering its higher ratings (see chart), but potentially more to gain if *USA Today*, the most expensive and highly promoted first-run reality show ever produced, hit it big. "We made it clear to Gannett that we wanted *USA Today*," explains WLVI general manager Gerry Walsh. "First-run is the future for independent stations and what better vehicle than one backed by Gannett and Grant Tinker?"

At WQTV, where a movie kept the station at the bottom of the ratings heap at 7:30, management also had little to lose in switching to reality. According to general manager David Morse, there was also upside potential even if overall ratings didn't rise. Since 1986, when *The Christian Science Monitor* bought the struggling independent, it had tried to emphasize programming that would give the station a high-brow image, acquiring *Jacques Cousteau* specials, the off-Showtime *Faerie Tale Theatre* anthology and miniseries such as *Anna Karenina* and *Against the Wind*. *World Monitor*, with its serious, eloquently written approach to international news, would be "the crown jewel" at WQTV, says Morse. "It would reach out and demonstrate to Boston that *The Christian Science Monitor*, a member of the community for 80 years, had reached out and produced a global show." It would also, Morse says, "illustrate that WQTV has a new agenda and position us as a competitor."

As it turned out, *A Current Affair* improved its time period and ranks among WFXT's highest rated shows all day. Its 4 rating did little, however, to affect the balance of power in Boston at 7:30. Nor did *World Monitor*, which maintained the 1 rating the station had been earning in the time period. On WLVI, *USA Today* diminished further a ratings average already lowered 2 Nielsen points when *Jeopardy* came into the market. From October 1987 to October 1988, when *USA Today* premiered, WLVI fell from a 3 rating/6 share in Nielsen to a 2/3, and from a 3/4 in Arbitron to a 1/2.

"All *USA* has done is make *Newhart*, which hasn't done that well elsewhere in the country, a hit in Boston," says one longtime observer. It has also made Gillett-owned WSBK, which runs *Newhart*, Boston's highest rated indie at 7:30.

Because the indies' move to reality had little impact, much of the battle for 7:30's reality audience remains a duel between 13-year-old *Evening* and six-year-old *Chronicle*. Nancy Alspaugh, executive producer of *Evening* in Boston and a member of the team developing the new national show (tentatively titled *This Evening*), admits *Jeopardy* took a lot of wind out of her program's sails. "Our demographics are so similar to *Jeopardy*'s," she laments. "Many of our viewers just switched."

Evening lost three share points almost as soon as the game show began, and by May had dropped another four.

In response, *Evening* staffers spent "a year working on a new show," Alspaugh says. And Boston wasn't the only market in which *Evening*'s ratings had declined. Producers at Group W's other stations and the show's national headquarters in Los Angeles also spent late 1987 and much of 1988 working on a complete overhaul for the cooperatively produced program.

Alspaugh calls the new *Evening*, which premiered in September, more topical and reactive. "We're trying to do stories that grab people and evoke an emotional response," she says. "People are tired of balloon races."

Alspaugh admits there's "some sensationalism" in the new *Evening*, but stops short of calling it a tabloid. "We're responding to what the market wants," she says, by covering the "best of the kinds of stories Oprah, Donahue and Geraldo cover."

At the same time, there are more serious stories. "Our lead time on story selection has dropped from two weeks to the day before air," Alspaugh explains. "We can now react to breaking news."

Alspaugh warns the new *Evening* is "still evolving," and that there's "some experimentation with topics" going on. If the new *This Evening* enters national syndication, WBZ will have to decide whether to air it or continue to produce its own version, Alspaugh says.

In Boston, *Evening* 's new look and format have clearly paid off, enabling the show to regain some of the ground it lost to *Jeopardy*. It bounced back from an 8/14 in Nielsen last May to a 10/16 in October.

Although Alspaugh and others maintain *Chronicle* has gained ratings ground in recent years by imitating *Evening* , staffers at WCVB bristle at that observation. Paul LaCamera, WCVB program manager and one-time leader of the production team that created *Chronicle*, explains: "You can't judge *Chronicle* by one or two of the stories we run during November or May. Those are big rating periods and we undoubtedly air more feature material then. The majority of stories we cover in a year remain serious and centered on New England issues."

The ratings indicate LaCamera and his team know what they're doing. The show has climbed since its premiere in January 1982 from a poor third place to a tie with *Evening* for second in the time period in Nielsen.

And the competition goes on. In December, *USA Today*'s future was far from certain. Observers were betting that, should it fail, WLVI would return to sitcoms at 7:30, reviving *Taxi* for the rest of this season.

A bigger question lies in whether *A Current Affair*, the highest-rated new first-run series to premiere in syndication last fall, will move from WFXT to an affiliate and further upset the balance in access. Fox, which must sell WFXT to satisfy the FCC's ban on local newspaper crossownership, has placed the indie on the block. Once a sale is complete, it would almost certainly try to get a better clearance for the show.

SIZING UP THE 7:30 RACE

Station / Owner	Program	October 1986 Nielsen rating / share	October 1986 Arbitron rating / share	Program	October 1987 Nielsen rating / share	October 1987 Arbitron rating / share	Program	October 1988 Nielsen rating / share	October 1988 Arbitron rating / share
WBZ (NBC) Westinghouse B'cstg Inc.	Evening Magazine	13/21	12/22	Evening Magazine	11/18	10/18	Evening Magazine	10/16	12/19
WCVB (ABC) Hearst Corp.	Chronicle	10/16	8/14	Chronicle	10/17	9/16	Chronicle	10/16	9/15
WLVI (Ind.) Gannett B'cstg Co.	Taxi	5/8	4/7	Taxi	3/6	3/4	USA Today	2/3	1/2
WNEV (CBS) New England TV Corp.	Entertainment Tonight	9/14	6/10	Jeopardy	13/22	14/24	Jeopardy	15/24	15/24
WSBK (Ind.) Gillett Group	Barney Miller	6/9	5/9	Barney Miller	3/6	3/5	Newhart	5/8	5/7
WFXT (Ind.) Fox TV Stations	WKRP in Cincinnati	3/5	3/6	A Current Affair	4/6	3/5	A Current Affair	4/7	4/6
WQTV (Ind.) Monitor TV	Movie	–	–	Scarecrow & Mrs. King	1/1	1/2	Monitor World	1/1	1/1

And then there are all those new tabloids and crime-catcher strips being offered in syndication for next fall. WNEV has already bought King World's *Inside Edition* for 4 P.M. If it becomes a mega-hit, it could conceivably displace *Jeopardy* and return WNEV to reality at 7:30.

Regardless of what happens, the year of the reality-based TV show, unfolding around the country in 1989, is already old news in Boston. ●

Kathy Haley is a New York-based free-lance writer.

Riding the Rumble Seat Into the '90s

The syndication business is becoming increasingly more complicated. A NATPE panel will look at the problems and discuss solutions.

Ave Butensky, executive vice president of domestic syndication for Fries Distribution, will be the moderator of "Riding the Rumble Seat into the Nineties," a NATPE Program Conference panel focusing on problems affecting syndicators. The session is scheduled to take place at 10 A.M. on January 26 in assembly room B of Houston's George R. Brown Convention Center. In this guest column, Butensky offers a preview of the topics to be discussed and the participants scheduled to attend.

The syndication of television programs can often be compared to a tug-of-war where contract negotiations leaves both winners and losers with a bad case of rope burn. At this year's session on syndication, we may see which side gets pulled into the mud when we look at three key syndication issues. And, when each side has fielded all the questions, we'll ask Paul Kagan to interpret and summarize.

Your Rep Will Show it to You

We will first focus on the decision-making process at the station level: What to buy, what not to buy and who is instrumental in deciding which programs are acquired.

History has shown that the station rep, primarily responsible for the selling of television ad time, has developed into a programming octopus with tentacles spread into the client station's decision-making process. So now we have the station rep as a program consultant. Is the rep, as the middleman, in the best position to clearly articulate the strengths and weaknesses of the television programs he sees?

The station rep will tell you that he is truly a bonafide consultant, and a major component in helping stations get the right program mix. There are, however, distributors who feel the rep is interfering in the process—acting without complete information. Both sides will be represented on our panel.

Roger King, for instance, has not been too happy with rep interference in King World's relationships with stations. On the other side of the coin is John von Soosten, vice president and director of programming for Katz Communications, who feels advising stations is part of his job as a rep.

Is there a sharp division of opinion? Absolutely. So, we added a third dimension, in the form of James Coppersmith, vice president and general manager of WCVB in Boston, to sit in and give a balance.

First-run Fables

Following what promises to be a lively discussion, we'll switch gears, change panelists and dive headlong into the current dilemma of syndication—the first-run market. Is there a first-run market? Should there be one? Does anyone really care?

We've asked key executives from three distributors to discuss the efficacy of first-run syndication. Peter Lund, president of Multimedia, has a long-run hit, *Donahue*, and a newcomer, *Sweethearts*. Rick Levy is president of domestic sales and marketing for D.L. Taffner, where imports have mixed with first-run (*Check it Out*) and off-net product. Our third panelist is John Ryan, chief executive officer for Worldvision, whose first-run series *Throb* recently went to cable.

Focus on the Future

Finally, we will broaden our spectrum and examine what lies ahead for distributors. What of the television-syndication market and distribution as a whole? Jim Rosenfeld, chairman and CEO of Blair Entertainment, will discuss a report commissioned by his company on this topic. The report is, for the most part, positive. But is it too positive?

Joining Rosenfeld on the final panel will be former Viacom chairman Ralph Baruch, now holder of the Gannett Chair at Columbia University. Baruch believes the telephone company is going to be a major player in distribution, perhaps even taking over the whole chore and sending everyone else out to pasture.

Charles Fries is chairman of the board of Fries Distribution, a distribution/production company that has produced nearly 100 films for television. It is a category growing in dimension and is now spreading quickly to new sources.

Finally, there is the station group chief executive, who ultimately decides what to buy and what not to buy. John Conomikes, CEO of Hearst Broadcasting, will give the buyer's perspective.

The NATPE panel on syndication promises to be different from typical conference seminars. It will take a hard look at important issues—but without speeches and with the full participation of anyone who wants to have a say. So, if you're ready to express an opinion, this is the session for you. ●

Station-Dealing Blues

by Paul Noglows

Making buyer and seller fit is harder than ever, an ace TV station broker confides.

Television-station broker Barry Lewis has always believed that for every TV station up for sale there is a logical buyer with unique needs. But, with some 40 network affiliates currently on the block, that conviction has been sorely tested.

"The *only* way you sell stations today is by finding the perfect match between buyer and station," says Lewis, who joined Sandler Capital Management almost three years ago, after spending 20 years at Katz Communications nurturing relationships with television executives. By perfect match, Lewis means the transaction has to have more going for it than simply the quality of the station's market and a buyer's potential operating savvy.

Lewis, the man media analyst Paul Kagan once called the "encyclopedia of TV markets," points to a couple of deals that represent his perfect-fit scenario. American Family's purchase of ABC affiliate WTVM in Columbus, Ga., is such a match because the company is based in Columbus. Likewise, he says Robert M. Bass Group's purchase of ABC affiliate KOVR in Sacramento-Stockton, Calif., from the Narragansett Capital Corporation for $162 million (or 13 times cash flow) made sense because a few months earlier the Bass Group had purchased a savings and loan there. He says deals such as these warrant the high multiples paid by the buyer because synergies exist between the purchase and the buyer's other holdings. But in today's skittish market, Lewis concedes, this kind of matchmaking occurs far less frequently, and has become an extremely arduous process.

In contrast, of the 14 TV station deals Lewis brokered since joining Sandler, he says most were accomplished in just one phone call. "In the past, you only needed to know the difference between the buyers and the tire kickers to get deals done," he says. Those days are over. Lewis says he has been working on the sale of Television Station Partners' four network affiliates, for instance, since July, and labels the experience "the most frustrating project I've worked on to date."

Continuing unease over the soft ad marketplace has made buyers wary.

Today's buyers come strapped with a multitude of concerns that slows down the process, Lewis explains. Investors' uneasiness over soft national advertising and the possibility of further cutbacks in advertising expenditures resulting from recent mega-mergers between packaged-goods companies, plus worries over changes in the network-affiliate relationship, Lewis says, means brokers have to do a lot of hand-holding.

Subsequently, Lewis says, he has been turning down a number of offers of listings and has been devoting more of his time to raising investment funds at Sandler.

But Lewis is careful to point out that the majority of the stations sitting on the market are doing so not simply because of buyers' fears over the business. "There are a multitude of reasons why there are stations in the marketplace, and the fact that business is soft is not the only reason. The Gillett stations are on the market because he had probably overpaid to begin with. The Pompadurs' stations have been on the marketplace because when they formed that partnership in 1983 they said that they would sell this group within five to seven years; this just happens to be the fifth year. And the eight Knight-Ridder stations' profit margins have been among the lowest in the industry. Even though Goldman Sachs is marketing those stations as a group with a lot of upside that Knight-Ridder simply did not take advantage of, buyers are still wary."

Lewis has not lost faith in the basic underpinnings of the broadcasting business. And he is confident that deals will again get done. "Prices being asked will probably have to come down slightly," he says. "Owners are beginning to realize that perhaps our business can't operate with the 45-50 percent profit margins that many stations are accustomed to, but that it can still easily operate in the 35-40 percent range, which, by anyone's standards, is still fantastic."

And Lewis predicts a new wave of buyers on the horizon to replace the financial buyers of the last three years who are still trying to make their exit. Indeed, the group he identifies is one that comes well equipped to deal with a business that was once broadcasting but is now narrowcasting. "The new breed that will come into this business will come out of the radio arena, operators of the Emmis and Clear Channel mode," says Lewis. "Several radio operators are excited about entering the TV business. Some cable companies and cellular companies may be coming in as well. Through necessity these operators have had to be better marketers, and this is going to be a positive for the TV business." ●

Contributing editor Paul Noglows is the New York reporter for Media Business News.

ADVERTISING

Mergers Lower Ad Spending

In 1985—the year the three mergers outlined below took place—the advertising universe spent 7 percent more than it did the previous year. Once merged, the new companies spent less on advertising, possibly due to leverage pressures or a desire to trim expenses and combine campaigns. The national ad budgets below include the seven media as described by Leading National Advertisers (LNA).

Advertising Budgets in the Seven National Media
(in millions)

Merger	1982	1983	1984	1985	1986	1987	Jan-June 1988
Philip Morris	$348.5	$393.2	$417.3	–	–	–	–
General Foods	342.1	278.7	338.4	–	–	–	–
Combined	690.6	839.8	973.4	813.5	815.8	774.7	361.2
Percent Change		21.6%	15.9%	–16.4%	0.3%	–5.0%	–13.6%
R. J. Reynolds	310.8	378.8	464.1	–	–	–	–
Nabisco	110.1	120.7	123.7	–	–	–	–
Combined	420.9	499.5	587.8	574.3	464.0	439.5	215.9
Percent Change		18.7	17.7	–2.3	–19.2	–5.3	2.8
Procter & Gamble	600.5	638.5	708.3	–	–	–	–
Richardson Vicks	71.2	93.3	101.1	–	–	–	–
Combined	671.7	731.7	809.3	913.4	809.7	745.9	344.6
Percent Change		8.9	10.6	12.9	–11.4	–7.9	6.8

Source: Donaldson, Lufkin & Jenrette.

CABLE

Cable Basics and Premiums

In *Channels'* exclusive survey on how Americans watch television, 650 people were asked whether or not they subscribed to basic or pay cable channels. Northeasterners prefer basic and pay slightly more than the other regions. Oddly, though, more moderate TV viewers had basic or pay channels than did heavy TV viewers.

Respondents	Basic Cable Like CNN and ESPN: Yes	Basic Cable Like CNN and ESPN: No	Pay Channels Like HBO or Cinemax: Yes	Pay Channels Like HBO or Cinemax: No	Pay Channels Like HBO or Cinemax: DK/NA
Total	53.8%	46.2%	29.4%	69.5%	1.1%
Income					
$30,000 or Less	46.0	54.0	18.2	80.8	1.0
More than $30,000	64.4	35.6	41.9	57.0	1.1
DK/NA	47.8	52.2	31.3	67.2	1.5
Region					
Northeast	56.7	43.3	34.6	62.2	3.1
North Central	52.4	47.6	24.7	74.7	0.6
South	53.8	46.2	31.9	68.1	0.0
West	52.9	47.1	25.2	73.1	1.7
Use of Remote Control					
Frequently	67.2	32.8	37.9	61.2	0.9
Sometimes	53.8	46.2	46.2	52.3	1.5
Rarely	46.2	53.8	24.4	71.8	3.8
DK/NA	37.5	62.5	18.8	81.3	0.0
TV Viewership					
Light	53.1	46.9	31.2	67.0	1.9
Moderate	57.3	42.7	28.6	71.4	0.0
Heavy	50.0	50.0	26.3	72.9	0.8

Source: Frank N. Magid Associates, for *Channels*.

★ RATINGS ★

TOP NETWORK SERIES

First 13 weeks of season, Sept. 18, 1988 through Dec. 11, 1988

SERIES/NETWORK	RATING/SHARE
1 The Cosby Show/NBC	25.6/41
2 Golden Girls/NBC	22.1/38
3 A Different World/NBC	22.1/35
4 Cheers/NBC	22.1/34
5 Roseanne/ABC	22.0/33
6 60 Minutes/CBS	21.2/33
7 Who's the Boss?/ABC	20.3/32
8 Murder, She Wrote/CBS	19.7/29
9 Empty Nest/NBC	19.4/34
10 Growing Pains/ABC	19.1/31

TOP BARTER SERIES

First 11 weeks of season, Sept. 4, 1988 through Nov. 27, 1988

SERIES/SYNDICATOR	RATING
1 Wheel of Fortune/King World	14.7
2 TV Net Movie/Teletrib	13.4#
3 Jeopardy!/King World	12.2
4 Universal Pictures Debut Network (movies)/MCA-TV	11.7#
5 The Cosby Show/Viacom	11.3#
6 The Oprah Winfrey Show/King World	9.9
7 Wheel of Fortune (weekend)/King World	8.9
8 National Geographic On Assignment/Turner	8.2#
9 Star Trek: The Next Generation/Paramount	7.6#
10 War of the Worlds/Paramount	7.5#

TOP CABLE NETWORKS

Average ratings/projected households, November 1988

NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1 WTBS	2.0/942,000	2.5/1,177,000
2 USA	1.3/603,000	2.1/975,000
3 ESPN	1.2/592,000	2.9/1,430,000
4 CNN	0.8/388,000	1.1/533,000
5 CBN	.8/348,000	0.9/392,000
6 MTV	.7/309,000	.7/309,000
7 Nashville Network	.5/230,000*	1.1/486,000
8 Lifetime	.5/207,000	.8/331,000
9 Discovery	.4/145,000*	.7/254,000
10 Headline News	.4/137,000	.3/103,000

Includes multiple exposures.
* 9 A.M. to 3 A.M. Note: cable ratings are percentages within the varying populations that can receive each network. Networks are ranked by projected number of households rather than ratings. Source: Nielsen Media Research data.

HOME VIDEO

Top Videocassettes/Rentals

November 1988

TITLE/PUBLISHER	% TOP 50*
1 **E.T.**/MCA	7.4
2 **Beetlejuice**/Warner	6.8
3 **Shoot to Kill**/Touchstone	3.9
4 **Three Men and a Baby**/ Touchstone	3.5
5 **Moonstruck**/Warner	3.3
6 **Above the Law**/Warner	3.1
7 **Bright Lights, Big City**/ MGM/UA	3.0
8 **Rambo III**/IVE	2.9
9 **Colors**/Orion	2.9
10 **Planes, Trains and Automobiles**/Paramount	2.7
11 **Broadcast News**/CBS/Fox	2.7
12 **She's Having a Baby**/Paramount	2.7
13 **Frantic**/Warner	2.5
14 **Batteries Not Included**/MCA	2.5
15 **Good Morning Vietnam**/ Touchstone	2.5
16 **Seventh Sign**/RCA/Columbia	2.4
17 **Shakedown**/MCA	2.3
18 **Biloxi Blues**/MCA	2.3
19 **Masquerade**/CBS/Fox	2.2
20 **Cinderella**/Disney	2.2

Top Videocassettes/Sales

November 1988

TITLE/PUBLISHER	% TOP 50*
1 **E.T.**/MCA	68.3
2 **Cinderella**/Disney	7.6
3 **Dirty Dancing**/Vestron	1.8
4 **It's a Wonderful Life**/RKO	1.2
5 **Top Gun**/Paramount	0.8
6 **Good Morning Vietnam**/ Touchstone	0.8
7 **Mickey's Magical World**/Disney	0.7
8 **Lady and the Tramp**/Disney	0.7
9 **Godfather Pt. II**/Paramount	0.7
10 **Wizard of Oz**/MGM/UA	0.7
11 **Ben Hur**/MGM/UA	0.7
12 **All New Not So Great Moments in Sports**/HBO	0.7
13 **Godfather**/Paramount	0.7
14 **Dr. Zhivago**/MGM/UA	0.6
15 **White Christmas**/Paramount	0.6
16 **Ten Commandments**/Paramount	0.6
17 **Sing Along Songs: Merry Christmas**/Disney	0.6
18 **Jane Fonda's Start Up**/Lorimar	0.5
19 **Jane Fonda's Low Impact Aerobics**/Lorimar	0.5
20 **Sound of Music**/CBS/Fox	0.5

Source: Videodome Enterprises, Dallas. Charts appear weekly in TWICE magazine. *Title as percentage of top-50 tapes total volume.

THE MAGID NUGGET

The Television Clock

What time of day do people get in most of their TV viewing? *Channels'* study of television viewing habits in the U.S. asked 650 viewers how much they watch the tube during different dayparts. The mean response for Monday through Friday for the total group was 3.2 hours. The numbers below represent only those who *usually* watch TV during a given daypart.

DAYPARTS

Respondent	6-9 A.M.	9-12 P.M.	12-3 P.M.	3-8 P.M.	8-11 P.M.	11 P.M.-6 A.M.
Total	32.3%	12.5%	13.7%	44.8%	60.6%	9.5%
Sex						
Male	29.5	9.4	6.0	43.6	56.1	11.3
Female	35.0	15.4	21.1	45.9	65.0	7.9
Income						
$30,000 or less	32.6	16.6	18.2	45.0	60.4	8.6
More than $30,000	30.7	7.4	7.8	44.4	62.6	12.6
DK/NA	37.3	13.4	16.4	44.8	53.7	1.5
Remote Control						
Yes	33.0	10.7	13.2	46.4	63.2	9.1
No	30.1	17.9	15.4	39.7	52.6	10.9

Source: Frank N. Magid Associates, for *Channels*.

DEALS

Broadcast Public Offerings

Television broadcasters have not been idle in going public or seeking financing, despite post-Crash hesitation early in 1988, although the second half of the year saw just one major public offering. The total dollar volume of the deals is just under $3.4 billion.

COMPANY	ISSUE DATE	COMPOSITION OF OFFERING	DOLLARS (THOUSANDS)
Harcourt Brace Jovanovich	11/88	7,000,000 shares common stock	$ 66,500
	11/88	13% senior notes due 11/1997	200,000
	11/88	14.25% subordinated debentures due 11/2004	200,000
Adams-Russell Co.	5/88	Deferred interest notes due 12/1997	272,533
Times Mirror	1/88	8.875% notes due 1/1993	100,000
	1/88	8.875% notes due 2/1998	100,000
A. H. Belo	12/87	9.45% notes due 1/1993	100,000
SCI Television	10/87	17.5% sub. debs. due 10/1999	100,000
	10/87	15.5% sr. extended reset notes due 10/1990	200,000
	10/87	16.5% sr. sub. debs. due 10/1997	100,000
Harcourt Brace Jovanovich	9/87	13.75% sr. sub. debs. due 9/1999	500,000
	9/87	14.75% sub. disc. debs. due 9/2002	507,490
	9/87	14.75% sub. pay-in-kind debs. due 9/2002	250,000
Telephone & Data Systems	9/87	191,877 shares common	7,291
Gillet Holdings	8/87	Series D zero coupon sr. notes due 8/1992	100,000
	8/87	Series E zero coupon notes due 8/1994	150,000
	8/87	13.875% sub. debs. due 8/1999	170,000
Telemundo Group	8/87	2,000,000 shares common	21,000
	8/87	Zero coupon sr. notes due 8/1992	105,000
	8/87	Zero coupon sr. notes due 8/1993	115,000
Queen City Broadcasting of NY	8/87	13.5% sub. debs. due 8/1999	55,000
Burnham Broadcasting	8/87	13.875% sub. debs. due 9/1999	32,000

Source: Morgan Stanley & Company.

TAKING STOCK

(ALMOST) THE YEAR IN STOCKS

MGM / UA more than doubled its stock price due to the Kirk Kerkorian deal rumors, leading production companies segment with the healthiest stock performance. Cable also proved strong, despite a potentially more hostile regulatory future with George Bush in the White House.

	11/30/88	12/31/87	% CHANGE
BROADCASTING			
Malrite Comm.	10.00	6.00	66.7
Jacor Comm.	6.13	4.50	36.2
Lin Broadcasting	59.00	43.88	34.4
United Television	26.75	21.00	27.3
Chris-Craft	21.13	18.25	15.7
Park Comm.	27.75	25.00	11.0
CBS	170.63	157.00	8.6
Liberty	38.00	35.50	7.0
Capital Cities / ABC	363.50	345.00	5.3
Clear Channel Comm.	12.88	12.25	5.1
Westinghouse	51.50	49.75	3.5
Scripps-Howard	79.50	78.00	1.9
General Electric	45.00	44.13	1.9
GenCorp	18.13	22.25	−18.6
Price Comm.	6.25	11.00 A	−28.6
TVX	1.75	3.25	−46.2
Westwood One	8.38	18.50	−54.8
CABLE			
United Cable	33.38	22.38	49.1
Turner Broadcasting	14.75	10.88	35.5
Centel	48.00	35.50	35.2
Jones	12.38	9.63	28.5
ATC	29.00	23.50	23.4
Time	99.25	82.25	20.6
TCA	32.00	28.75	11.3
Tempo Enterprises	7.75	7.00	10.7
TCI	24.75	23.63	4.7
Cablevision Systems	27.00	26.13	3.3
Century Comm.	16.88	17.75	−5.0
Home Shopping Network	5.00	5.38	−8.1
Comcast	14.75 B	24.63	−10.2
Financial News Network	6.00	6.75	−11.2

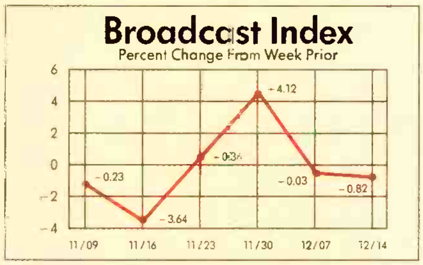
	11/30/88	12/31/87	% CHANGE
DIVERSIFIED			
Viacom	27.75	18.13	53.0
Multimedia	70.75	53.50	32.2
McGraw-Hill	61.25	48.25	26.9
Warner	34.25	27.63	23.9
Knight-Ridder	46.63	40.13	16.1
Lee Enterprises	26.75	24.00	11.4
Washington Post	195.25	187.00	4.4
Meredith	31.00	30.00	3.3
A.H. Belo	25.00 D	48.50	3.0
News Corp.	17.25	16.88	2.1
Tribune	39.25	40.13	−2.2
Media General	34.63	36.25	−4.5
Times Mirror	33.50	37.88 C	−11.6
Gannett	33.63	39.13	−14.0
New York Times	26.00	31.00	−16.2
PRODUCTION			
MGM / UA Comm.	13.75	6.25	120.0
Republic Pictures	7.50	4.25	76.4
Columbia Pictures	11.38	8.13	39.9
King World Prods.	23.63	17.75	33.1
Aaron Spelling	6.00	4.63	29.5
MCA	44.50	34.50	28.9
Orion	13.75	10.75	27.9
Lorimar Telepictures	11.50	10.25	12.1
Gulf + Western	39.00	71.13 C	9.6
Walt Disney	63.38	59.25	6.9
Fries Ent.	2.50	2.38	5.0
Vestron	3.88	3.75	3.4
Playboy	11.75	12.63	−7.0
Reeves Comm.	5.88	6.38	−7.9
New World	2.88	3.13	−8.0
DeLaurentiis Ent.	.69	.75	−8.0
Barris	6.13	6.88	−11.0
Heritage Ent.	1.75	3.13	−44.1

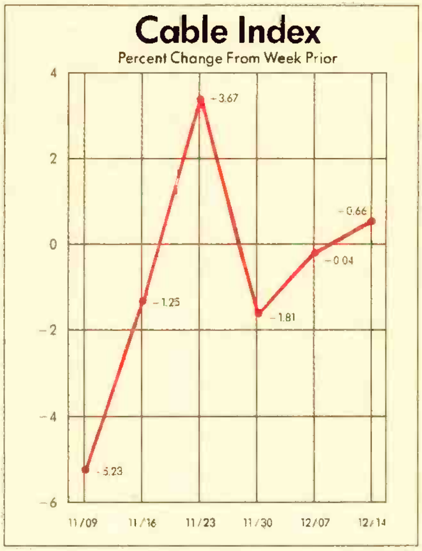
A Five-for-four stock split, paid 2/88. B Three-for-two stock split, paid 4/88. C Two-for-one stock split, paid 12/87. D Two-for one stock split, paid 5/88. Source: *Media Business News.*

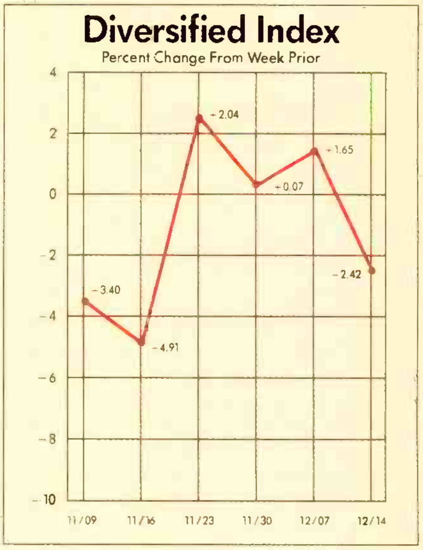
STOCKLINE

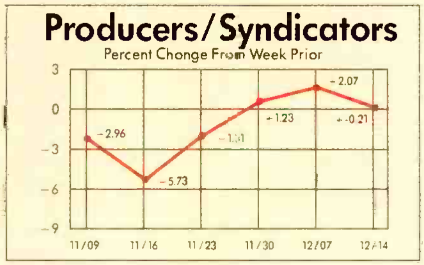
Industry Segment Profiles

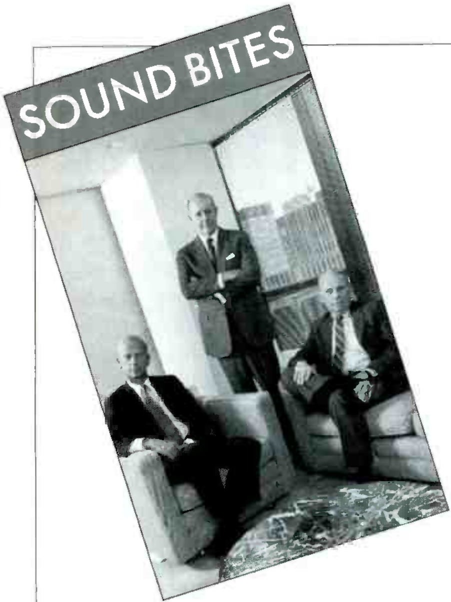
The indices represent four segments of the industry. Cable: seven cable MSOs and programmers; Broadcast: seven TV broadcasters and station-group companies; Producers / Syndicators: six Hollywood production companies; and Diversified: six companies with interests in more than one area (e.g. cable and broadcast).











The Brass at Cap Cities/ABC: Rethinking TV

John Sias, Tom Murphy and Dan Burke say the relationship between the network and stations and producers *must* change.

It is now 37 months since Capital Cities Communications merged with the American Broadcasting Company in what was the first changing of the guard at one of the three major U.S. commercial television networks. It was a merger of two companies with radically different corporate cultures, and since that time, Thomas S. Murphy, chairman and CEO of Capital Cities/ABC Inc., Daniel B. Burke, president and chief operating officer and John B. Sias, president of the ABC Television Network Group, have struggled to get the ABC network back on its feet, and to bring some economic reality into the network-television business. Channels *editor Merrill Brown and executive editor Peter Ainslie recently sat down with the Cap Cities/ABC triumvirate to discuss their accomplishments and their plans.*

War & Remembrance Lessons

Tom Murphy: We're proud we did the show. I think it's something that's a lasting credit both to Dan Curtis and to our ABC/Circle Films. But we did lose money on it, and I am doubtful that you'll see shows of that length produced by network television in the immediate future. The fact is that World War II is over 40 years away, and that the young people in the U.S. weren't born at that time and did not have the keen interest that certainly people my age and people around 50 have.

John Sias: The shares for the over-50 audience were 40 to 40-plus; 35 to 49, they approached 30; and when you got under 35, we were lucky if we had a 20 share. The young people could not identify with much of what was gong on there. One of the director's wives said her children said, "That didn't really happen." I think a significant segment of the audience couldn't identify in any significant way with the story. And a lot of people weren't willing to make the commitment to view night after night for that length of time. What did we learn? You don't try doing something like multi-hour television in this day and age. That's on top of subject matter that is no longer germane in the minds of many people.

We've gotten a lot of letters from people that would send us money, saying, "I'm sorry you lost money on it," and they'd send me a $20 check. I'd send it back to them. But they were just saying, "We want you to know that it's something to be proud of."

On Losing the '92 Olympics

Daniel Burke: As you know, we did not bid on the '92 Winter Games in Albertville at all. There were elements in the procedure that gave us trouble. We did bid, frankly, we thought, quite aggressively, for Barcelona. We would like very much to have had it. It would have fit in with our position in ESPN well. You said we lost it, and I guess in the real sense, there's no point in quibbling with that word—but we did what we thought was prudent and sensible, and we didn't get it. And it is too bad. The public does identify the Olympics with ABC. It would be at the earliest 1994, an out-of-phase Winter Games, before we would have another opportunity at it. But it's two weeks out of four years. We were sobered by what happened to us in the Winter Olympics in '88. We lost $65 to $75 million. We like to think we know what we're doing, and we made an intelligent bid, and it just didn't win.

Network Compensation

JS: When the company first was purchased by Messrs. Murphy and Burke, the ABC Network in prime time was suffering through one of its periodic periods of audience decline. But the affiliates were of a mind that the potential for Capital Cities, with its well known penchant for careful spending of money, would not invest in programming that would develop the large audience that they required. And the commitment was made to them that the money would be spent. It was also pointed out to them that the money would be spent with the idea of developing basically series programming—first priority.

We feel that we are making good on that commitment. The money is certainly being spent. At long last, we are beginning to get some up-tick in the prime time audiences. And while that's been going on, the marketplace is not good. It's going down. So that the economics of providing that service are no longer what they were when this present network relationship with affiliates was developed, when more money was going through the network system. Now it's not. More money is going to local and national. So we feel that in order to continue to have the money to spend on programming and not deficit to the tune of $50 million or $60 million or $100 million a year, that the compensation we pay them to carry what is in their own best interest has to come under questioning. It isn't any desire to hurt them or anything else. It's a de-

PHOTOGRAPHS BY MARK STERN

sire, within a reasonably logical financial framework, to continue to provide that service, hopefully to expand it—and expand it in terms of making it better—and at the same time, not bleed to death while we're doing it by adding to our very considerable prime time program costs.

The Bottom Line?

JS: Over a period of time, we are going to pay them substantially less money. We'll try and make it as planned and, let's say, as easy as something like this can be for the affiliate body. But it just has to be done. The thing has changed. There are other opportunities for circulation in almost every market we're in. I am not saying that they are as good as what we have. But they are there. And it's not a question of not having any exposure.

Our network is a life-support system for our own stations. The ABC-owned stations are, at this point in time, through their clearances and the cash that they generate, underwriting the substantial financial risk that the network incurs over the years, to step up and put $2 billion-plus of operating expense on the line. And we think that they are, in effect, underpaid in terms of comp; in terms of the circulation that they deliver, that they are substantially underpaid. And we think it's time that the affiliate body recognizes that we're not prepared to subsidize the other stations to the degree we have.

The Effect on Preemptions

DB: The argument is that if you cut the comp too much, they'll preempt you more. I'm not sure that they're completely linked, are you?

JS: No. And strange things go on. This network has now moved into first place on Friday night. On October 14, three half-hours were launched, and we had 14 stations in almost 4 percent of the country that ran a syndicated special of one kind or another. Bumped us! It was

'The thing that makes this network really exciting for us is its contact with the people every day through our news department. It changes us from a studio or distributor.'

—Tom Murphy

crazy! And I don't think that had anything to do with comp. They saw a chance to run some syndicated product. It's true that they weren't sure, because of the strike, what they would have, so they signed up for it. But to bump premieres of successful shows like that, you are really shooting yourself in the foot. And I don't think comp drove that at all.

Improving Prime Time Economics

DB: A higher share of audience would help.

JS: And cable has not taken the lion's share. It's really the independent share, largely with off-network product. That's a very important thing. The independent rating and share, in any given half hour of prime time, is typically better than the third-rated network, and in some cases, the second-rated network.

DB: So that could disappear as a source. If we can't sustain the investment levels with Hollywood and so forth . . . I don't think anybody argues that the independents can program themselves with brand-new product.

The State of Fin-Syn Talks

DB: We are having negotiations with the studios. The fact is, they make it clear to us that they are not getting rich in this business either! So it's a serious problem for the Hollywood operations as well.

King World is Getting Rich

DB: Well, the creative people are getting rich, as well maybe they should. But the studios have been deficit-financing their hours. And their hope for the return they were going to get in syndication hasn't happened in the last few years. Some of them, I guess, are even deficiting some of their half-hours. So that the studios are under some pressure, too. But what we're saying is that all we'd like to have is a level playing field—all three networks. And there are other people out there who have advantages we don't, one of which, of course, is Fox.

Future of Network Production

DB: I think the idea that we can produce all of our own programming is really . . . nothing's impossible, but we couldn't put together all that creative talent. It would be impossible. But it is true that we would like to produce more of our prime time shows. *Moonlighting*, while it has been expensive and all, is still something we're pleased with, and we would like to do more of. But we probably have not gone into that area as fast as we should have.

JS: We are looking to beef up the activities of Circle Films. But to do more in-house production, as the production constraints come off, requires a very close working liaison with development people in the entertainment side. But we will be doing more.

Network News

TM: We think the thing that makes this network really exciting for all of us is its contact with the American people every day through our news department. It's what changes us from being a studio or a distribution system of entertainment

out of Hollywood. More Americans get their news from ABC News than from any other source. It's something we have a right to be proud of, particularly since I had nothing to do with it. We're very proud of the job Roone Arledge has done. He started way behind the other two when he took over ABC News 11 years ago.

Reality-based Programs

JS: I think [news] is a very unique building block in a network. But news doesn't have to be "the typical magazine show" or the evening news, whether it's Ted Koppel, whether it's some of these town meetings, capital to capital. There are a lot of very interesting things that can be done. And I think, coming back to questions about 1995 and the future, you could expect to see a different mix of programming in prime time on the networks, and there is going to be more derivative programming being done by news or news-related organizations. We're really blessed. I think you will see some interesting efforts in the new programming that Roone is working on.

The LBO Mania

TM: That's not our style. We have a substantial investor in Warren Buffet, who intends to keep this investment on a firm basis, and he's vitally interested in news and news coverage. We have no interest in doing anything except the best job we can for our shareholders. We understand the job that Wall Street has to do, and it doesn't frustrate us. We have no intention of taking this company private.

Tabloid TV

TM: There have been shows that we wouldn't carry on our stations. But there's a place for *The New York Times* and there's a place for *The New York Post*. If that's what the American people want, and it's something that is not salacious, then I won't have any trouble with it. You can always tell when we've

'*We would like to produce more of our prime time shows.* Moonlighting, *while it has been expensive, is a show we're pleased with, and we would like to do more.*'

—Dan Burke

gotten ourselves into a situation that goes too far, because our advertisers won't support it. It is very important for everyone to recognize that ABC has no intentions whatsoever of disbanding our Standards & Practices Division. We think it's an important obligation to the American people, and you can count on us continuing it.

Planning for 1995

TM: I think we'd mislead you if we said we had specific plans for 1995. That just isn't the way we operate in this business. I think by 1995 it's conceivable Fox could grow into a fourth network and be fully competitive. I don't know whether it will or not. But I certainly see 1995 with three major networks still having a lion's share of the total television audience.

Long-range Planning

TM: We will continue to stay in the businesses we're in. We would love to own more television stations if the FCC would let us. That's not in the cards, so we would certainly be interested in increasing our investment in cable networks, because that's something we can do. We'd certainly buy more radio stations, which we have. And we'd continue to buy publishing operations. If the FCC allowed us to get back into cable, we'd certainly take a look at it. It's a question of price on cable, just like there's a question on exclusive-franchise newspapers. I have been in the business for 34 years. We started with one UHF television station, one AM radio station and a $750,000 investment. Now we are one of the biggest communications companies in the world. When the opportunities come along in the field we're operating in, we will be there as a player. But whether we would ever do anything with major publishing companies or studios is something that will depend on governmental regulation changes, and it would be inappropriate for us to comment on that.

International Investment

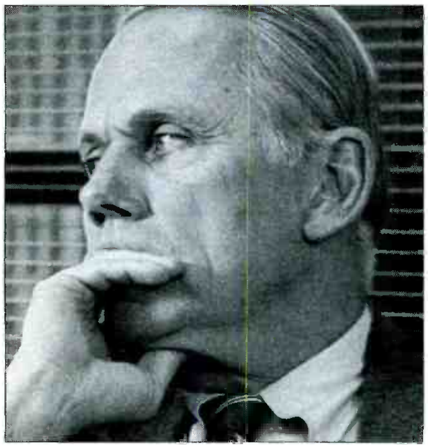
TM: I would think that you would certainly see us paying more attention to operations overseas. We just did make a deal for 25 percent of Screen Sport, a distribution company. It was an investment that ABC had prior to that, which had dropped off, and we went back into it. We think that the change in the entire economic structure in 1992 in Europe is something that will be a real opportunity for us.

Management's Future

TM: Twenty years ago we used to talk about young, aggressive management, and now we talk about old and wily management. I would think that you will see a transition over the next few years in the management here. We believe that it's a business that should have young, vigorous people actively running it, and I think that's what you could probably count on in the future. I don't think I'll ever lose my zest for the business, but there's no secret that Dan will succeed me.

In the Near Future?

TM: That would be the plan, probably, yes. Don't get the wrong impression. I'm not going anywhere for a while. ●



RUNNING THE NUMBERS

Who's Got the Theatrical Window?

It's an unspoken rule that the home-video market gets first access to theatrical releases, followed about a month later by pay-per-view networks. Pay-per-view at present poses no real threat to video stores: Its window is often—but not always—behind home video, and it covers only 12 percent of the country. But Risa Solomon, director of Videodome Enterprises, a home-video research firm in Dallas, sees PPV getting stronger. "As PPV penetrates more of the country," she says, "and push-button technology becomes common, it'll encroach on retailer's rentals and sales."

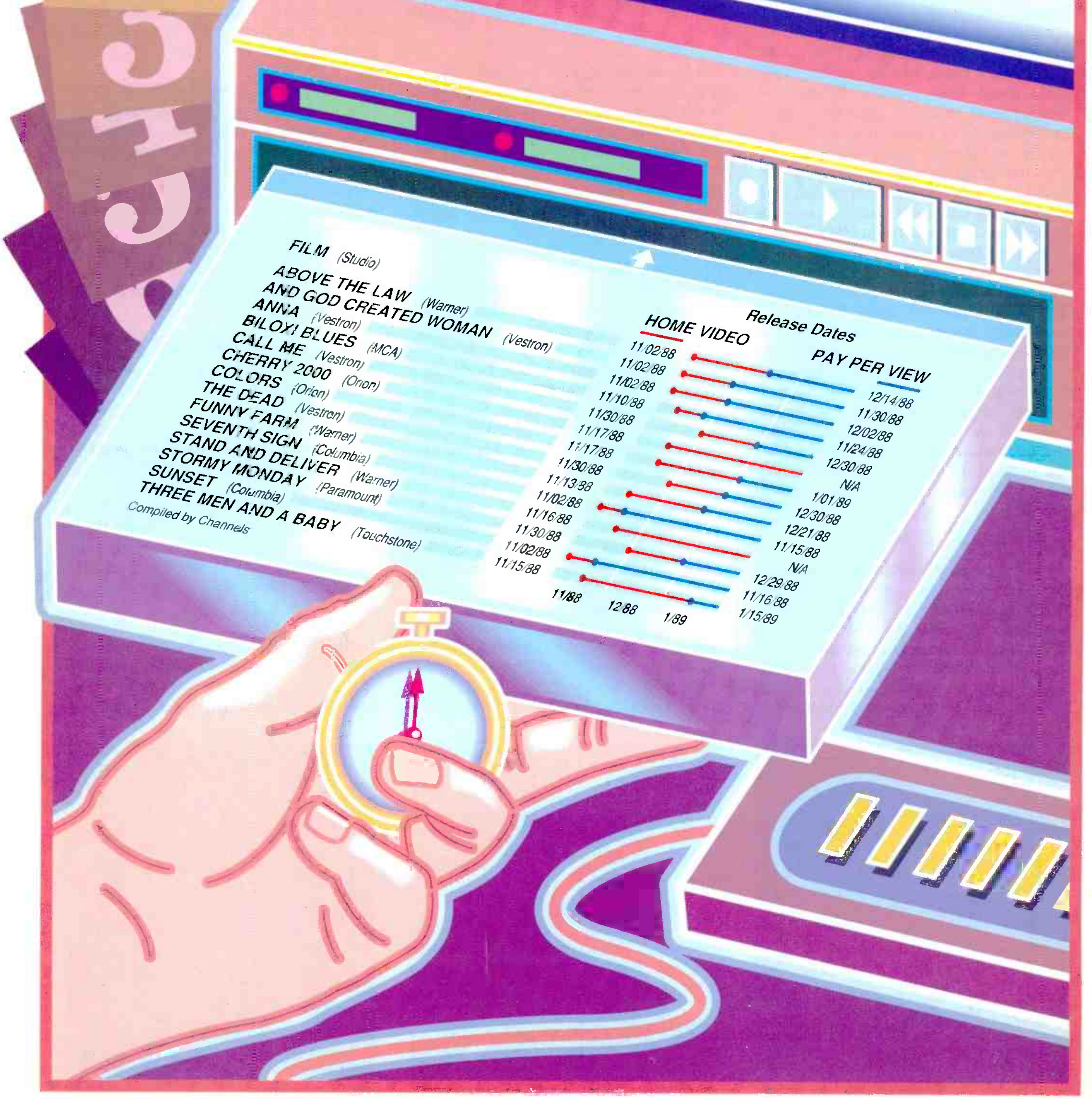
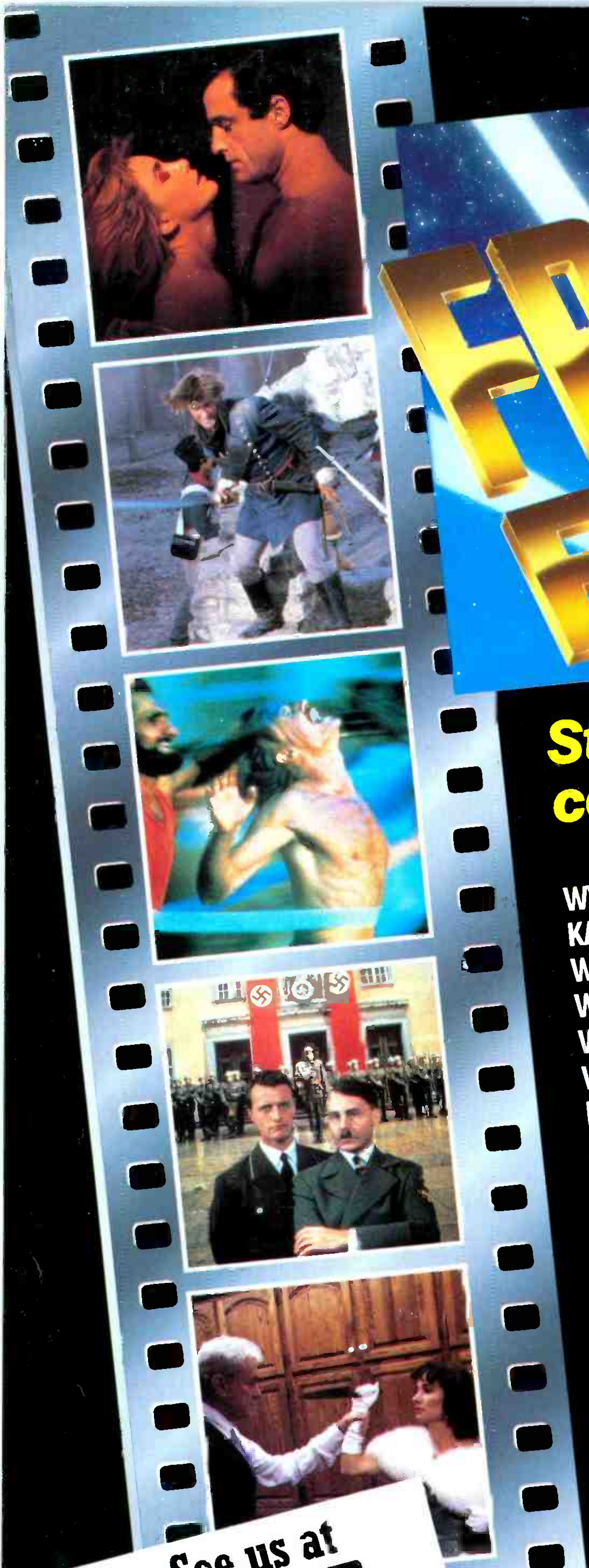


CHART BY JIM LUDTKE



FRIES FRAME 4

Stations that buy quality come in all sizes:

WWOR-TV	New York
KABC-TV	Los Angeles
WGBO-TV	Chicago
WGBS-TV	Philadelphia
WSBK-TV	Boston
WKBD-TV	Detroit
KDFI-TV	Dallas
KDKA-TV	Pittsburgh
WBFS-TV	Miami
KTMA-TV	Minneapolis
WTTV	Indianapolis
WTXX-TV	Hartford
KGW-TV	Portland, OR
WOFT-TV	Orlando
WVTV	Milwaukee
WCMH-TV	Columbus, OH
WKFT-TV	Raleigh-Durham
WBRC-TV	Birmingham
KSTU-TV	Salt Lake City
KSAT-TV	San Antonio
WGGT-TV	Greensboro
WXXA-TV	Albany, NY
KLRT-TV	Little Rock
KMSS-TV	Shreveport
WAQ-TV	West Palm Beach
WJTC	Mobile
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