CHANNELS Twice a Month

Kids Clubs Without Tears

Stations Squawk as Pols Ponder Ad Reform

CHANNELS

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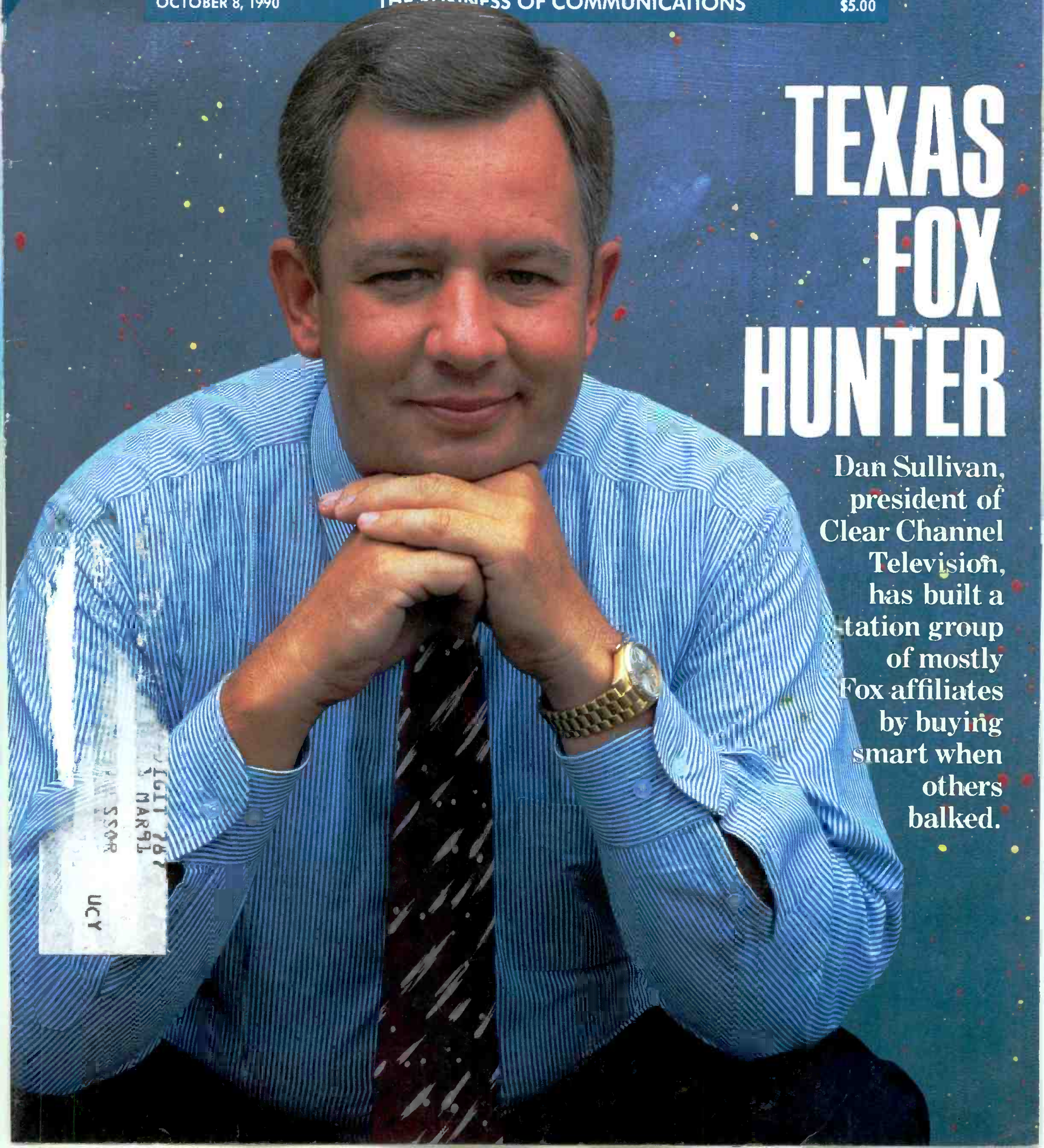


TEXAS FOX HUNTER

Dan Sullivan, president of Clear Channel Television, has built a station group of mostly Fox affiliates by buying smart when others balked.

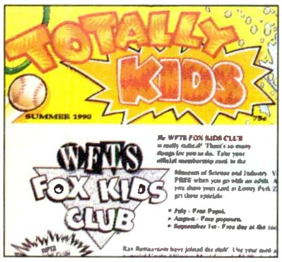

This year,
we took home 9 more Emmys...
and millions of people
came away with a
winning message about
HBO's Original
Programming.

CHANNELS

THE BUSINESS OF COMMUNICATIONS

VOLUME 10, NUMBER 14 OCTOBER 8, 1990

FEATURES



OPERATIONS

DEPARTMENTS

COVER PHOTOGRAPH BY BUD LEE

LETTERS

Up in Arms Down Under

Your "*Channels* Achievers" issue was lively and informative, as usual. But the "Making It Work: Overseas" article might have left a mistaken impression about NBC's arrangement with Qintex Australia (QAT).

The deal with QAT, which was concluded in November 1988, never involved risk of NBC capital in the market. It gave NBC a free, five-year option to acquire up to 15 percent of the Australian corporation, but the option was never exercised. The option clause was secondary to what was primarily a very satisfactory cash arrangement. In return for expanded access to NBC programming, promotion and logo rights, QAT greatly increased its annual compensation to NBC. In the end, NBC has benefited from increased cash flow without having placed any capital at risk. We believe this is the best outcome we could have achieved in a very difficult Australian broadcasting environment.

In addition, you missed a reference to our rapidly growing partnership with Major League Baseball, which recently successfully broadcast the All-Star game to affiliates in 43 countries outside of North America.

Overall, we are pleased with our efforts abroad and continue to explore promising opportunities.

J.B. Holston
Senior V.P. and General Manager
NBC International Ltd.
New York, N.Y.

Author Kevin Pearce replies: The story simply states that NBC had an option to acquire a stake in Qintex. This example was raised not to single out the network, or to suggest that it blundered, but rather to suggest how difficult it is to operate in the international sphere.

Something Borrowed . . .

In your April 23rd issue of *Channels*, there is an article written by Jack Loftus highlighting our company.

We are very pleased about the article and the response we have received as a result. The only critique we have is that the name Bridal Fair® was used generically with a lower case *b* and *f* in the headline. Since our name is a federally registered trademark, we are sensitive to that usage.

Bruce Thiebauth
President
Bridal Fair®
Omaha, Neb.

Someone Blue

I received my copy of the June 25, 1990 edition of *Channels* and immediately noticed the cover featuring "Achievers." I also noticed that all the people pictured in the design were white males. I know this wasn't intentional, but it's something you should pay attention to when designing covers. Those of us who are female or non-white don't enjoy being reminded of the white male domination of the industry and take offense at the implication that they are the only "achievers." It's hard enough breaking through stereotypes as it is.

As a media magazine, you know that what you say and what people hear aren't always the same. I hope you'll be more conscious of this in the future.

Evelyn Massaro
Promotion Director
WNMU-TV
Marquette, Mich.

A Matter of Alma Mater

On page 47 of the August 13, 1990, issue of *Channels* your feature "In Focus" listed Steven Ross, chairman and CEO of Time Warner, as being a graduate of *Roger* Smith College.

We at *Paul* Smith's College are proud that Mr. Ross was a member of our 1948 graduating class. He is one of our many very successful graduates.

H. David Chamberlain
President
Paul Smith's College
Paul Smiths, N.Y.

Channels *welcomes readers' comments. Address letters to the editor to* Channels, *401 Park Avenue South, New York, N.Y. 10016. Letters may be edited for purposes of clarity or space.*

CHANNELS
THE BUSINESS OF COMMUNICATIONS

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California Could Be Dry State for Alcohol Ads

Free-time demands from alcohol tax supporters have opponents threatening to pull TV ads.

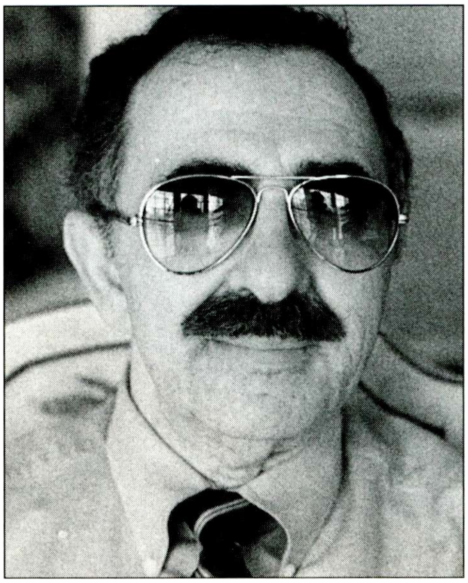
California broadcasters have been shaken by threats from the alcohol industry to withhold advertising if stations offer free time to proponents of an alcohol tax measure. The discomfort is heightened by widespread confusion among broadcasters about what their obligations are under the Fairness Doctrine—or whether the doctrine even exists. Supporters and opponents of the measure alike are adding to the mess by trying to exploit that uncertainty.

Proposition 134 on the November ballot would raise taxes on liquor. Taxpayers for Common Sense, a group that includes liquor companies, opposes it and has spent millions for radio and television spots.

This summer, advocates of 134 notified stations that they wanted free time under the Fairness Doctrine. In early August, however, a letter arrived at stations from Greenstripe Media Inc., which represents Taxpayers for Common Sense. The letter stated: "Obviously, your station would put us in a most uncomfortable situation with our client if your management is coerced into this outrageous and unjustified request for free time. Such action could force us into canceling our schedule on your facility and utilizing other stations or media (like newspaper), that do not provide free time." A few weeks later, the American Association of Advertising Agencies sent a letter to broadcasters urging them not to grant the requested time.

Barry Fadim, attorney for Taxpayers for Common Sense, claims he would have preferred that the Greenstripe letter not be sent, but says its message is nothing new. "It's been kind of unstated for the last ten years in campaigns in California, even if a letter as strongly worded as Greenstripe's has not been done before."

Says one television general manager, "It seemed clear what the message was. If we granted free time, we'd lose the political ads, and we'd lose some of our footing as liquor-industry buys."



Milton Gross, chief of the FCC's political division, says the Fairness Doctrine still applies to ballot issues.

Many broadcasters, citing the 1987 FCC decision to rescind portions of the rule, believe the Fairness Doctrine to be utterly dead, and themselves under no obligation to offer time or coverage. Other stations err in the opposite direction, insisting that the rule mandates provision of free time.

The FCC continues to apply Fairness Doctrine requirements to ballot issues with respect to providing the public with a balance of opinion, says Milton Gross, chief of the FCC's political division. A station that sells ad time to one side must afford the opponents, for free, a reasonable opportunity for balanced coverage. But that's "balanced coverage, not free time," Gross points out. The obligation can be satisfied through public service programming, news coverage or editorials.

Some stations prefer to grant free time. Others produce their own spots. Though proponents would prefer the free time, station-produced efforts are "fine with us," says Leo McElroy, a media consultant working for the supporters. As for coverage, however, many radio stations and independent TV stations don't have news departments and lack the means for balanced coverage. It's at such outfits, particularly radio stations, that most of the resistance to balanced coverage originates.

Fadim denies that the alcohol-industry threat extends beyond political ads. Susan Thurman, spokeswoman for Taxpayers for Common Sense, says, "The [opponent] companies were never threatening the advertising. We were only pointing out that the proponents were not giving accurate information. You do not have to give free time."

That's true. The FCC requires only "balanced coverage." But opponents had their own smokescreen effort, too. Fadim says that he had been informing stations that the pro-134 side had plans to spend $1 million during the final days of the campaign, despite claiming to have little or no money. Under FCC rules, however, inability to pay would have no bearing on the obligation to provide balanced coverage.

McElroy says that 60 percent of radio stations plan to present the pro-134 argument in one form or another. He has made little progress with television because money to shoot an ad was not available until late September.

The California Broadcasters Association has urged stations not to yield to pressure from either side, says Vic Biondi, CBA executive director. Biondi says broadcasters have a choice as to how to go about the balancing act, and that, "in this instance, those who took the [opponents'] spots have a considerable amount of balancing to do," but the "broadcasters have the regulations to obey and their license to protect, and it's really their responsibility."

McElroy says the stiffest resistance to the proponents' requests comes from the CBS O&Os, which refuse to grant free time and as of late September had not offered plans for mitigating the anti-134 spots. A CBS spokeswoman in New York says that the issue is decided at the television station-group level.

McElroy and others in California disagree, saying that CBS station executives privately report a corporate mandate against free time. "That's the only instance of absolute corporate policy that I've run into," McElroy says, and adds that he'll try to fight if the CBS O&Os offer no balance. His chances in court or with the FCC are slim, though, because proceedings move slowly and after November the issue is dead. Even if the Fairness Doctrine isn't, quite.

CHERYL HEUTON

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Interactive Interaction

BY RICHARD KATZ

OCTOBER 14-17: Women in Cable holds its **National Cable Management Conference** in Tampa, Fla. This year's theme is "Mastering Trade-Offs: Results by Design," and session topics range from fiber to retiering to workforce trends. **Trygve Myhren**, president of **Myhren Media** and **Greenwood Cable Management** and former head of **ATC**, is the keynote speaker.

•

OCTOBER 29: More than 500 professionals from widely varying industries gather at New York's Marriott Marquis for the **Third Annual International Conference on Interactive Entertainment**, sponsored by **NYNEX** and **Alexander & Associates**. One session features **Henry Schuster**, executive producer of ***Network Earth***, **TBS SuperStation's** weekly interactive environmental show. "For most people interactivity means voting on what's [on] next," says Schuster, referring to 900 numbers and **Warner's QUBE** experiment, "and that's not at all what we're about." ***Network Earth*** encourages **CompuServe**'s 600,000 subscribers to use the computer service to interact with the show's staffers and guests. "Not only can you log on and get transcripts of the programs and talk to other people," says Schuster, "but you can actually ask someone, [via] an electronic news conference, for more information."

•

OCTOBER 31: In its continuing quest to involve cable subscribers *and* cable marketers in promotional contests, **The Travel Channel** is once again giving away a trip to each group. Subscribers have until today to mail entry postcards for "The Eyes Have It Sweepstakes," promoting The Travel Channel's ***Paul Ryan's The World Through Celebrities' Eyes***, to win a trip to Hollywood. The system whose subs send the most entry postcards also wins the trip. In May, The Travel Channel gave away ten three-week trips to the Soviet Union, five to subs and five to operators as an incentive to plug the contest. Does the technique work? "Yes, the incentive did make me take notice of [the promotion]," says **Dean Morton**, general manager of **WestMarc Cable** in Scottsdale, Ariz., whose system won a Soviet trip. "But the main reason we did it is that when we have exclusive cable programming we should do whatever we can to promote it, whether it's on The Travel Channel or **Lifetime**." Morton will give the Soviet trip to a subscriber, a charity or a system employee, though he says he'll have difficulty finding someone with three weeks of vacation time coming.

•

NOVEMBER 5: Hot on the heels of **TNT**'s first **National Football League** games, **ESPN**'s eight-week schedule kicks in. Having paid $445 million each for the four-year NFL deals, the cable nets pray that national ratings will hit their guarantees so massive make-goods won't be necessary. On the local front, cable systems are selling all the NFL games as one package for about 20 percent less per spot than last year. "Even though we've got double the inventory, we couldn't sell the package for double the cost because there's just too much [sports] competition out there," says **Lori Talbot**, advertising sales manager of **Cablevision of Baton Rouge** (La.), owned by **United Artists**. "But we're still coming out ahead because it has allowed us to increase the size of our packages and it's inventory we didn't have before."

•

NOVEMBER 9: According to the book ***American History/American Television***, edited by **John E. O'Connor**, 15 years ago today: "Power failure blacks out New York City and parts of eight Northeastern states. Without TV to watch, couples find other things to do, and nine months later maternity wards are overflowing." •

OCTOBER

October 9: The Southern California Cable Association sponsors two seminars, "The PR Factor: Improving Cable's Image" and "A Pay-Per-View Update." Los Angeles Hilton and Towers, Los Angeles. Contact: Kathie Delkos, (213) 398-2553.

October 9-11: Mid-America Cable TV Association's 33rd Annual Meeting and Show. Hilton Plaza Inn, Kansas City, Mo. Contact: Rob Marshall, (913) 841-9241.

October 15-17: Kentucky Cable Television Association's annual fall conference. Hyatt Hotel, Lexington, Ky. Contact: Randa Wright, (502) 864-5352.

October 16-17: Broadcast Credit Association's 24th Credit and Collection Seminar. Harbour Castle Westin Hotel, Toronto, Ontario. Contact: Mark Matz, (708) 827-9330.

October 19: Minnesota Association of Cable Television Administrators' Sixth Annual Fall Conference. Holiday Inn, St. Louis Park, Minn. Contact: Ann Mathews, (612) 347-0434.

October 30: Women in Cable, Atlanta chapter, breakfast meeting. Westin Lenox, Atlanta. Contact: Pam Hayes, (404) 928-0333.

New, Improved Boot Camp

The granddaddy of rep-firm training programs gets a facelift and a new home.

BY MICHAEL BURGI

Most rep firms have some sort of sales-training program. Blair TV, however, started the first one back in 1977, and has turned out nearly 150 graduates since then, almost half of whom still work at the company. When Blair restructured its Chicago operation in January, it took the opportunity to move the training program to New York and hand it back to the man who launched it, Bob Saracen. Saracen, in turn, has condensed and updated the program, making it more relevant to today's competitive rep business.

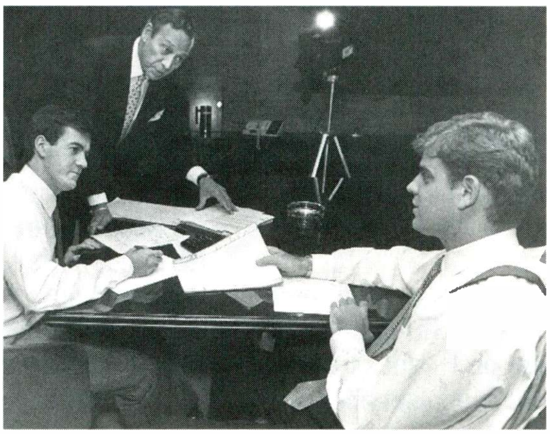
"You know when people talk about real-time computer time?" explains Saracen, Blair's v.p. of sales administration. "I like to run this as the sales equivalent of real-time. By the end of their training, the 'sales associates,' as we call them, have to be completely up and running, able to deal equally well with the media buyers and the sales manager at the station."

Saracen has been with Blair since 1972. He began the program in the Chicago office after working as an account executive there. Back then, sales training took three months to complete. It now takes six weeks. When the program permanently relocated to New York in January, Saracen, who had moved on to Los Angeles, was called back to revamp it. The rethink comes at a time when, as Bob Herbst, manager of Blair's Philadelphia office, always warns the budding sales associates, "Advertisers are starting to skip the national sales organizations like us. We *have* to get that back."

The whole training process—which takes place two to four times a year, depending on the need for new account executives at Blair's various offices—begins with interviews of close to 100 initial candidates. Once they're pared down to ten, the candidates are flown to New York for the final interview.

The most recent session began in July, ending right before Labor Day. Four candidates (three men and a woman) started the program, with three others taking part only in certain sections.

Week one began with the associates meeting top- and mid-level Blair management, continuing with what Saracen refers to as the "homework:" Learning about stations, agencies, the media buyer, ratings and research and the requisite terminology.



Bob Saracen critiques two sales associates during a role play.

During week two, trainees learn the Donovan computer system, the workhorse of Blair's sales staff. The third week brings the associates into contact with the first "guests" who participate in the program. A television-station panel is followed by two agency media buyers discussing their perspective on the station/rep/agency relationship. The next guest, the agency client, describes his take on the business. At this summer's session, participants included Jack Shenkan, director of sales for Hearst Broadcasting, and Bonita LeFlore, a senior v.p. at N.W. Ayer New York.

Candidates spend most of the fourth week immersed in different sales techniques. Rounding out the week is a look into the future with a session called "Selling in the 1990s," where the impact of cable, satellite and other broadcast advertising competition is examined. According to Saracen, Blair "no longer trains people to sell a commodity." Agencies and stations expect, and Blair tries to deliver, more marketing-oriented salespeople.

The final two weeks make up the most important part of the entire program: role-playing. It begins with the associates watching two seasoned Blair account executives, one portraying herself repping a CBS affiliate and the other the media buyer. A second role play includes a rep for an independent and another media buyer.

Having witnessed two role plays, the associates themselves climb into the hot seat. Saracen and the other associates critique the resulting videotapes. The role-play observer feedback form that Saracen and the associates fill out looks as much for eye contact, appearance, gestures, facial expressions, language, and tone of voice as for more obvious business skills.

When associates finish the program, a cumulative grade is culled from a dozen exams and assignments on which they are graded. If the associates pass (almost all of them do, says Saracen), they are shipped off —at Blair's choosing—to one of the company's 19 offices.

Including guests from agencies and stations, the whole program involves some 75 people. Saracen's biggest complaint with presiding over the program is logistical. Making sure every teacher will be in room 7E that morning *every* morning for six weeks does cut into his other responsibilities. "Without my assistant to help me, I'd weigh 20 pounds right now and they'd be carrying me out of here in a basket," he says. It looks, however, like his job won't get any easier: Blair may accept requests from client stations to enroll their salespeople in the program. •

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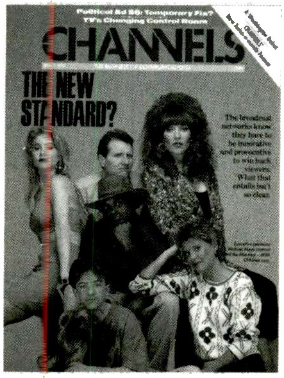

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☐ Independent Cable TV System
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☐ MSO Headquarters/Regional Office
☐ Cable TV Network
☐ Cable Rep/Interconnect Firm

OTHER MEDIA
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☐ TV/Cable Production Facility
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☐ Law Firm
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☐ Advertising Agency
☐ Public Relations Firm
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☐ **NEWS:** News Vice President, Director, Manager or Producer
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☐ Market/Audience Research Firm
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☐ TV/Cable Production Facility
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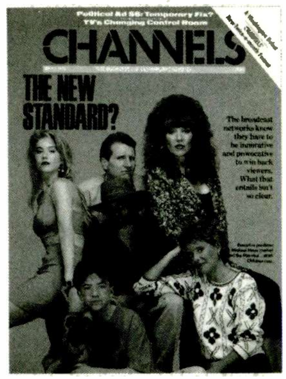

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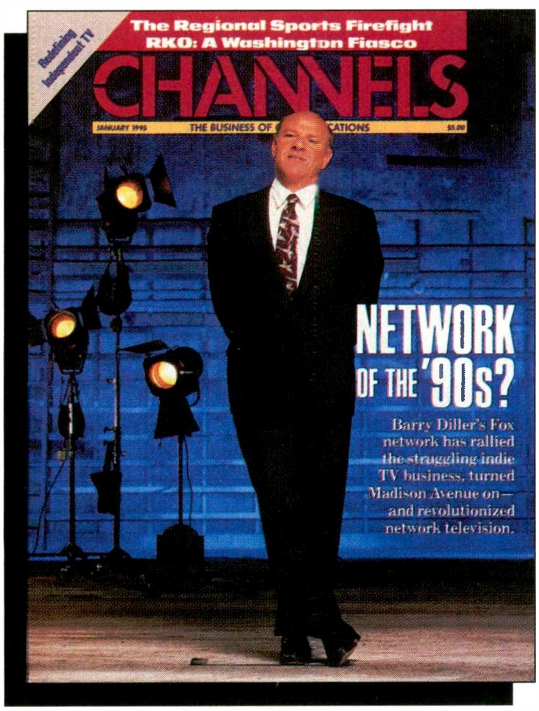

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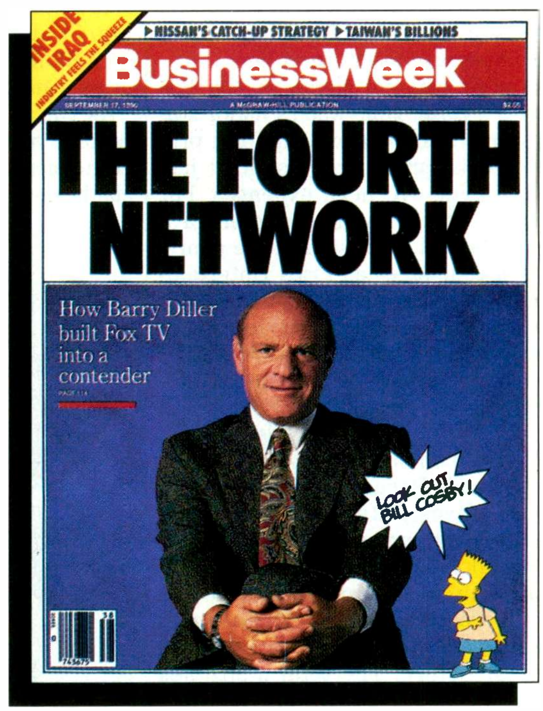
January, 1990



BUSINESS WEEK
September 17, 1990

Minis Get Major Again

Big studios find that made-fors and miniseries make economic sense again.

BY NEAL KOCH

During late 1988 and early 1989, Columbia Pictures Television fired a number of executives and put its money-losing long-form production unit on the block—but couldn't find a buyer. One of the better sources of made-for-television movies and miniseries was left to wither.

Columbia was not alone. As the '80s drew to a close, Hollywood's major studios were bailing out of long-form production—the profit margins didn't justify the huge overhead expenses. For the most part, only independent producers seemed interested in the genre. To such companies as Fries Entertainment, with lower (often non-union) cost structures, a $250,000 movie-of-the-week producer's fee meant something.

But the '90s have found studios quietly jumping back in. This September, the largest producers of miniseries and MOWs—Columbia, Lorimar Television, New World, Paramount, Universal, Warner Bros., Republic Pictures, Hearst Entertainment, CBS Entertainment and NBC Entertainment—had about 30 projects in production for the 1990-91 season for the Big Three broadcast networks, compared with just 13 the year before. The total multiplies when made-for-cable movies are included: Paramount and Universal are producing 24 a year for their jointly owned USA Network, and TNT plans to keep raising its output until it can offer one a week. In addition, the Fox network aims to air two to three made-fors a month during the 1991-92 season, starting with a few this fall.

Big studios began dropping out of the long-form production business in the late '80s amid the loss of federal tax incentives, rapidly rising production expenses, the lack of a sufficiently vigorous aftermarket and falling ratings. According to A.C. Nielsen, the average miniseries dropped to a 17.4 rating/27 share in 1988 from an average 30.8 rating/44 share in 1983. *Roots* rated a 31.1/66 in '78, but *War and Remembrance* mustered only an 18.6/29 in '88.

As the television environment has become more complicated, so have the economics. A new convergence of financial incentives is now bringing big players back into the market. Perhaps most important is that the foreign market has picked up enough to make long-form financially viable even for large players. But since profits remain relatively low, other incentives must be considered as well.

Ironically, one of those incentives is the inflated prices studios now pay for valued producing, directing and writing talent. Having bid fees up so high, studios look to spread the costs of this expensive talent when they're between series. For instance, when *Hill Street Blues* alum David Milch recently moved to Columbia from MTM, his contract specified that he also create long-form programming. Once a movie has aired, another economic incentive, in an age of corporate buy-outs, is that long-form programs help build a studio's library, increasing its asset value.

For those studios that own their own domestic distribution channels—Paramount, MCA and Fox, for example—more sources of revenue are now available for the same product. In Fox's case, owner Rupert Murdoch further spreads the cost of network programming by using it to help his Sky Television satellite networks in Europe. Networks also seem more willing to use two-hour movies as a back-door for series pilots, encouraging studios to take on the MOW risk.

The Big Three have contributed to the surge in long-form production with stepped-up schedules of in-house MOWs and miniseries. NBC Productions has six MOWs and miniseries on the slate for this season, up from three last year. CBS has four, up from two. While, like some of the large studios, CBS and NBC decline to comment on their increased production, it's noteworthy that this November marks the expiration of the federal regulatory cap of five hours of prime-time programming per week which each network can own an interest in and air. Some reports are that new restrictions, if any, might not be imposed by regulators until at least May 1991. Given the activity at the networks and the studios, it seems safe to say that the long-form presence will grow as the season unfolds. •

Despite disappointing ratings for such miniseries as *War and Remembrance*, studios are warming again to long-form production.

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The Twenty Years' War

The pols may win their latest skirmish with broadcasters over advertising rates.

BY PENNY PAGANO

"The problem with campaigns is not radio and television—the problem is spending."

With this statement, former president Richard Nixon vetoed legislation in 1970 that would have limited the amount of money that political candidates could spend on radio and TV and required broadcasters to sell advertising time at their lowest rates.

Some things, it seems, never change. Twenty years later, the battle over campaign financial practices rages on, and efforts to lower broadcast rates remain an ever-present ingredient in the mix of proposals circulating through the halls of government.

The controversy pits broadcasters against politicians who're convinced they get a raw deal from radio and TV stations when it comes to political advertising rates. It's an election year, and soaring campaign costs have Congress thinking reform.

Broadcasters feel just as strongly that they do not discriminate against politicians when it comes to rates. Of the myriad regulatory issues that affect broadcasters—and NAB president Edward Fritts says his association is tracking more than 150 of them—only a few, such as spectrum fees, raise the hackles of broadcasters as much as proposals to revise the current rules for political advertising. "There's no question," says one industry lobbyist, "that this is a very emotional issue for broadcasters."

Congress, however, buttressed by the Federal Communications Commission's September report that a majority of stations that it audited do not comply with current statutes, may have the added ammunition now to toughen restrictions on broadcasters.

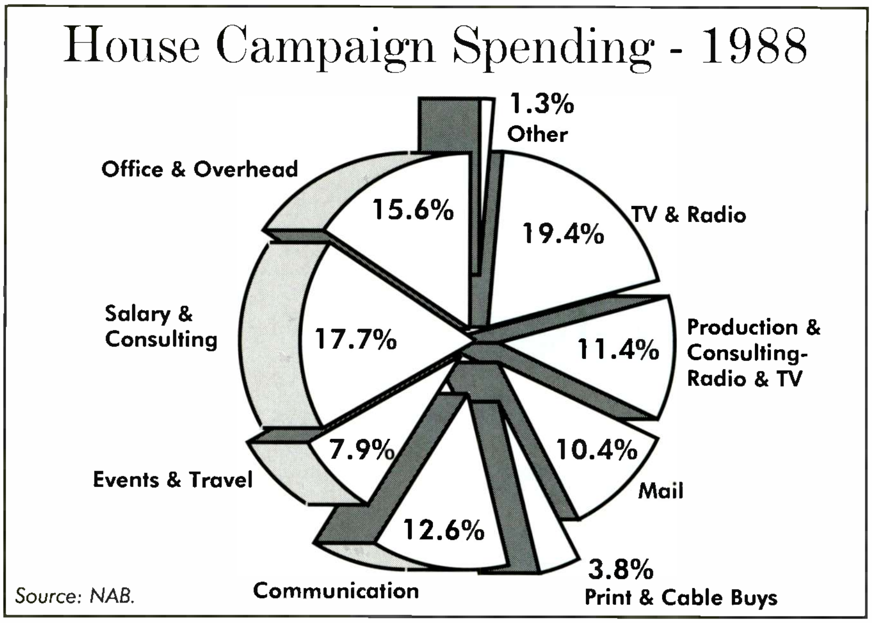
Both the Senate and the House have passed campaign reform measures that include provisions aimed at broadcasters. The Senate approach essentially assures political candidates who agree to follow campaign spending laws that they will get the lowest unit rates for nonpreemptible spots.

The House took an entirely different route, effectively discarding the lowest unit rate in favor of a plan that would allow candidates who agree to campaign spending laws to get one political spot free if they purchase two spots. The thrashing out of a final proposal will be left to a conference committee. Whatever plan results, however, is clouded by President Bush's vow to veto any legislation that establishes public financing for Congressional campaigns.

David Bartlett, who heads the Radio-Television News Directors Association, calls the bills on Capitol Hill impractical and unconstitutional. By taking advertising time from broadcasters and cable operators without compensation, broadcasters would be robbed of revenue while politicians who don't want to pay going advertising rates would have a financial windfall.

The NAB, clearly more comfortable with the House proposal than the Senate plan, had its own wish list of changes, including shortening the period in which lowest unit rates apply (reducing the period from 60 days to 45 days before a general election and from 45 to 30 days before a primary), ensuring that spots remain preemptible until paid for, and allowing spots to be preempted without penalty when sports events run long or breaking news occurs.

The fact that more than a dozen bills have been introduced in Congress this year dealing with campaign reform and broadcast advertising reveals, if anything, a lack of a clear consensus about what approach best addresses the current campaign spending dilemma.



Source: NAB.

While the Congressional timetable in the waning months of this session will be a factor in what legislation emerges, some believe the outcome is inevitable. "Broadcasters will have to ante up one way or another, whether they like it or not," says Larry Sabato, a professor of government at the University of Virginia who served on the Senate's panel of experts on campaign reform earlier this year.

It was in 1972, two years after Nixon's veto, amid increasing complaints about campaign spending and broadcasting costs and access, that Congress passed new legislation aimed at halting spiralling campaign costs and ensuring political candidates greater access to the media.

As part of that plan, Congress directed broadcasters to charge legally qualified candidates the lowest unit charge for the 45 days preceding a primary election and the 60 days before a general or special election. Congress said that its intent was to put the candidate "on par with a broadcast station's most favored commercial advertiser."

These provisions, left to the FCC to implement, have become the focus of efforts by lawmakers to address political advertising as part of broader campaign reform packages.

One of the things that politicians tend to agree on is that the cost of running for office is getting out of hand. Many think that broadcasters are sticking it to them with high advertising rates, preemptible spots, and other restrictions on available time. Simply put, politicians want a break on what they spend on broadcast advertising.

Broadcasters, on the other hand, see things a bit differently. They don't think the current rules on lowest unit rates need major adjustment, nor do they think that politicians are being shortchanged when compared to the rates that they negotiate with their best commercial customers.

Last month's report by the FCC's mass media bureau, following its audit of 20 TV stations and ten radio stations, was clear: "At a majority of the stations, political candidates have paid higher prices than commercial advertisers because sales techniques encouraged them to buy higher-priced classes of time." "There is a problem," says Roy Stewart, chief of the Mass Media Bureau.

The NAB responded that the report gave the impression that conclusions had been reached, when in fact they had not. According to the NAB's Fritts, the report adds "more misunderstanding and confusion to a subject rife with difficult interpretation."

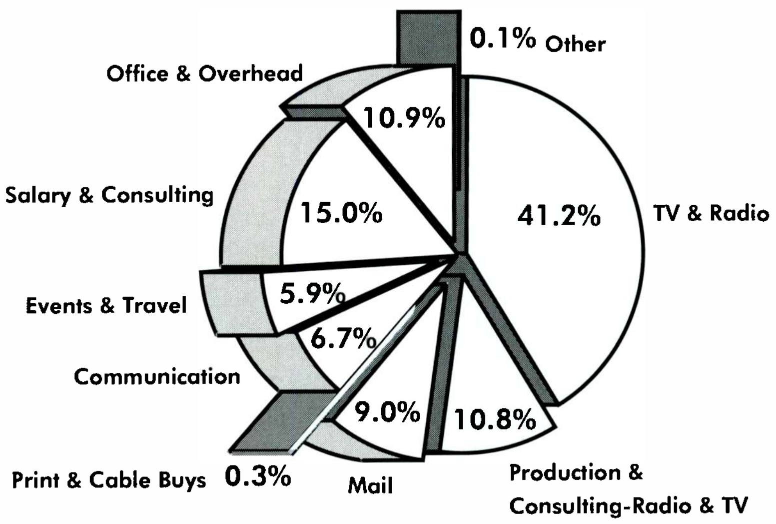
While broadcasters question the FCC's findings, they also worry that new legislation will only increase demands for political spots in the fourth quarter of the year, which traditionally is the busiest period for broadcasters.

And then, broadcasters say, there is the larger question: Will new legislation aimed at political advertising actually lead to lower overall campaign expenditures? Or will the savings from lower ad costs simply be used to pay for other campaign expenses?

Finding an equitable solution, or at least one that is palatable to both politicians and broadcasters, won't be easy. Finding a solution that actually results in lowering overall campaign expenditures will be even harder.

Sabato suggests that the current situation may prove a stalemate. As for proposals affecting broadcasters, he thinks that his plan calling for free television and radio time for political parties coupled with flexible spending limits in other areas is the best possible compromise.

Senate Campaign Spending - 1988



Under Sabato's proposal, all radio and television stations would allocate four hours of free broadcast time each year to the two major political parties. The time would be divided in half between the national and state party organizations, which, in turn, would allocate time to individual candidates.

"Broadcasters don't like my proposal because it involves free time," Sabato says. But he thinks that broadcasters should give it another look, and weigh what he sees as the benefits of dealing with two entities rather than the array of individual candidates.

Sabato also reports that when he broached his idea privately with a dozen senators while serving on the Senate's campaign reform panel, they all liked the plan. But publicly, most were reluctant to offer endorsements. "Most won't take the chance of offending the broadcasting industry," Sabato says.

Former CBS senior vice president Gene Mater, who has sparred publicly with Sabato over the proposal, says the plan unfairly discriminates against the broadcast media, makes no provision for candidates of other political parties, and doesn't cut campaign costs because individual candidates would still be allowed to buy additional time.

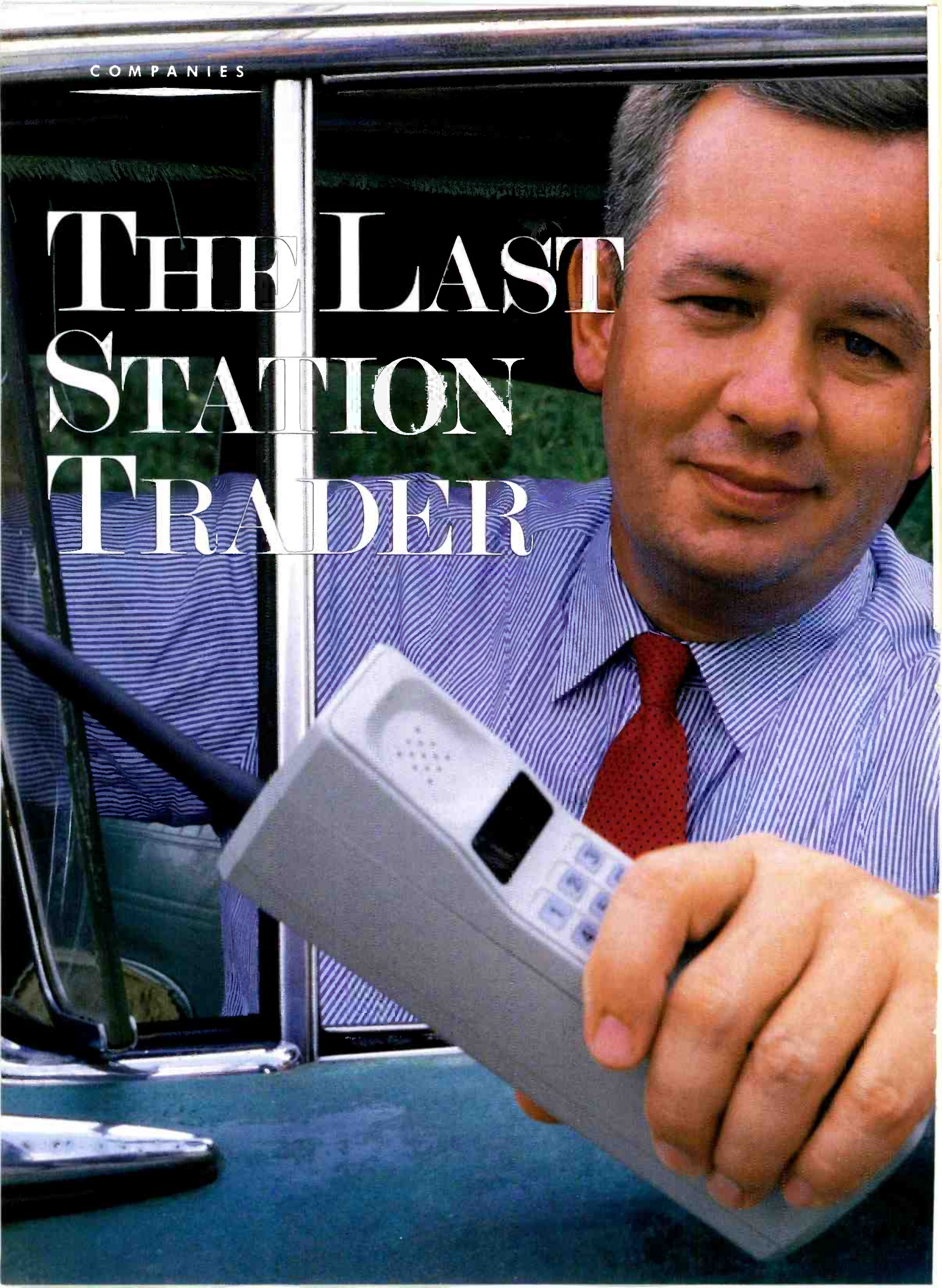
Mater, now with John Adams Associates, a public-affairs consulting firm in Washington, D.C., also contends that Sabato's proposal challenges the basic freedoms of broadcasting. Mater says it is "selective discrimination" to blame broadcasters for the ills of rising campaign spending: "It's not television's fault."

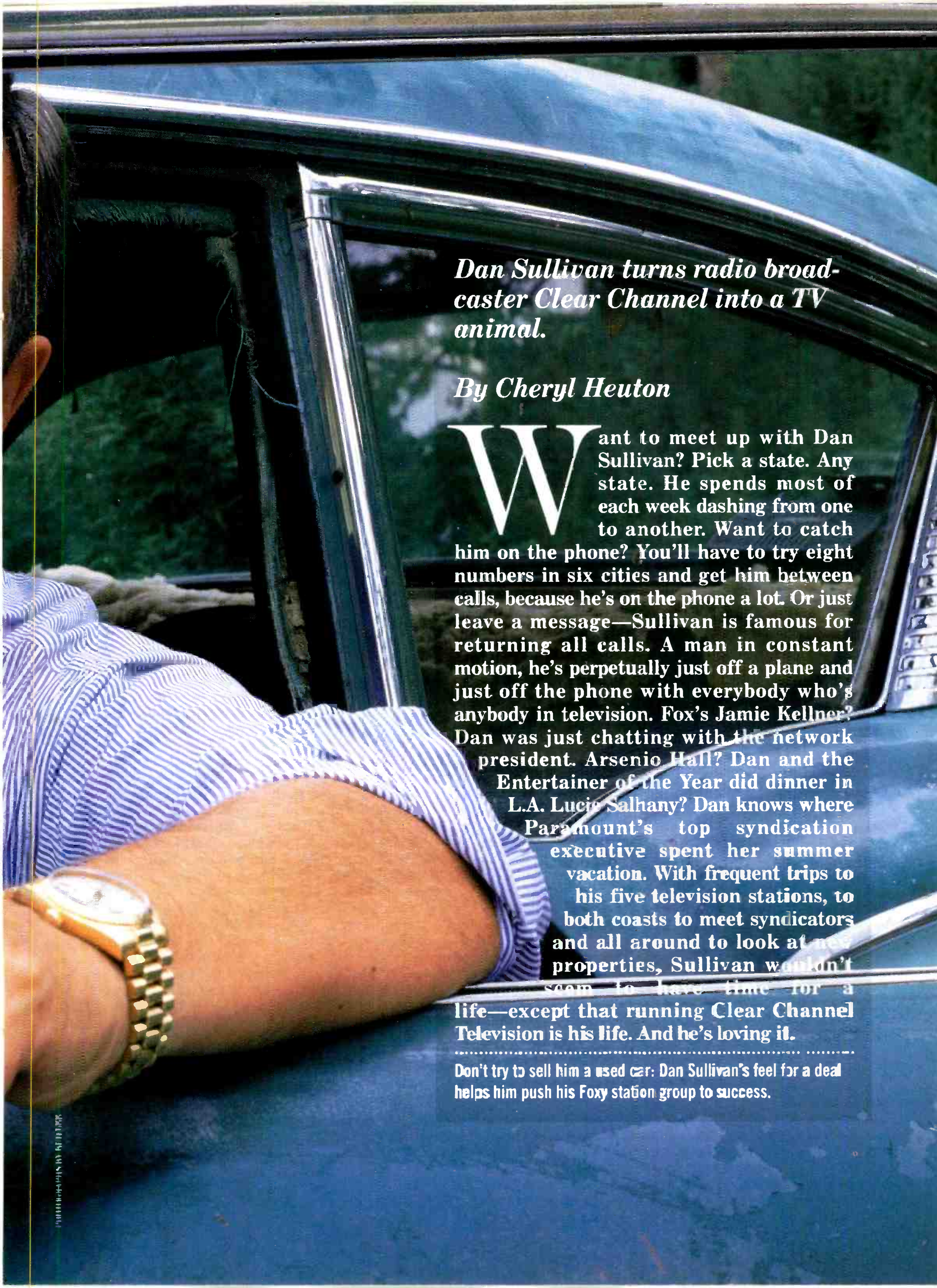
Needless to say, events such as the FCC's surprise audit have only heightened broadcasters' anxieties over the issue. Few in the industry would dispute Marty Brantley, president of independent television station KPTV in Portland, Ore., who says it is understandable that broadcasters feel defensive on this issue. (His station, one of those targeted for the FCC audit, sent between 400 and 600 invoices to the Commission. "And we had a relatively mild primary," he adds.)

"I understand the problems that Congress has with fundraising. It is a big problem. Something has to be done to get good people into the system, and to get campaign spending under control," he says.

At the same time, Brantley believes that the efforts aimed at broadcasters don't address the overall problem. Moreover, broadcasters feel that with their participation in public service and other areas, that they are already doing their part. "Let's be fair rather than pick on us one more time," he says. •

THE LAST STATION TRADER





Dan Sullivan turns radio broadcaster Clear Channel into a TV animal.

By Cheryl Heuton

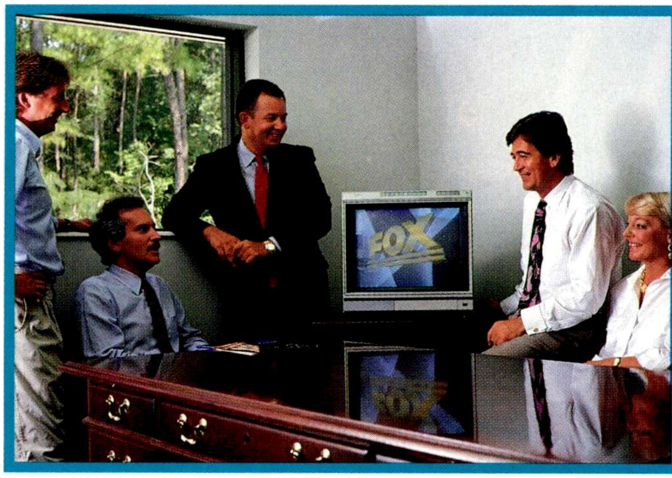
Want to meet up with Dan Sullivan? Pick a state. Any state. He spends most of each week dashing from one to another. Want to catch him on the phone? You'll have to try eight numbers in six cities and get him between calls, because he's on the phone a lot. Or just leave a message—Sullivan is famous for returning all calls. A man in constant motion, he's perpetually just off a plane and just off the phone with everybody who's anybody in television. Fox's Jamie Kellner? Dan was just chatting with the network president. Arsenio Hall? Dan and the Entertainer of the Year did dinner in L.A. Lucie Salhany? Dan knows where Paramount's top syndication executive spent her summer vacation. With frequent trips to his five television stations, to both coasts to meet syndicators and all around to look at new properties, Sullivan wouldn't seem to have time for a life—except that running Clear Channel Television is his life. And he's loving it.

Don't try to sell him a used car: Dan Sullivan's feel for a deal helps him push his Foxy station group to success.

Sullivan got a rare opportunity in 1988 when he was hired by Clear Channel Communications Inc. to build a television station group. Rare because he gets to do it his way, and because Clear Channel has the reputation and financial resources for a serious run at the television business. Well, as serious as anything can be under Sullivan—the ebullient, animated Tennesseean seems to be constantly fighting an urge to chuckle. When he talks about his company, he tends to break into a broad grin.

He's earned the right to smile in a business that makes most gnash their teeth. Growth has come through well-timed deals deftly handled. In 1988 Clear Channel, based in San Antonio, owned 16 radio stations in five states. During the latter part of 1989 the company purchased four television stations located in Mobile, Ala./Pensacola, Fla.; Tucson, Ariz.; Jacksonville, Fla.; and Tulsa, Okla.

In August of this year the company bought a fifth station in Wichita, Kan. Clear Channel can now boast the greatest concentration of Fox Broadcasting Co. affiliates held by a public company: Four of its five stations are Fox. Indeed, some analysts seeking means for clients to invest in the Fox phenomenon recommend Clear Channel, since investing in News Corp. offers a participation too diluted to be a meaningful Fox play.



A corporate manager without corporate staff, Sullivan relies on station-level support, like his Jacksonville executive team.

The Fox angle, however, isn't the only reason analysts focus on Clear Channel. In an industry where management seems fatally drawn to high leverage, higher prices and expansive budgets, Clear Channel has remained cautious, conservative and lean. The company thus seems an anomaly, but Alan Gottesman, analyst for PaineWebber Inc., offers this perspective: "It's everything else that's odd. The way other media companies do business—that's what doesn't make sense."

Clear Channel was founded in 1972 by L. Lowry Mays, then an investment banker. For 16 years it built a solid reputation for success in radio. For example, despite competition from dozens of rivals in a competitive market, its Louisville FM and AM stations claim about 30 percent of the listenership and 40 percent of the $25 million available for all radio sales. In San Antonio, its stations earn about half the market's radio ad revenues. The company's overall net revenues hit roughly $45.7 million in 1989. Lynn Detrick, analyst with Lovett Underwood Neuhaus & Webb Inc. in Houston, places Clear Channel's gross broadcasting revenue growth at a compounded 26 percent over the past five years, with cash flow rising 11 percent. PaineWebber's Gottesman estimates that net revenues will rise nearly 30 percent to $66 million for 1990, and another 14 percent to $75 million for 1991.

Clear Channel's foray into television started in 1987, when management decided the price of radio stations was beginning to get too high. "It became almost impossible to purchase a radio station and get the return we required," says Mark Mays, company treasurer and son of Lowry Mays. Clear Channel was intrigued by the independent TV business because programming costs were coming down, and many stations were being run by people who weren't broadcasters. "They were people attracted to the glitz and glamour, but in many cases they didn't know what they were doing. That meant there was potential for professional management to cut operating costs and improve sales and revenues," the younger Mays says. In addition, the company felt that radio had taught it useful skills. Explains Mays, "In the radio environment, one market can have 25 to 30 stations. To succeed under such competitive conditions, you must have promotionally oriented marketing, and you have to direct your efforts to local businesses. We knew we could take our radio savvy and push it into independent TV."

Moreover, in the station market of the late '80s, high programming costs and slumping ad sales had begun to thin the ranks of buyers. Few banks wanted to finance the purchase of an unaffiliated station, particularly if the purchase required high leverage. Clear Channel's advantage was that its leverage—its debt load—is quite low for a broadcast company. With good credit lines at decent rates ("Lowry never pays more than prime," says Sullivan), the company was ready to buy at a time when few were interested in independents.

Enter Sullivan, whom Lowry Mays had met through various business connections. Sullivan, 39, had begun his career in 1973 as an ad salesman at WTVK in Knoxville, Tenn. He had worked as a general manager, then run eight independent stations for Media Central Inc. before moving to Southwest Multimedia Corp. in 1986 as executive v.p. and COO. Sullivan was happy at Southwest and not eager to leave, but says Mays told him, "You find the stations, you negotiate the deals, you run the company. It was a Godfather deal—I couldn't refuse." Sullivan came to Clear Channel in September '88 as president and COO to start up the wholly owned TV subsidiary, and the importance of his broadcasting expertise and deal-making drive to the ambitious little radio company has been essential: "We wouldn't be in the TV business if we hadn't found Dan to run it for us," says Mark Mays.

The company's acquisition plan was to seek Fox stations in mid-size markets ranking between 40th and 70th, ideally owned by non-broadcasters. WPMI in Mobile, Ala., located in the 55th largest market and owned by Michigan Energy Resource Corp., was first. The Fox affiliate sold to Clear Channel for $8.1 million in a deal that closed on the last day of 1988.

Next came KTTU-TV in Tucson, Ariz., the only station that doesn't meet Clear Channel's stated target profile. It's not a Fox, and its market, at 79th, is smaller than those the company prefers. It was, however, owned by a non-broadcaster—the Catholic Diocese of Tucson. Perhaps it was the price tag that did the most to entice Clear Channel: At $2.2 million, it was *cheap.* KTTU's ratings and revenues are up, Sullivan says. "Most would say its performance is great. For us, though, it's average. If I had it to do over again, would I buy it? No comment."

Tulsa's KOKI, the next purchase, is Sullivan's favorite deal. The Fox indie, ADI 57, had been owned by a limited partnership. When Sullivan first looked at the station, the sellers wanted "around $10 million to $12 million," he says. "I thought that was too high. But the partners were reaching the point where they were getting tired of pouring money into the station. When they finally did reach that point, we were there with a good offer, a firm offer." Final price: $5.4 million.

The deal, settled in March 1989, didn't close until December 1989 because Clear Channel owns two radio stations in Tulsa and needed approval from the FCC to own yet another outlet.

At $5.4 million KOKI was a bargain, but during the six months between the signing of the agreement and the FCC approval, it got even better. The regional economy began a rebound, the other independent went dark and programming prices dropped. Sullivan cut KOKI's programming costs from $120,000 monthly to $50,000. Ratings rose and cash flow, $400,000 for 1988, leapt to $700,000 in '89. It's running ahead of 1990's projected $1.6 million and is expected to hit closer to $2 million. That would mean Clear Channel's $5.4 million price was at just over 2.5 times cash flow for the coming year—when seven times cash flow is considered a steal.

WAWS-TV in Jacksonville, Fla., was next on Clear Channel's march through the South. Once again, Sullivan thought the price too high, and passed. Smack in the right market size (56), and a Fox affiliate, WAWS' drawback, as far as Sullivan was concerned, was that it was owned by Malrite Communications, a company Sullivan considers an experienced operator. But when a deal with another buyer fell apart at the last minute, Malrite called Clear Channel, and the two settled on $8.1 million, less than the first asking price, and less than the deal that fell through, according to Sullivan.

The most recent purchase, final in August, was Wichita's KSAS, a Fox affiliate in the 61st largest market. Sullivan had looked at it several times while he was working for Southwest Multimedia, but the price had never been right. It was owned by a limited partnership, and because of debt obligations and the costs of operations, "the price they needed to sell for was more than it was worth," he says. A Chapter 11 bankruptcy forced the seller's hand, and Sullivan agreed to buy the station only if the deal involved no programming costs. The syndicators and the bankruptcy judge approved. "They got their programming back, we got a clean slate." Sullivan cut the monthly programming costs from $140,000 to $40,000. The estimated cash flow for first year is $1.2 million, but "personally, I think we'll just blow by that," he says.

Analyst Gottesman of PaineWebber points out that in the Wichita deal, Clear Channel paid almost nothing for "good will," that ineffable quality that makes broadcast outlets worth more than the equipment and property they include. "In some of these broadcast deals, 70 percent of the purchase price is good will. In the Wichita deal, there was no good-will cost. They bought it for the price of facilities."

The buying binge may be over, for now, due to market conditions and the lack of desirable stations available. "Some are not up for sale because their cash flows are improving," points out Mark Mays. "And, of those stations in the 40-70-size markets, we already own five. ACT III owns seven, and that's half of them right there. With fewer left to buy, the remaining are tougher to purchase. In the near term I don't see that we'll be able to purchase as readily." (ACT III Broadcasting, a main competitor of Clear Channel, is a subsidiary of the parent company that owns *Channels*.)

Sullivan agrees with the younger Mays that the opportunities have thinned. Perhaps that's for the best now, because his management method has him stretched pretty thin as it is. Though Sullivan gives general managers and department heads great autonomy, he spends nearly all his time at stations. And when he's not doing that, he's meeting with station rep firms, syndicators, brokers and investment bankers. It's a frantic schedule, and among his managers and outside business contacts, he has earned a reputation as a tough negotiator, an intelligent operator, and a stunningly hard worker.

His dealing style combines business smarts with sly fun. "I suppose I'm not a favorite of the program sellers," he grins. "When they ask, 'Don't you want to be the highest rated station?' I say, 'No.' That stumps them. You know, the syndicators send their salespeople to training sessions, where they learn the right response to anything the client might say. But there's nothing in their manuals that tells them how to respond if the client says 'No, I don't want to have the number one ratings.' They just sit there." Sullivan's answer is more than a playful attempt to befuddle, though. "I really don't care about having the highest ratings. My goal is to have the highest profits." Even with spending less on programming, however, Clear Channel's ratings are up. The July books showed the 1989-90 sign-on to sign-off ratings up 50 percent in Mobile and Tucson, 43 percent in Tulsa and 13 percent in Jacksonville. Only Wichita saw no growth, "but hey, we just got that station in August," Sullivan says.

Program sellers and station reps respect Sullivan. "Dan is first and foremost a good businessman," says Terry Mackin, v.p. of syndication, Western region, for Columbia Pictures Television. Mackin calls Sullivan "one of the sharper guys that I deal with. He's a tough negotiator, underline tough." Ray Johns, president of the rep firm Seltel Inc., which reps three Clear Channel stations, says, "Dan has good vision of what's ahead. He's an excellent appraiser. Every property he has gained in value, with dramatic improvements in the on-air look, programming,

INSIDE THE MAYS

The Clear Channel style centers around a lean corporate staff, decentralized authority, market research and the courage of number-crunched convictions. If these sound like products of a good business college, it's because they are. Asked where he learned how to run a company, Lowry Mays answers simply, "Harvard Business School."

The native Texan, 55, earned a degree in petroleum engineering from Texas A&M. After a stint in the oil fields, Mays got his Harvard MBA and became an investment banker. In 1972 he and investor B.J. "Red" McCombs purchased a San Antonio radio station. By '75 they'd bought four, and Mays became a full-time broadcaster.

Mays believes in delegating authority. "The station managers work up a rigorous yearly plan," he says. "As long as the plan is being achieved, which it generally is, managers are totally free to captain their own ships." Mays, as joint board chairman of the NAB, spends considerable time in Washington, sometimes testifying before Congress. "He has one of the widest variety of contacts of anybody in the business, ranging from rank-and-file broadcasters to network chiefs to corporate leaders," says Eddie Fritts, NAB president.

Mays' conservative business style is reflected in his dress and demeanor. "He is not," says an associate, "one of those ten-gallon hat and cowboy-boot types." And he's meticulous in tracking operations. "He never forgets a number," says Clear Channel president Dan Sullivan. "Every projection sticks in his mind." Cost controls are strict, though money for improvements is readily granted. Jason Elkin, g.m. of KTTU Tucson, says that he got $50,000 for a new earth station with one phone call. "But then I've had to pay for the scotch out of the mini-bar when on a business trip." C.H.

ratings and revenues. It's magical—he's five for five."

Marty Ozer, president of Katz Independent Television (two Clear Channel clients), says, "Dan is an excellent negotiator. He knows how to get what he wants at a price he feels is fair to him. I don't think he's ever overpaid for anything in his life. But he's fair—he doesn't leave a person with a bad taste in their mouth."

Clear Channel, which has "Foxified" its stations in promotions and print ads, is enthusiastic about Fox-style value-added advertising, and has leapt on the Fox Kids Club idea. WPMI pioneered a Teen Card, for older kids, that offers members discounts at advertising businesses. The Teen Card idea is spreading to other Clear Channel stations and has caught the favorable attention of Fox's promotions department. In Mobile, where an estimated 90,000 teens live within the station's ADI, 24,000 hold Teen Cards.

The programming at Clear Channel continues along familiar independent lines, except during those hours when Fox shows come into play. The usual is a morning kids' block, older half-hour and hour-long off-net shows in the afternoons, followed by an afternoon kids' block. The early evening fringe is devoted to newer sitcoms. Prime, on non-Fox nights, is a movie, followed by *Arsenio Hall* and *Hard Copy*. Sullivan plans to add news operations at each station to tie in with Fox Broadcasting's news efforts. Current plans call for phasing in news at one station in mid-'91, a second in late '91 and two more in '92. "Our news operations will be smaller than a typical network affiliate's," he says, "but they will be new to stations that haven't had local news before."

All of his planning and management takes place on the road, for a simple reason: There is no corporate television staff, either at Clear Channel's San Antonio headquarters or at the television group's Houston base. The only centralized operations are research and financial. All the rest, including programming, sales and promotion, are run out of the stations, with each g.m. responsible for researching a topic and keeping his colleagues informed. Programming and sales decisions that affect all stations are made by consensus.

So if Sullivan isn't running everything himself or serving as the emissary from headquarters, what does he do while at the stations? Mostly he roams the halls, talking to employees, all of whom he knows on a first-name basis. David Godbout, g.m. at Jacksonville, says the last station-group director he worked for was more typical of the breed. "He'd come to the station, walk right into my office, and stay there. After he left, I'd call a meeting and tell the staff what he said. With Dan, he's in with me about 15 percent of the time, and rest of the time he's up and down the halls. He doesn't interfere with how I run the station, but he knows what everyone here thinks about how I run the station." Ric Gorman, g.m. at Mobile's WPMI, says, "Dan gives management enough rope to build a bridge, or hang themselves, but he'll grab us before the rope snaps. Dan's involvement is day to day, but when he's in the station he's a sounding board, a resource, for the entire staff."

During a visit to Jacksonville, Sullivan dashed about the halls, greeting the staff by first names. Employees spoke freely with their corporate manager, jumping into detailed conversations on topics they'd last discussed with him several weeks before. Sullivan never missed a beat. Production manager Peter O'Brien describes the Sullivan hands-off-but-in-touch style: "Dan told me to make the production operation self-liquidating, but he let me decide how to do it. All he wanted to know was how—exactly how—I planned to do it, and why I thought particular ideas would work. Now we make money, but Dan still stays in touch, even about little things. But it's my department to run and that gives me a feeling of pride."

The system appears to be working, as indicated by the rising ratings, revenues and regard from analysts, who say that Clear Channel's mistakes are few and not significant. One questionable decision was last year's payment of a $3 per share dividend. The company took out a loan to finance the $11 million expense. The move, analysts say, was probably done to alleviate investor restlessness in the stock price's failure to reflect fully the company's success. Though the price has tripled in its six years as a public company, it hangs around the $10 to $12 mark—making it relatively undervalued, according to analysts who place its true value at nearer to $20. Investor pressure is no doubt keenly felt, since about 4 million of the 6 million shares outstanding are closely held. Lowry Mays holds about 1.4 million, investor B.J. "Red" McCombs another 1.3 million. Officers and directors together control some 70 percent. "If they run the company like it's their money, it's because it is," says Gottesman. "The stock price has not kept pace with the company's success, still, the dividend wasn't the optimum use of the money. They likely did it as a tactical expedient, to keep shareholders quiet and happy. The company's really not the worse for it."

Part of the reason the stock remains undervalued is simply because that's a trend among broadcasting companies. But it also reflects the very thin float of Clear Channel's issues. Only about 2,000 shares are on the market at any time, and many a day passes when none are traded.

The other specific fault cited by some is the purchase of the Tucson indie, but it's hard to call that a fault outside of Clear Channel's own business plan. The station is improving, and makes money. It detracts from the company's Foxy image, but then, "it reminds us what independent television is all about, and that independent television is still a core business for us," Sullivan says.

As for his own corporate manager, Sullivan feels that Mays' only fault is that "he is very slow to pull the trigger. It's very difficult to get him to go forward with a deal, even when everything is right." The Tulsa triumph, in fact, created a new problem. "Now he wants every deal to be that good," he says. "No matter what I do, he says, 'But it's not as good as Tulsa.' " Gottesman agrees that the company's conservatism might be a fault, but "then, for every ten high-flyers, eight get shot down. Dan Sullivan may think Mays is slow to pull the trigger, but considering the number of deals he has done, that can't be true."

The low-profile company won't remain so much longer, as more investors eye its stock, and Fox gains clout. Fox Broadcasting president Jamie Kellner calls Clear Channel "one of the more aggressive groups," and cites "strong programming, interesting promotions and a willingness to put their money where their mouth is with spending for station improvements."

For now, Sullivan's travels continue ("I spend more time talking with the travel agent than with my wife"), and he'll keep looking for those special deals. "I love this work," he says. "You couldn't pay me enough to do it if I didn't. I'm having the time of my life, and what I really like about this company is that, for the first time, I really feel we can win." ●

On Clear Channel's Dial

HOLDINGS

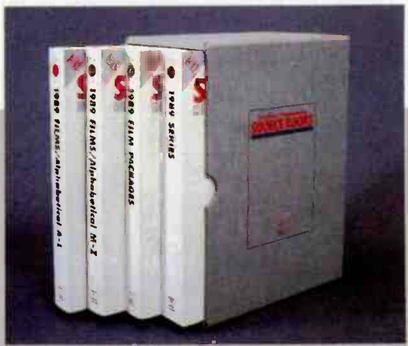
WPMI-TV	Mobile, Ala.	Fox	ADI 55
KTTU-TV	Tucson, Ariz.	Ind.	ADI 79
KOKI-TV	Tulsa, Okla.	Fox	ADI 57
WAWS-TV	Jacksonville, Fla.	Fox	ADI 56
KSAS-TV	Wichita, Kan.	Fox	ADI 61

16 radio stations in five states
Oklahoma News Network
Clear Channel Sports Network

NET BROADCAST REVENUE (in millions):

1989—$45.7
1988—$35.1
1987—$32.5
1986—$23.9
1985—$22.9

Source: Company.



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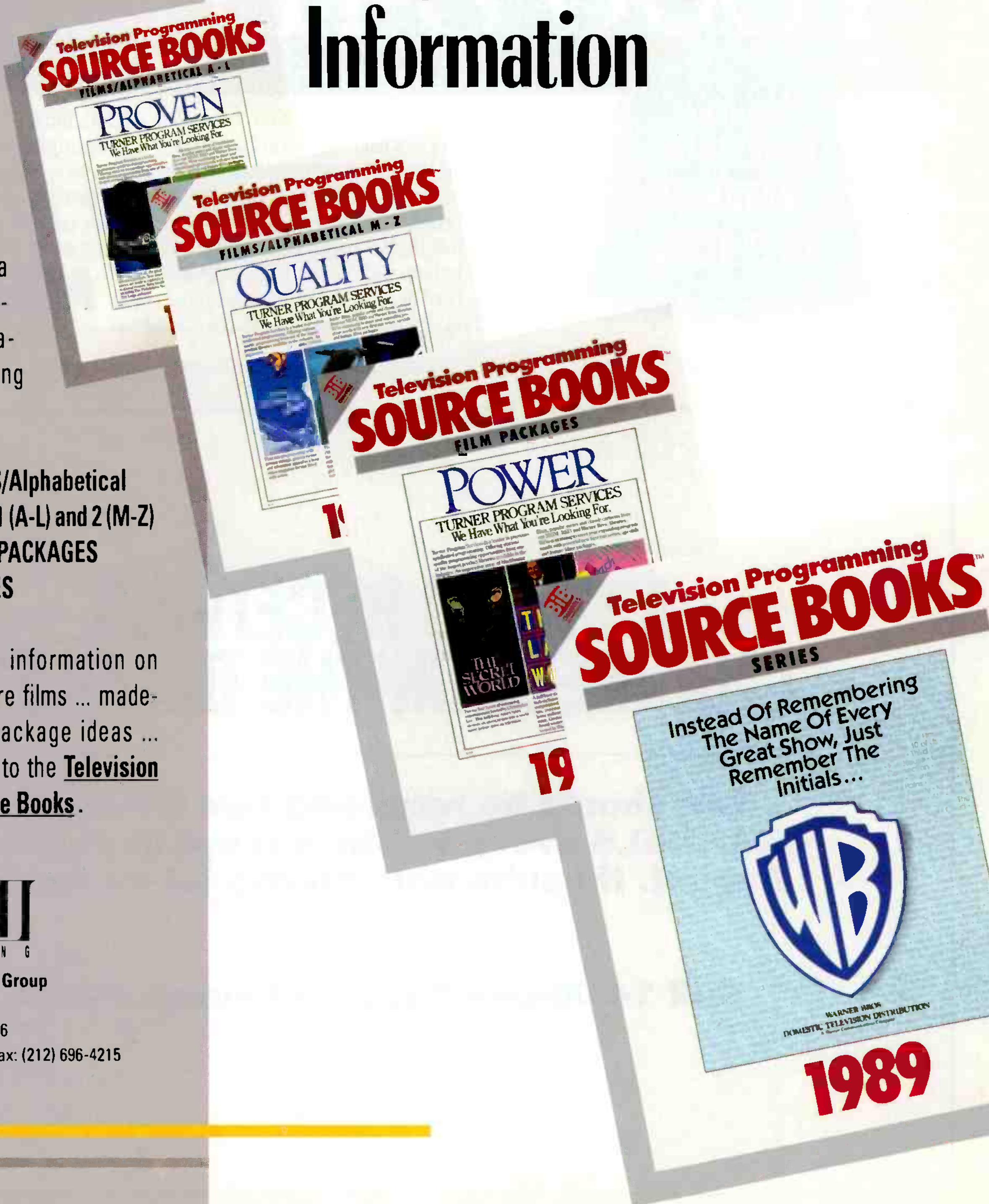

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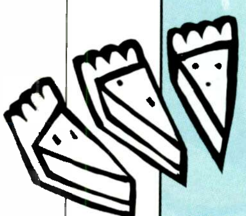


To sell their slices of the dial to today's remote-control wielding audience, both cable and broadcast are fine-tuning their images. Michael Burgi opens this Focus section by detailing how cable's spin doctors tout the tiering concept as a way for subs to have a say in how much they pay for cable. PAGE 22 **John Flinn describes the promotional values—and possible pitfalls—of kids clubs for stations and cable networks. Finally, Rich Katz examines the increasing tendency of cable systems to buy time on broadcast stations for image advertising.**

PAGE 29

NO PIECE OF CAKE

Explaining tiering to cable subscribers isn't so easy.

By Michael Burgi

As the tiering concept catches fire in the cable community, spreading from system to system at the urging of MSO headquarters or divisional management, the job of telling subscribers what tiering will actually mean to them is left to marketers, programmers and public-affairs managers. Channel realignment has to be explained, as does any change in price for the various "lifeline," "standard," "expanded basic" or "segment" services offered.

Operators from Olympia, Wash., to Kansas City, Mo., to Brooklyn, N.Y., have immersed themselves in accomplishing this often daunting marketing task. The fact is, it's almost impossible to make sure *every* subscriber knows that, for example, the local public station is moving from channel 23 to channel 10 in order to line up all broadcast stations for a lifeline service. To let subscribers know what's happening, systems have mailed out bill inserts, used their character-generation channels and programmed cross-channel spots outlining changes. Some operators have even bought newspaper ads and sent press releases to local TV columnists to get them to write about the changes.

But how are systems explaining *why* the changes are taking place? The prevailing message communicated by systems has been "freedom of choice." Operators are positioning tiering as a way to allow subscribers to choose between receiving over-the-air channels only (with a few extras like C-SPAN and a superstation thrown in), or to get satellite-delivered basic-cable services as well, sometimes in a variety of combinations. Some operators refer to rate regulation as an instigator of tiering, but most have tried to characterize tiering as a kinder, gentler change.

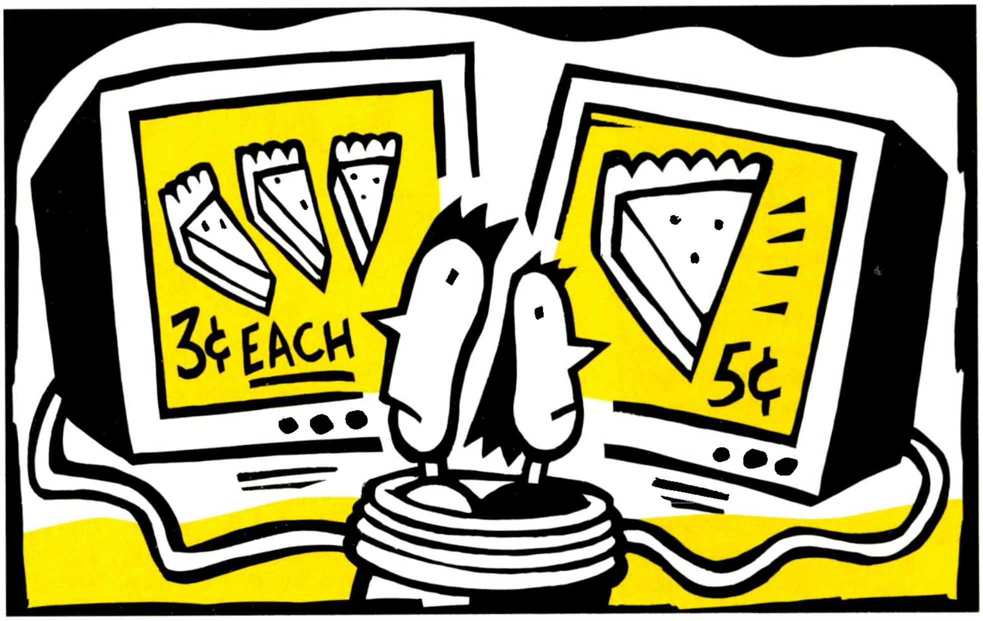
Operators, however, may encounter local cable watchdog groups who want to take them to task for glossing over the rate-regulation issue. "Most subscribers don't see the threat that tiering poses," says Jim Fay, chairman of the North Area Cable Television Authority, the St. Louis-area watchdog. "When rate regulation is reestablished, only the lowest tier of programming will be subject to reregulation, not the 'expanded packages.' " When one of the systems in the area, ATC-owned American Cablevision of St. Louis (both ATC and TCI have chosen Missouri and Mississippi as their unofficial tiering test markets), tiered its programming earlier this year, Fay's organization wrote American Cablevision, expressing disappointment at the move to create the two tiers. "They wrote back saying, 'That's your opinion, but we're going to do this anyway,' " explains Fay. The group has no power to stop American Cablevision from tiering because there are no limitations in the franchise agreement, which only comes up for renewal in 1996.

To date, most subscriber complaints about tiering have concerned channel realignment. "The first few days were really hectic after we started the new tier," explains Carol Rothwell, director of public relations for ATC's American Cablevision in Kansas City, Mo. "We got thousands of calls." Subscribers were calling to find out where channels had moved. Rothwell says the system's customer service reps were able to handle the situation over the phone, and a mailing was not required. "We just couldn't afford another mailing," she says. As for what subscribers chose, less than 1 percent downgraded to a lifeline service, fewer than the 3 percent American Cablevision expected. Rothwell opines, however, that when the next price hike comes around, the number of lifeline subscribers may surge.

The system began tiering last May and June, offering a lifeline service—the "basic" package—of broadcast, public and superstations as well as the local access channels for $11.95. The "standard" service, comprising all other basic-cable nets, added two new services, the Discovery Channel and the Comedy Channel. It was repositioned as the logical choice of the average customer who wants more than just good reception, hence the new name. Carol Rothwell explains, "When our regional division decided to tier earlier this year, it had to do with pending legislation. We felt that by tiering, this positioned us better to maintain control over doing business our way. But we didn't share that with our subscribers." What American Cablevision did explain to the subs was that "you will now have a choice: a new 12-channel Basic service . . . or the more complete Standard service," according to the letter mailed out as a bill insert.

When gearing up for a series of lifeline services at some of its systems in Tennessee, MultiVision Cable TV went so far as to do three mailings and place on-air inserts in open avails announcing the impending changes. The system also got the local newspaper to cover the changes in its TV column. "We tried to make sure we were covering all our bases," says Billy Barksdale, district general manager for MultiVision's Tennessee properties. Confused subscribers called anyway. As at other systems introducing tiering, the number of customers who ultimately chose the lifeline service was minimal.

Jones Intercable has been tiering at about 20 percent of its franchises since their inception, says John Mathwick, Jones' group v.p. of marketing. The balance of Jones' systems adopted tiering in June, and not necessarily because of pending regulation. "In large measure, tiering was motivated by license-fee increases by cable networks, and our need to pass that on to the subscriber," explains Mathwick. "We told the customers the reason for tiering was to give them a choice, and that we anticipated an increase in rates."



To let the subscribers know, Jones systems sent out separate direct-mail packages two months before tiering, above and beyond the regular bill inserts, which operators know subscribers often ignore. Most systems also used character-generation channels to alert subs. Mathwick says that the systems also let local cable authorities know what they were about to do. "We have a commitment to the local political bodies," he says. "They appreciate what our problems are."

Across the board, in the first three months after tiering, Mathwick says systems saw less than one-half of 1 percent take on the lifeline service. Most systems didn't run into subscriber confusion, since very few systems had to realign channels.

Not all communities have adopted tiering when the local system tried to implement it. In fact, UA-Columbia Cablevision of Westchester in New Rochelle, N.Y., owned by United Artists Entertainment, never even got tiering off the ground. When it advised its local cable authority of its plans to tier, the cable authority put its foot down. "We fought them and we won," says Susan Tolchin, town clerk for the town of Greenburgh, N.Y., one of the communities served by UA-Columbia.

UA-Columbia lost its bid to tier because its franchise agreement strictly prohibits any form of tiering. According to Tolchin, back in 1979, UA-Columbia was vying with Cablevision Systems for the franchise. Cablevision had plans to tier the system if it won, which Greenburgh and the other municipalities did not want. So UA-Columbia won the franchise with the understanding that it would not attempt to tier. "We told them tiering is a violation of the franchise agreement and that they were going back on their word," explains Tolchin, upon which UA-Columbia backed down. "This was bad timing on their part, since their renewal is up in 1993."

Despite her community's successful opposition to tiering, Sue Tolchin agrees with Jim Fay in St. Louis that towns and municipalities all too easily "get stuck with whatever the systems give them. We actually have a very good relationship with UA-Columbia, but we knew this would only be the beginning of consumer's problems if we didn't stop them." Not all communities, it seems, are prepared to accept tiering without questioning cable's motives. •

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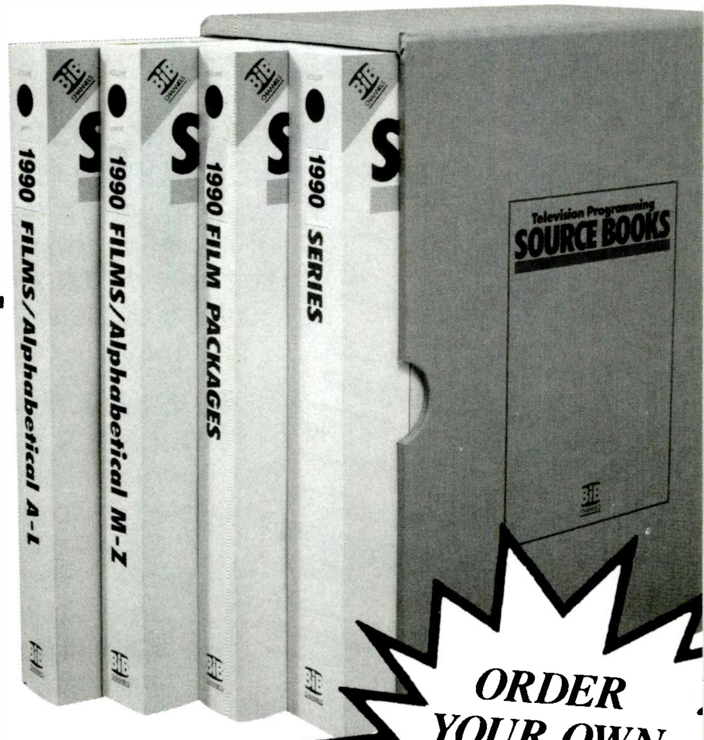
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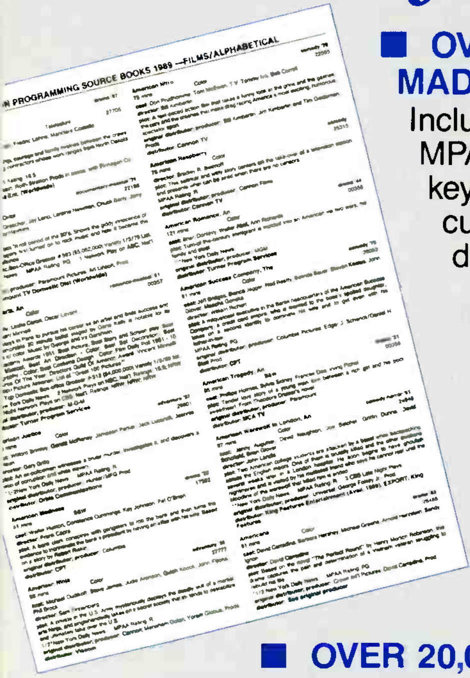

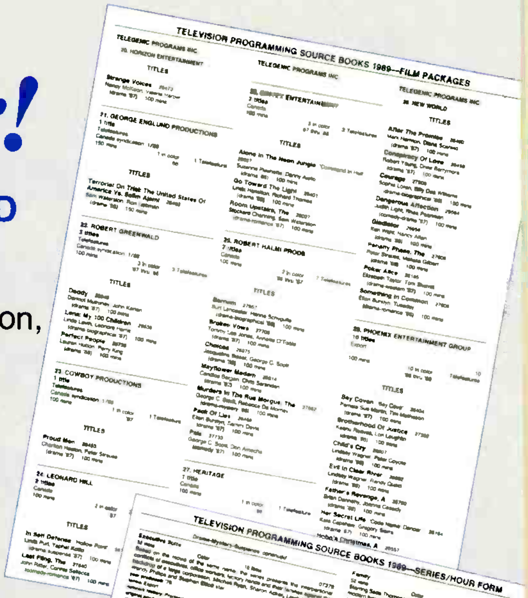

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Mixing Kids And Commerce

Tapping the loyalty of young viewers is a delicate business.

By John Flinn

Cincinnati's annual Kid's Fest draws some 50,000 children (and their parents) to a city park on the banks of the Ohio River, and local independent WXIX always sets up a booth to have a presence. This year the station had arranged an elaborate scavenger hunt around Michael, the host of the station's newly formed kids club, and had situated costumed Disney characters Chip and Dale at the park entrance to hand out the scavenger maps.

The festival day arrived to a gloomy sky studded with rain clouds. "We thought, okay, we're going to have a downpour and then it'll stop," says Sharon Geiger, WXIX's events coordinator. "But it didn't. The rain kept coming. And people kept coming, and kept coming, and kept coming." Before it was all over, Chip and Dale had handed out 10,000 maps, and throughout the park drenched kids were seen trudging to the ten marked destination points culminating at the Club 19 booth, where they could win a prize—and meet Michael. "He had kids waiting 20 to 30 minutes in the rain to see him," says Geiger. "It's insane."

Some would say it's beautiful. Kids clubs, an age-old idea in independent television, are enjoying a renaissance, spurred by the national efforts of Fox and adopted by everyone from cable net Nickelodeon to Burger King. The kind of devotion kids give to WXIX's Michael is far from unique—Fox's 134 participating stations have signed up 2.2 million kids since the effort started last Christmas—and broadcasters hope

Responsible couponing: The back (l.) and front covers of WFTS's customized *Totally Kids*.

kids' loyalty will extend to their programs as well.

But this new opportunity to reach young viewers doesn't come without peril. The slightest hint of exploitation of kids will bring a swift rallying of parents against a station. And since every kids club involves commercial sponsors to some degree, the line between community service and commerce is by necessity blurred.

Take the national Fox effort, which centers around an eight-page quarterly newsletter called *Totally Kids* and includes a membership kit with plastic ID card. Fox pays for the kit and handles all fulfillment, mailing and creative execution of the newsletter's interior. Stations provide Fox with the kids' names and have the front and back covers of the newsletter to customize for their market.

Most stations use the front cover to promote kids-club events and the program schedule. The back cover is typically a collection of coupons from the station's kids-club sponsors. In the case of KPTM Omaha's summer issue, offers included a free ice cream cone at the Peony Park amusement center, $3.99 all-you-can-eat shrimp at Sizzler and "free general admission for the whole family" to the Ak-Sar-Ben Thoroughbred Races any Sunday. ("Here, kid, put two dollars on Lucky Lady in the seventh.")

Few stations report having received complaints about their coupons, in part because Fox has put extra effort into making the interior both fun and educational. Even Peggy Charren, director of Action for Children's Television and usually a harsh critic of commercial efforts directed toward kids, says, "Fox has put together a very nice little magazine. It promotes reading; there are games. It could have been an eight-page sales pitch, and it isn't."

At KSHB in Kansas City, which supplements Fox's quarterly newsletter with its own monthly effort, Sandy Martin, director of marketing, creative services and promotion, makes sure that the coupons she prints offer real value to the club's 35,000 members.

"If [club sponsor] Children's Palace typically offers buy-one-get-one-free, we require them to give us something a little bit deeper," says Martin, "and the same thing goes for the one-time promoters that come in, like Ringling Bros. If it's truly a value, which will save the family money and encourage them to go to an event they might not otherwise get to, we'll do that. But if a client wants to buy coupon space that says, 'Come into our hobby shop, we'll give you free glue with the purchase of an airplane,' we won't allow that." KSHB's sponsors also include Wendy's and The Discovery Zone, a "hands-on recreational center" for kids.

WFTS Tampa filled its summer coupons with offers from the Museum of Science & Industry and the Lowry Park Zoo, plus a less pristine offer from Polar Cup soft drinks. Kids-club coordinator Chris Raynor (also the station's promotion coordinator) says she plans to devote the next issue to educational and safety-tip coupons. But Raynor admits her public service is partly forced. "Unfortunately, [local sponsorship] sales haven't fallen in place," she says. "It's just not a priority for the sales department." With 30,000 members and 150 to 200 more a day signing up, the WFTS kids club wouldn't even exist without Fox's support. "If we did it ourselves, we figure the kits would cost $1 apiece, and the magazine 25 cents per issue," Raynor says. "That's a major expense that we couldn't do on our own."

Television's other national effort is coming from Nickelodeon, which launched a kids club and magazine earlier this year (not tied in with local cablers or broadcasters). Marty von Ruden, director of publicity for Nickelodeon, notes that the club and magazine were in development for about a year and a half. "We discovered there wasn't a general lifestyle magazine for boys and girls," he says. By the time the club launched in May, in association with Pizza Hut, other kids clubs were up and running, "and we got criticism we didn't measure up," says von Ruden. The club cost $9.95 to join and included a subscription to the magazine. So now Nick is revamping the club and proceeding with the magazine on its own.

The Nickelodeon kids-club magazine, pitched at $9.95 a year, has taken some heat for the "Nick Store" within.

The kids clubs of Fox, Nickelodeon and others came under scrutiny recently from Consumer's Union, publishers of *Consumer Reports* and *Zillions: Consumer Reports for Kids*, in a report called "Selling America's Kids: Commercial Pressures on Kids of the '90s." The report chided Fox for flogging its affiliated stations a little too hard in its newsletter, and questioned the number of pages Nick's magazine devoted to "selling things to kids." (Nick's debut 52-page issue had only eight pages of ads, but another nine pages were devoted to the "Nick Store," where kids could order Nick paraphernalia and other merchandise.)

But in its conclusions the report voiced more penetrating concerns about the mixing of kids and commerce: "Clubs disguise commercial messages. Kids are invited to join something that promises to be 'theirs,' but turns out to be a way of manipulating them to buy things. The ad messages come disguised as 'advice from *your* club,' making them more difficult to resist."

Careful stations are making sure such charges can't be levied at their efforts. Says KSHB's Martin, "There are a lot of people out there waiting for the other shoe to drop, for that heavy commercial message. But it doesn't come from us. And that's why we're accepted in the schools, with the Boy Scouts and Girl Scouts."

At WXIX in Cincinnati, general sales manager Bob Bee is proud to have in his kids club such wholly commercial sponsors as Wendy's and Van Leunen's department store. They certainly are participating in part to reach children with their message. "Clients are happy," Bee says. "They're surprised at how big, how fast, how powerful this thing is. All of us walked into it knowing there is some power in children's marketing, but it was not quantified to the tune of 80,000 members who can be activated for promotional events."

But Bee also recognizes the responsibility that goes along with such power. "The station focuses its primary attention on the children. What are they getting out of it? Which is good," he says, "because really, that's what the clients want. They don't want a whole bunch of mothers calling up and saying, 'You've exploited my children.' If you took the wrong direction, the clients would not participate, and the community would get you in a heartbeat." •

Cable Takes To the Air

Systems up broadcast ads, but stations are wary of aiding the enemy.

By Richard Katz

For three evenings in late June, Peter Dierauf, marketing and sales manager of Cox Cable in Hampton Roads, Va., and his customer-service staff found themselves staring at a bank of five TV sets, each tuned to one of the local broadcast stations. They were waiting for a barrage of phone calls. Every 15 minutes from 5:30 to 10:30 P.M., at least one and as many as three spots aired with system personnel imploring viewers to order cable by phone and have it installed within a couple of days. Every time a spot aired Dierauf and company were deluged with calls.

The scene of Dierauf's "instant-install" campaign, for which he bought fully 550 gross rating points over three days, illustrates why most cable operators who can afford it are buying more broadcast time than ever before: It gets results.

"There's no better way to communicate what cable offers than to show it on television," says Richard Lyness, executive director of the Southern California Cable Marketing Council, a co-op that buys ad time for 57 area systems. "As far as maximizing reach, broadcast TV is very effective."

"This year broadcast television has been the top priority in looking for ways to achieve our acquisition goals," says Mike Losier, director of marketing of United Artists Cable in Denver. In 1990 Losier upped broadcast TV as a percentage of the marketing budget to 15 percent from 5 percent in 1989.

In addition to traditional direct-response type acquisition ads, systems and co-ops are increasingly utilizing broadcast TV to improve image, showing community involvement and coveted programming that can't be found on broadcast. Though they're more open to cable advertising in general, stations continue to resist daypart-specific tune-in ads, so systems use image spots as an alternative soft sell.

Cox in Hampton Roads, Va., uses its own employees on instant-install ads.

"The best vehicle by far is TV, especially when it comes to our own image," says Bob Sebbe, marketing manager for Cox Cable in Omaha, Neb. "Our image ads have increased proportionately to our acquisition ads. They're now 30 percent image and that will grow." Sebbe lauds the aesthetic impact of broadcast ads in selling cable programming. He cites a CNN spot touting its Gulf Crisis coverage. "[The gist] of the CNN spot is that they were first on the scene with this video coverage," he says. "It's a very dramatic commercial and it's hard to convey that on the radio or in a newspaper."

To build the system's community image, Cox's corporate office in Atlanta produces image spots for its systems. The spots show Cox's customer-service people answering phones, Cox technicians working through the night and rain, and other employees involved in such community activities as coaching a youth basketball team.

But as systems make image and program-specific spots a larger part of their broadcast ad mix, they must contend with resistance from stations. Six years ago, most stations wouldn't accept any cable ads, but as stations have become more friendly with cable (and anxious for its ad dollars), systems find themselves in the position of seeing how far they can push the competitiveness of cable programming.

Sandy Styer, executive director of New York's 36-system/2.6 million-sub Metro Cable Marketing Co-op, says this year stations refused to run two of its ads. One ad showed how cable becomes part of the consumer's life by depicting a day in the life of a cable family's kitchen TV. Various family members watch cable programming from breakfast through midnight and discuss what's on HBO that night during dinner. Independent WPIX-TV rejected the spot.

"[WPIX] thought that the creative execution pretty much said that cable TV is the best thing since sliced bread and it didn't even acknowledge that people also use [broadcast] TV," says Dina Badami, the account supervisor of Grey Entertainment & Media, the N.Y. co-op's media buyer. When the N.Y. co-op tried to buy spots announcing the pay-per-view debut dates of *Batman* and *Lethal Weapon II*, WABC and WWOR refused.

"You have this game-play back and forth about what constitutes acceptable cable promotion for TV and what doesn't," explains Bob Klein, president of cable marketing consultant Klein &. With a few exceptions, stations welcome cable advertising but wrestle with systems about what can be portrayed in the spots. "It usually divides along the tune-in line," says Klein. "If they try to promote a program with a tune-in time, it's going to be turned down. If they try to promote general image or identity, it's generally going to get accepted."

Nonetheless, systems and co-ops are taking more risks in the ads they submit to stations and some are making inroads on the taboo territory of day and date. For example, this month the Chicago co-op slid through ads for Lifetime's *Molly Dodd* and *L.A. Law* that are daypart-specific, urging viewers to tune in every weeknight.

But as systems push for more specific tune-in and image spots to market cable, hard-sell subscriber-acquisition ads still make up the majority of cable ads on broadcast TV. Image spots are generally used in conjunction with acquisition ads or are run as separate campaigns to supplement larger and more expensive direct-response drives. Riding the multi-media coattails of last April's National Cable Month, Cox's Dierauf bought three weeks of image broadcast flights to soften the Hampton Roads market for the acquisition campaign immediately following.

Image ads, however, needn't always be mere soft-sell adjuncts to acquisition campaigns. Interestingly, the Southern California co-op ran its first broadcast image campaign this July to reach viewers who were already cable subs. "We were trying to reinforce the 100,000 acquisitions we made in April," says the co-op's Lyness. "Ninety days out is an important time to reinforce that cable is something that is worth watching and worth paying for." The co-op bought four weeks of 337 targeted (men and women 25 to 54) ratings points per week for July's image spots, compared to 1,000 targeted points per week in April.

As for the hard sell, many systems now have the instant install in regular rotation. Just like Cox's version in Hampton Roads, Va., the instant install is a three- to five-day blitzkrieg of ads on broadcast offering viewers a quick cable installation for a discounted price. "It's a convenience campaign," says Jim Sharkey, whose Cable Marketing by: Sharkey company specializes in running instant-install campaigns (see box). "It's appealing to the customer's desire for immediate gratification."

Systems now operate direct-response broadcast campaigns such as the instant install like clockwork rather than treating them as a special event. And as they continue to push the bounds of tune-in and image ads, what will the next phase be? Klein &'s Bob Klein thinks the larger MSOs, which have a more national outlook, will begin producing big-picture message spots about cable for their systems to use.

"It obviously costs the operator more money to carry original cable programming, original movies and sports," says Klein. "On the other hand, subscribers are getting rate increases and Washington is howling about high cable rates." Klein believes only a minority of subscribers make the connection between improving programming and higher rates. "That's the kind of issue that is very difficult for the system to deal with because they're trying to become members of the community and be sensitive," continues Klein. "But until you move the credit for the programming over from the cable networks to the provider, you've got communications problems. That is something the MSOs should be dealing with." •

INSTANT EXPERT

Jim Sharkey does instant-install campaigns for a living. Through his company, Cable Marketing by: Sharkey, based in his apartment in the suburbs of Chicago, Sharkey produces, directs, writes and performs in direct-response ads most systems run over three to five days on broadcast TV stations. "I'm like a one-man ad agency," he says.

"He comes ready to go with scripting," says client Mike Losier, marketing director at 155,000-sub UA Cable in Denver. Losier's last Sharkey campaign netted 7,000 installs for the week and 10,000 for the month—over double what UA normally does. "You don't have to go through 50 different shoots for one ad," says Losier, "which is really nice—rather than using a local talent that you're going to have to try to get up to speed."

Jim Sharkey in action.

"He is very appealing to me because he doesn't look like a slick used-car salesman," says Bob Sebbe, marketing manager of Cox Cable in Omaha, Neb., and creator of the instant-install concept. It was Sebbe who first got Sharkey into the business when, in fall 1987, Sebbe thought his former HBO rep, then a freelance announcer, would be perfect for his instant-install spots. "He communicates very effectively and has a strong ability to get people to pick up the phone," says Sebbe.

"The spots for [Sebbe's] campaign worked so well that I just expanded that business amongst other operators," shrugs Sharkey, who has run campaigns in 20 markets for MSOs such as Storer, ATC, Comcast and Jones.

Sharkey doesn't need to do much advertising; almost all of his business comes from word of mouth. He was recommended to UA's Losier by the system's new general manager, who had worked with Sharkey in Detroit. "They had used him and had great success," says Losier. "It made sense to keep a good thing working. He's just got that kind of direct-response look to him." R.K.

MEDIA DEALS

Feeding the LYONs *by Cheryl Heuton*

An underutilized security offers a good fit with media's money needs.

If deals aren't getting done, then how are all these brokers, investment bankers, lenders and finance officers spending their time? Refinancing, that's how—and some of their newer schemes are bringing different investors and lower costs to the table.

There is, as industry insiders like to say, "a lot of high-rent paper out there." Companies that took on expensive debt during the 1980s now want cheaper loan packages. Still others want new money for acquisitions.

The tight money market has closed off many traditional finance sources to all but the healthiest operations. Banks, however, still respond eagerly to respected management at the helm of a good performer. Multimedia Inc., for instance, went shopping last spring for refinancing to fund acquisition and stock repurchase, and to reduce costs acquired during its 1985 leveraged buyout. Multimedia sought only $950 million, but received offers of $1.4 billion.

Some companies opt not to go the customary finance routes. One relatively new method is the zero-coupon convertible bond, commonly known under the Merrill Lynch term "liquid-yield option note," or LYON, because Merrill Lynch developed it and has underwritten 80 percent of those issued.

The product is five years old, but the first media LYON was completed in October 1989, raising $200 million for Turner Broadcasting System. The LYON got its biggest endorsement this past summer, when the Walt Disney Co. raised $2.25 billion in the largest ever offering of a convertible security in the U.S. Other media companies that have issued LYONs include Motorola Inc. ($400 million) and Blockbuster Entertainment Corp. ($92 million).

Media companies with traditionally minded management had shied away from LYON-like convertibles because they were new, says Lee Cole, managing director of Merrill Lynch Capital Markets, and creator of the LYON. After Disney's success, however, more

conservative firms are willing to consider the bonds. Other institutions, notably First Boston Corp. and Salomon Brothers Inc., now offer products that compete directly with Merrill Lynch's innovation.

A LYON is a 15-year zero-coupon convertible bond sold at a discount to face value (See *Channels*, February 1990, "After Junk: Street-wise Financing"). Unlike a regular convertible, no interest is paid during the term, only when the bond matures. The buyer can opt to convert the security into stock at any time during the term, but then receives no interest. The buyer is thus trading

Merrill Lynch's Cole: LYONs lure cautious investors into the scary world of media deals.

some of the possible stock gain for the chance to avoid losses. If the stock price rises, the value of the LYON does, too. If interest rates drop while the stock goes up, the LYON price can rise faster than the stock's.

Wall Street has a tendency to undervalue broadcast, cable and entertainment stock. When a media company raises money by issuing more stock, the sudden increase in supply can depress prices. LYONs raise cash while avoiding the dilution. The stocks get support and the company gets the new financing.

LYONs are essentially a better deal for the issuer than for the buyer, because if the stock price doesn't rise, the buyer gets only a below-market interest payment. Even so, investors unwilling to risk capital have proven eager to make the trade-off for the relative safety a LYON affords.

That very safety makes LYONs popular with small investors. Disney's offering, for example, was sold to 55,000 different buyers. "Not a lot of companies have 55,000 shareholders, let alone 55,000 buyers for a bond," says Cole. Roughly 60 percent of the Disney LYON buyers were individuals. Compare that to the overall equity marketplace, where 85 percent of bond buyers are institutions. Cole says that the product was developed to fill buyer demand for a safe stock-market play. The seller-side drive developed later as companies became attracted to the savings offered. The issuer's interest payment, made at maturity, can be 300 to 700 basis points cheaper than other financing methods.

LYONs are a particularly good fit for media precisely because their success hinges on small investors—and thus on the public perception of the issuer. Media firms tend to be high profile and offer an association, however tenuous, with the exciting world of mass entertainment. Combine that with a strong stock performance, such as Disney's, and the buyers line up. •

EDITED BY MICHAEL BURGI

CABLE

Cable Penetration Update

With national penetration at 59.8 percent as of July 1990, only one DMA, Palm Springs, has so far reached the magic 90 percent mark. Most of the ten most highly penetrated DMAs are small markets—only two are among the 100 biggest DMAs. Penetration may be higher in these markets because subscribers want to get larger-market stations, a full complement of affiliates or, more generally, the greater number of viewing choices offered by cable.

Rank	Designated Market Area	Percent Cable Penetration	TV Households / DMA
1.	Palm Springs, Calif.	91.7%	104,140/160
2.	Santa Barbara-San Luis Obispo-Santa Maria, Calif.	86.1	206,410/110
3.	Honolulu, Hawaii	84.7	350,920/71
4.	San Angelo, Texas	83.2	44,780/194
5.	Hartford/New Haven, Conn.	81.4	902,010/23
6.	Tuscaloosa, Ala.	80.9	54,320/186
7.	Springfield-Holyoke, Mass.	80.2	218,050/109
8.	Lafayette, Ind.	80.1	43,060/196
9.	Laredo, Texas	79.5	35,720/200
10.	Biloxi-Gulfport, Miss.	79.0	66,010/180

Source: Nielsen Station Index.

DEALS

Top Deals of First Half '90

The first half of 1990 proved quiet for system sales, according to Paul Kagan Associates' *Cable TV Banker-Broker*. The list below includes proposed and closed sales, yielding an aggregate $835 million at the end of June. Kagan's leading cable broker year-to-date is Lazard Freres, based on the cable assets involved in the Time-Warner merger.

Buyer	Seller	Property	Date	Price ($MIL)	Broker
Cencom Cable	Insight Communications	Sanford, N.C., et al, 72,000 subs	3/90	$160	CEA
Marcus Communications	Star Cablevision Group	Burlington, Wis., et al, 61,300 subs	1/90	120*	Waller Capital
Olympus LP	Tele-Media Corp.	Palm Beach County, Fla., 42,000 subs	4/90	80*	
Continental Cablevision	Colonial Cablevision	Revere, Mass., et al, 20,100 subs	1/90	61	CEA
InterMedia	Multivision Cable (ML Media)	Henderson, Tenn., et al, 36,000 subs	6/90	60	
Warner Cable	Ingersoll Industries	Muskego, Wis., et al, 22,000 subs	1/90	49	CII
InterMedia Partners	Tele-Communications Inc.	Marion, N.C., et al, 23,000 subs	6/90	40*	
Elder/Scott	UA Cable	Baltimore, Md., 16,060 subs	2/90	37	
Helicon Corp.	Simmons Cable	Barre, Vt., et al, 12,800 subs	4/90	30*	CEA
Marcus Communications	UA Cable	Galesburg, Ill., 13,000 subs	1/90	25*	Daniels

*Estimate. Source: Paul Kagan Associates Inc.

★ RATINGS ★

TOP NETWORK SERIES

Tallying a 51 week season, Sept. 18, 1989, through Sept. 9, 1990

	SERIES / NETWORK	RATING / SHARE
1	**Cheers**/NBC	**20.4**/34
2	**Roseanne**/ABC	**20.0**/32
3	**The Cosby Show**/NBC	**19.7**/34
4	**A Different World**/NBC	**18.5**/31
5	**Chicken Soup**/ABC	**18.2**/29
6	**Monday Night Football**/ABC	**18.1**/32
7	**Golden Girls**/NBC	**17.6**/32
8	**60 Minutes**/CBS	**17.5**/32
9	**America's Funniest Home Videos**/ABC	**17.3**/30
10	**Empty Nest**/NBC	**17.1**/32

Source: Nielsen Television Index.

TOP BARTER SERIES

Tallying a 49 week season, Sept. 18, 1989, through Aug. 26, 1990

	SERIES / SYNDICATOR	RATING
1	**Wheel of Fortune**/King World	**13.6**
2	**Jeopardy!**/King World	**12.1**
3	**Star Trek: The Next Generation**/Paramount	**9.6**
4	**The Oprah Winfrey Show**/King World	**9.0**
5	**The Cosby Show**/Viacom	**8.8**
6	**A Current Affair**/20th Century Fox	**8.3**
6	**Wheel of Fortune** (weekend)/King World	**8.2**
8	**Entertainment Tonight**/Paramount	**8.0**
9	**Universal Pictures Debut Network**/MCA TV	**7.7**
10	**Columbia Night at the Movies**/Columbia	**7.4**

Source: Nielsen Syndication Service.

TOP CABLE NETWORKS

Average ratings / projected households, August 1990

	NETWORK	7 A.M. TO 1 A.M.	PRIME TIME
1	**TBS**	**1.7**/926,000	**2.0**/1,089,000
2	**USA**	**1.5**/795,000	**2.7**/1,430,000
3	**CNN**	**1.3**/724,000	**1.9**/1,057,000
4	**Nickelodeon**	**1.1**/573,000	**.9**/469,000
5	**ESPN**	**1.0**/563,000	**2.2**/1,238,000
6	**TNT**	**1.0**/483,000	**1.6**/773,000
7	**MTV**	**.7**/362,000	**.6**/311,000
8	**Family Channel**	**.6**/304,000	**.7**/355,000
9	**TNN**	**.5**/275,000*	**1.1**/582,000
10	**Headline News**	**.6**/262,000	**.6**/262,000

Source: Nielsen Homevideo Index data. *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.

Is Local Advertising Becoming an Issue After Issue?

Winning over local newspaper advertisers can be an important new source of revenue for your television station. The Local Multimedia Report is a new tool to help you target newspaper advertising dollars and move them into television.

With the Local Multimedia Report, you can identify which advertisers are concentrating their buys in newspaper, how much they're spending and when they advertise. Using trends provided in the Report, you can time your sales proposal to get to advertisers before they make their media plans.

The Local Multimedia Report is just one more example of the Arbitron commitment to the business of local market television. So when you want local market tools that solve local market problems, turn to the champion who's been at it since 1949. Contact your local Arbitron representative for answers to the issues.

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Happy Birthday
TNT