FARM MARKET/A1

Television/Radio Age

THE STORY BEHIND BIG TV REP SHIFTS

What's the cause? FCC regulations? Chain reaction? Size of switches unprecedented in numbers, volume/33

LOTS OF LUCK

Lottery-franchised TV stations win ratings bonus/37

WHOA, FCC?

Congress becomes full-time parent, spanks Patrick/40

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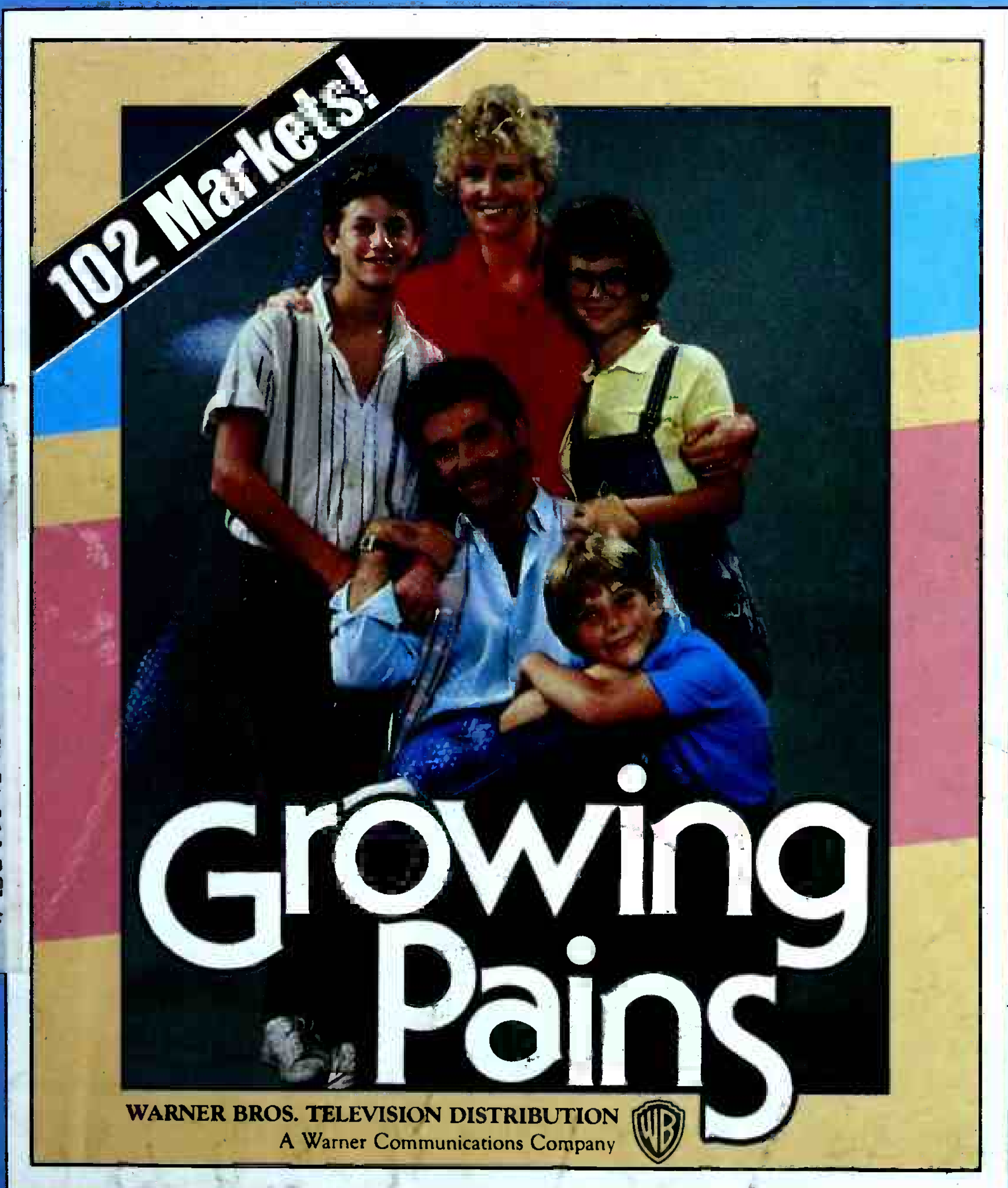

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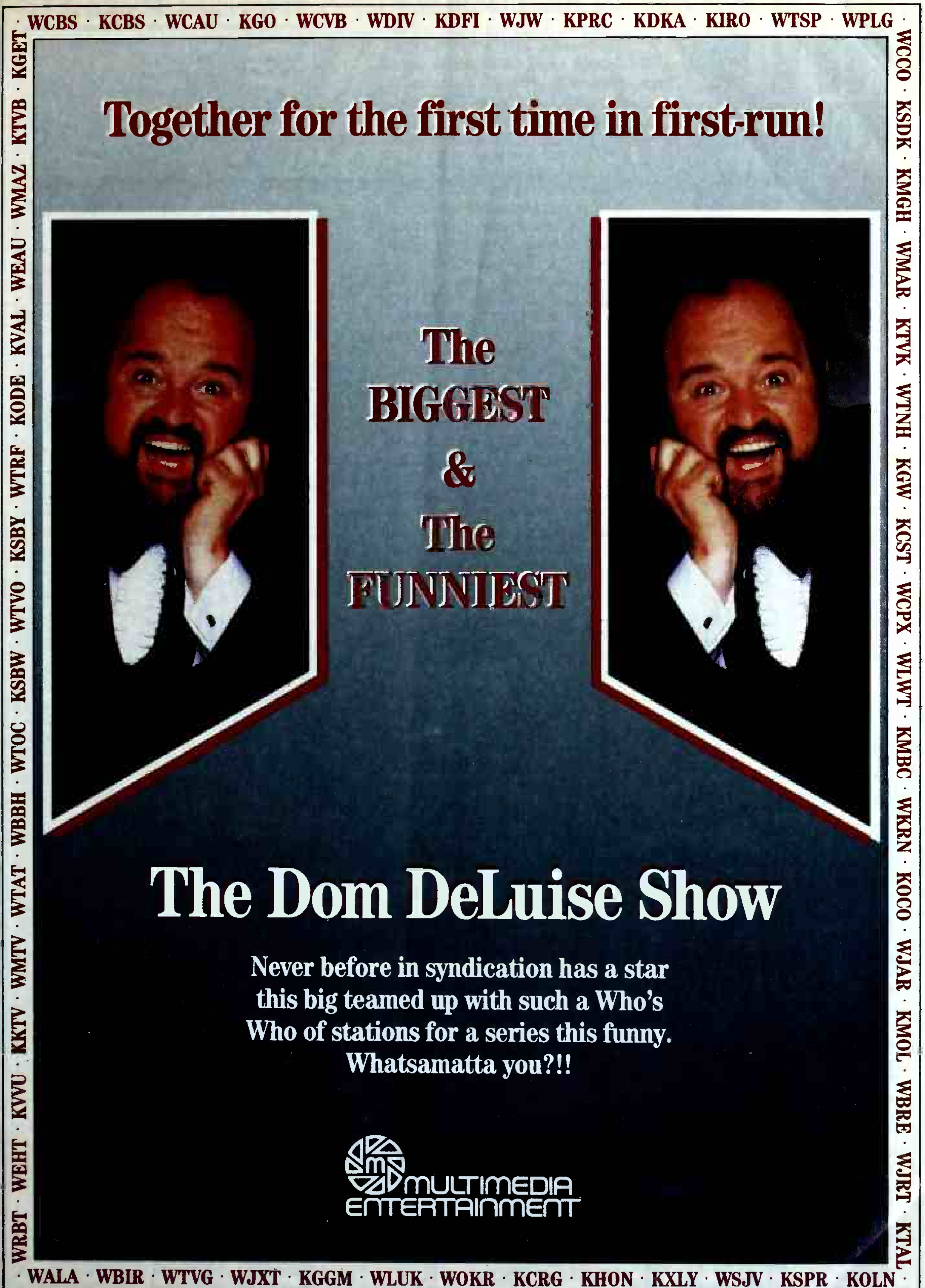
Television/Radio Age

July 6, 1987 *Volume XXXIV, No. 25*

DEPARTMENTS

Television/Radio Age (ISSN #US0040277X) (USPS #537160) is published every other Monday for $50 per year by the Television Editorial Corp. Publication Office, 1270 Avenue of the Americas, New York, NY 10020. Second class postage paid at New York, NY and additional mailing offices. POSTMASTER: Send address changes to Television/Radio Age, 1270 Avenue of the Americas, New York, NY 10020.



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New York, NY 10020
Phone: 212-757-8400
Telex: TELAGE 421833
Facsimile Number: (212) 247-3402

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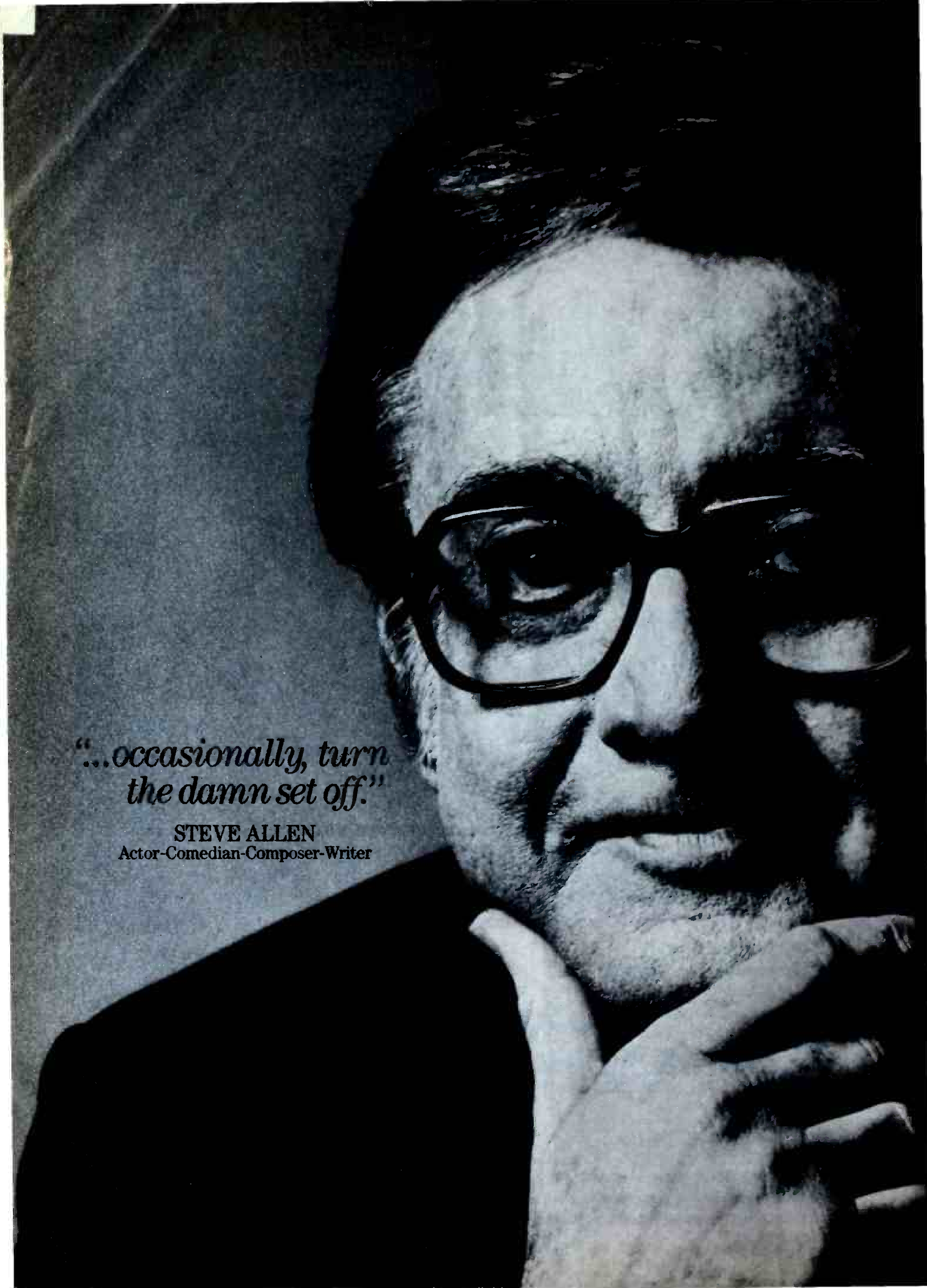
Member Business Publications Audit of Circulations, Inc.

TELEVISION/RADIO AGE is published every other Monday by the Television Editorial Corp. Sol. J. Paul, President: Lee C. Sheridan, Executive Vice President; Mort Miller, Vice President; Alfred Jaffe, Vice President. Editorial, advertising and circulation office: 1270 Avenue of the Americas, New York, N.Y. 10020. Phone: (212) 757-8400. Single copy: $3.50. Yearly subscription in the U.S. and possessions: $50; elsewhere: $60 © Television Editorial Corp. 1987. The entire contents of TELEVISION/RADIO AGE are protected by copyright in the U.S. and in all countries signatory to the Bern Convention and the Pan-American Convention.


"...occasionally, turn the damn set off."
STEVE ALLEN
Actor-Comedian-Composer-Writer

Steve Allen. No Script.

Like many intelligent, articulate people, Steve Allen has a lot to say about television. That's why we asked him to participate in the "NBC Tuned In To America" campaign.

There are no scripts and nobody gets paid. The only requirements are credibility and the credentials to speak authoritatively on the subject of television.

"Tuned In To America" is a corporate public forum for ideas. Its messages have been broadcast on NBC for a year and will continue throughout 1987.

The design of the campaign is simple: people who have something to say about television say it on our television network. Some speakers are well known, and some are unknown. Some are connected with television, but most aren't.

During the campaign we've heard from Ralph Nader, and the President of the National PTA. We've heard from former astronaut James Irwin, and two New Jersey school teachers, among many others. Because we want to maintain this open line on ideas about television, the list goes on and on.

We've had a lot of feedback about this campaign from affiliates, the press, and the public. And if you've got something to say about television, NBC would like to hear from you.

After all, the whole idea is for us to stay tuned in to America.

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If you'd like to participate in this project, write to
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Publisher's Letter

Observing the networks: Nothing lasts for long

Dan Rather has fallen out of first place with *The CBS Evening News* and hit rock bottom. The sky must be falling. Over at ABC Entertainment, things don't appear much better, with that network running third in the primetime sweepstakes. Certainly the sky must be falling! As for NBC, things couldn't be better (well, maybe just a little). That network is on top of the heap in primetime and the strength of that has pushed *Nightly News* into first place. The *Today* show has regained its lock on the morning, and overall network sales appear to be going gangbusters.

These fluctuations among the networks have led to some speculation that the three-network arrangement may never again be the same—that NBC has become so dominant it cannot be overtaken and that only a serious gaffe by parent General Electric could topple NBC.

Heard it before. As an observer of the network scene for more than 30 years now, we have seen seasons come and go, network economies rise and fall, program geniuses come out of nowhere and just as abruptly fade into obscurity. The business, like the public it serves, is fickle. NBC's long-standing dominance in the early days of television was eclipsed by Bill Paley and the new CBS. ABC, which had struggled for so long to achieve parity in a two-and-a-half network economy, got an unexpected boost from the FCC in the form of the primetime access rule and suddenly became not only competitive, but surged into first place. (It just goes to show that not all government regulations are harmful. It's ironic that the very rule that the FCC and Congress thought was needed to curb the networks actually wound up invigorating a three-network economy.)

We remember talking to Elton Rule just before he retired from ABC a few years back about just what happened in the late '70s when, seemingly from out of nowhere, ABC roared past CBS and NBC and swept into first place. CBS and NBC never knew what hit them. Soon there was talk about ABC remaining the dominant network for decades.

But Rule reminded us that ABC didn't explode on the scene at all, that program powerhouses such as *Laverne & Shirley*, *Mork & Mindy*, *Happy Days*, *Barney Miller* and all the rest were carefully nurtured and left on the air long enough for audiences to discover them. "We never dreamed that we would just blow everyone away in one season," recalled Rule. "Our strategy was to show steady, consistent improvement in our key shows. And that's exactly what happened."

ABC didn't stay on top forever, of course. It was more like three years.

Several years ago NBC reached out and hired Grant Tinker and put him in charge of pulling NBC out of the also-ran category. ABC had faced a similar task a decade before, and Tinker may have borrowed a page or two from Rule's book. He stuck by his people and their shows, let the audience discover programming such as *Hill Street Blues*, *St. Elsewhere*, *Miami Vice*, *The Cosby Show*, *Cheers*, *Family Ties* and so on. And not so suddenly, bingo, NBC lands on top of the world.

It's a fickle business. No executive, no show and certainly no network is on top forever. Only sometimes it just seems that way.

Sy. Paul

No. 2 AND No. 1 for Beam station

Having the second highest share of any early evening TV news programing the U.S. is pretty good. Having the highest share of any late evening news program in the U.S. is even better.

That's what WDAM-TV Laurel-Hattiesburg, Miss., can claim based on the February Nielsens. And the indications are that the same can be claimed for the May Nielsens and probably the Arbitrons, too. What's it like up there, and how high is up?

The Beam Communications station earned a 79 household share (and 41 rating) in the February sweep, just beating out KNOP(TV) North Platte, Neb., with a 78 share (and 46 rating) in the late news period (10-10:30). That's according to a special tab of the Nielsens by the Katz Comtrac system. As for the early news period (6 p.m.), WDAM-TV was, according to Comtrac, second to KNOP with a 79 share, but topped the North Platte outlet in household rating with a 55.

At work *in what is described as the only computerized newsroom in Mississippi are, l., Mitch Williams, who anchors the top-rated 10 p.m. news of WDAM-TV Laurel-Hattiesburg and Bill Zortman,*

To say that WDAM-TV got there by paying attention to community interests and affairs, as does general manager Cliff Brown, doesn't say much; all stations say that. However, it's worth noting that Brown was once news director of the station *and* an anchor on its news and that he was also general sales manager of WDAM-TV.

Perhaps even more important, WDAM-TV has been at it for more than 20 years, and news has had the strong support of its current and previous owners, an indispensable factor.

Until the May Arbitron book, WDAM-TV had the only reported viewing from within the ADI, but there's not a lot of spill-in despite the fact that Laurel-Hattiesburg (Hattiesburg-Laurel, by Arbitron's lights) is a small market, geographically as well in population terms, and is surrounded by five markets, including New Orleans, Jackson and Mobile-Pensacola.

The station airs an hour of early evening news, a half hour at 5 and a half hour at 6, with *NBC Nightly News* in between. That's not a bad schedule for a station in the 166th DMA (and 162nd ADI).

'Project Youth'

WCBS-TV, CBS' New York flagship, unveiled plans for another in its *Project* series to air this summer, this one called *Project Youth*. The youth angle is the brainchild of Dolores Danska, director of programming at WCBS-TV, who also will serve as executive producer of the six-week project.

The *Project* series has expanded considerably over the years under the direction of general manager Roger Colloff and got an additional boost with the arrival of Gene Lothery as station manager last year. The principal sponsor of *Project Youth* is Crossland Savings, which filled a void left when the *Project* series' usual chief sponsor The Bowery couldn't get geared up in time after switching agencies. Other sponsors include Meineke Mufflers and Tri-Honda.

Highlighting *Project Youth* will be three one-hour prime-time documentaries, several 30-second *Moments*, a half-hour documentary to run in late fringe, a special edition of *Channel 2 the People*, two special *Community* broadcasts, a series of public service announcements, editorials, weekly news reports and a special youth resource guide which the station will publish and make available to youngsters. The station also may sponsor an essay contest.

Kicking off the campaign will be *What's Going On?* an hour documentary to air Wednesday, July 22 at 10 p.m.. The speical, hosted by Mike Schneider, will look at the adolescent generation, with teens talking about growing up in the '80's. The second documentary, *Urban Nomads*, is to air Wednesday, Aug. 5 at 10 p.m., hosted by Arnold Diaz. It's a look at kids living on the streets, too old for foster care and too young for shelters. The third primetime documentary airs Monday, Aug. 24 at 9 p.m. and is called *It's My World Too*. It will spotlight youngsters who, despite physical or mental disabilities, are reaching their potential. This special will be hosted by Bree Walker, who is scheduled to join the station later this month from San Diego.

The last special will run Monday, July 27, 11:30 to midnigth. Host Jim Jensen will look at racism and youth.

An 'F' in environment

Veteran broadcaster Frank Field, WCBS-TV New York's meteorologist and health and science editor, told an international conference on air pollution meeting in New York that the news media—particularly television—are guilty of "dealing lovingly with a crisis" but avoid stories on environmental issues without catastrophic overtones.

"I plead guilty to the claim that the media all too often zero in and inflame passions, when instead we should be selling reason and thought," Field said. "Most environmental changes are long term, they are slow in coming, so they are not grist for the media mill. But give us a Three-Mile Island, a Bhopal, a radon story, an exciting event such as global garbage barge trip and watch us run with the ball."

No-surprise awards

The way the awards read, it's surprising anyone would be surprised to hear that Minneapolis powerhouse WCCO-TV and Louisville, Ky., clearchannel WHAS were tapped as this year's winners of the Edward R. Murrow Awards for "overall excellence" from the Radio Television News Directors Association. The awards will be handed out at the RTNDA convention in Orlando Sept. 1–4.

WCCO-TV was cited for its "year-round commitment to news and public affairs . . . In its five-and-a-half hours of news each day, WCCO-TV continues to be the role model for professional journalism and for meaningful and responsible use of technology."

WHAS has a "texture and quality all its own," said the RTNDA judges, citing the station's documentaries on schizophrenia and AIDS, for example.

Sidelights

Press release study

A Nielsen study among TV station news directors about their policy on video news releases, conducted for Medialink, a supplier of VNRs (see also *News about news* in the June 8 issue), came up with the following:

- It was agreed by 82.6 per cent of NDs that "a video news release should be clearly identified to the stations as a public relations release."
- Also, 61.3 per cent of respondents said they would not air a "produced release using a stand-up 'news reporter.' "
- That 62.5 per cent of NDs said they had used at least one video news release in the past week, with 17.0 per cent using one a day and 3.8 per cent using four a day or more.
- That 85.0 per cent of news directors said "video news releases can be helpful to news departments if producers follow professional guidelines."
- That 71.3 per cent of NDs said they prefer a combination package of B-roll (or background tape) and a packaged, produced press release, while 26.3 per cent said they prefer B-roll material only.
- That 87.5 per cent disagreed completely with the statement: "Video news releasers should be used in whole or not at all."

The Nielsen study posed questions to 106 news directors last April. The sponsor, Medialink and its Video News Release Network service, transmits VNRs and PSAs via satellite and alerts stations over its dedicated high-speed newswire, which is maintained by Satnet, a wholly-owned subsidiary of AP.

Laurence Moskowitz, president of Medialink, says the company subscribes to a code of ethics in transmitting releases. "In our notifications to news producers, we clearly identify releases as public relations products. And we require that the true originator of the release be identified as well."

VCR sales slow down

With VCR sales slowing down, the Electronic Industries Association forecasts only a 4.2 per cent increase in factory sales to dealers this year and a 5.6 per cent rise next year. Total units projected to be sold to dealers in '87 is 13,725,000, including 1.6 million camcorders.

These are among the statistics released by the EIA in its latest review of consumer electronic sales in the U.S. The estimated increases in VCR sales to dealers this year and next compare with an actual 11.1 per cent hike in '86 and a 55.6 per cent jump in '85. The association also estimated that the number of VCRs with built-in multichannel TV sound (MTS or stereo) will be 2.5 million this year and 3 million next year.

As for TV sets with built-in MTS, the EIA projection of sales to dealers this year is 4.3 million units, compared with the actual figure of 3.1 million in '86 and 1.5 million in '85.

Farm cooperative

Nineteen-eighty-six was the year of the radio reps' own "farm cooperative." Agribusiness directors from four of the radio rep companies have joined forces for a road show that started last spring to make group radio presentations to marketing executives of many of the major agrimarketing companies and their agencies to spotlight the values of farm radio (see story in farm section, page A21).

Bill Alford, who is currently a consultant to CBS Radio Representatives, but last spring—before Blair Radio became a part of Katz Radio Group renamed Banner Radio Sales—agribusiness director for Blair, says the first joint pitch last March was made to 12 Monsanto decision makers in St. Louis.

Ammunition included results of Doane and Rockwood research among farm operators, success stories of farm radio advertisers and techniques to use farm radio more creatively.

Alford's colleagues in this joint project were Lee Bullis of Interep, Glenn Kummerow of Katz Radio Group, Lloyd Senn of Torbet Radio (now part of Interep's new Torbet/Select Radio Sales) and Charles Might, executive sales/marketing director of the National Association of Farm Broadcasters.

Alford calls the feedback from Monsanto "uniformly positive," including a letter from one Monsanto executive who called it "a breakthrough experience that takes farm broadcasting out of the 'good ole boy' era into selling the features, advantages and benefits of farm radio with logic and proof."

Since that first visit to Monsanto, Might and his rep quartet have hit two dozen more companies, and Bullis describes the series of presentations as "exposing more people on the advertiser side to how well researched farm radio is—compared not only to other media, but even when stacked up against general consumer radio."


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SPECIAL ADWEEK REPORT

Tele-scope

Lorimar takes a lickin' but keeps on tickin'

Is the marriage between Lorimar and Telepictures on the rocks? Is the fragile relationship involving so many strong-willed egos about to explode? Has the company overextended itself by reaching into so many diverse areas at once—theatrical filmmaking, advertising, station ownership, publishing and home video—that the strengths which brought the two companies together in the first place—television production and distribution—are about to be suffocated under the weight of so much excess baggage? Has the company, known for its fierce independence, taken its eye off the ball long enough to become vulnerable to a hostile takeover?

The answers, following the recent restructuring of its business interests and stiff financial losses for the fiscal year, seem to be a mixture of no, yes, maybe and "Good grief, we hope not."

Certainly no one is happy over the news that LT took a $63 million hit in the just-ended fourth quarter of its fiscal year, and that this loss will carry over into a $59 million ton of red ink for the full year. (That's $1.35 a share.) And while LT talks confidentially about bouncing back next year, it admits recovery will be delayed until the second half.

LT goes on to admit it overextended itself, jumped into more businesses than it could handle, got taken for a ride in its home video operations and found itself slipping in the domestic syndication market (not helped at all by the downturn in the independent TV economy, particularly the bankruptcy by Grant Broadcasting). Finally after spending so much energy trying to bolster its TV station empire with a $1.89 billion, seven-station orgy the company woke up to the realities of life.

In time? The only question remaining is whether the company acted in time? LT thinks it has. Wall Street's not so sure, but, surprisingly, is willing to give the management team the benefit of the doubt. Perhaps no other company in this business could have gotten away with what Lorimar Telepictures did. Despite all the negatives, LT remains the darling of Wall Street. The management team still is regarded as among the best in the business. Competing executives are out there scrambling after LT stock now that it's down to $15 and change, and most analysts are convinced it is a solid $30 stock. The wonder team of Merv Adelson, Michael Jay Solomon, Michael Garin, Richard T. Robertson and David E. Salzman seemingly can do no wrong.

But what about those rumors of feuding among the senior wiz kids and the elder Adelson?

"I've heard those rumors and they are totally false," says Solomon. "There is no division among the senior managers. It's a congenial team." As for the company's writeoffs, writedowns and downright blunders, "We have no one to blame but ourselves," continues Solomon. "It was our fault, but out of this [reorganization] we will have a much stronger company. This is the right move at the right time."

Solomon admits the home video fiasco was an unexpected jolt. About $31 million of the company's fourth quarter losses are attributed to the home video operations. LT bought the home video unit in 1984 for $5 million. Shortly after the purchase, Stuart Karl, the unit's founder, along with two other top executives abruptly left because Lorimar said they held a financial interest in one of the subsidiary's suppliers. On top of that, LT only just found out that Karl had presided over a much more liberal return policy from wholesalers than LT knew about.

"Karl literally lied to us," says Solomon. "He told us they had a no-return policy. He left, and in three, four, five weeks we began to see all these returns coming in... This was not a lack of good management on our part. It was Stuart Karl who was in charge and he had an obligation to stand up and tell us about that [return policy], and what he said was totally false. There was no way for us to know until it happened. We are good managers. We trusted him... He was a valued executive of Lorimar... Merv trusted him."

Despite the disappointment, LT is expected to keep the home video unit, without the open return policy.

Going, going but not quite gone are:

- The television stations, including WPGH-TV Pittsburgh which it bought last January for $21,250,000; KMID-TV Midland-Odessa, Texas; KSPR-TV Springfield, Mo.; KCPM-TV Chico-Redding, Calif.; and the two Puerto Rican stations which Solomon almost single handedly turned around, WLII-TV and WSUR-TV. Joe Goldfarb, who has been running the station group for LT, is trying to put together a deal to buy KMID-TV, KSPR-TV and KCPM-TV.
- LT also is looking to sell its advertising agencies Bozell, Jacobs, Kenyon & Eckhart and Poppe Tyson as well as its interest in Caroline Jones to BJK&E management. (One estimate kicking around Wall Street is that Lorimar Telepictures could get as much as $200 million from the sale of the stations and agencies.)
- Goodbye publishing. LT is looking to sell its 75 per cent interest in *US* magazine as well as its children's publishing operations. Both operations will be sold to their respective managements.
- Finally, LT says it plans to repurchase 15 per cent of its roughly 46 million shares outstanding. Under current values, that buyback would cost more that $100 million, something which prompted Moody's Investors Service to say it is reviewing the long-term debt ratings of LT "for possible downgrade."

Still strong. Looking beyond the latest restructuring, LT appears to be in a strong position. In terms of network programming, it's the biggest supplier. It will have eight shows on the air this season—*Falcon Crest*, *Knots Landing*, *Dallas*, *Max Headroom*, *Perfect Strangers*, *Valerie* and *Our House* (all renewals). New this season is *Full House*. LT also has commitments for three mid-season shows: *The Clinic*, *B-*

MAJOR BROADCAST MEETINGS, SEMINARS AND CONVENTIONS

1987

September 1–4	RTNDA Conference, Orange County Civic Center, Orlando, Florida August 31, 1987 Issue
September 9–12	NAB Radio '87, Anaheim Convention Center August 31, 1987 Issue
October 16–20	MIPCOM, Cannes Television/Radio Age International, October Issue
November 11–13	Television Bureau of Advertising Annual Meeting, Atlanta Marriott November 9, 1987 Issue

1988

January 6–10	INTV, Century Plaza, Los Angeles December 28, 1987 Issue
January 23–25	RAB's Managing Sales Conference, Hyatt Regency, Atlanta January 11, 1988 Issue
February 8–13	International Television Film & Video Programme Market, Monte Carlo Television/Radio Age International. February Issue
February 25–29	NATPE International George Brown Convention Center, Houston February 22, 1988 issue
April 9–12	NAB, Las Vegas Convention Center April 4, 1988 Issue
April 10–12	Cabletelevision Advertising Bureau Conference, Waldorf-Astoria, N.Y. April 4, 1988
April 17–20	Broadcasting Financial Management Association, Hyatt Regency, New Orelans April 18, 1988
April 28–May 2	MIP-TV, Cannes Television/Radio Age International April Issue
April 30–May 3	NCTA, Los Angeles Convention Center April 18, 1988
June 8–12	BPME, Bonaventure, Los Angeles May 30, 1988 Issue

* Television/Radio Age will have coverage and bonus distribution at these meetings.

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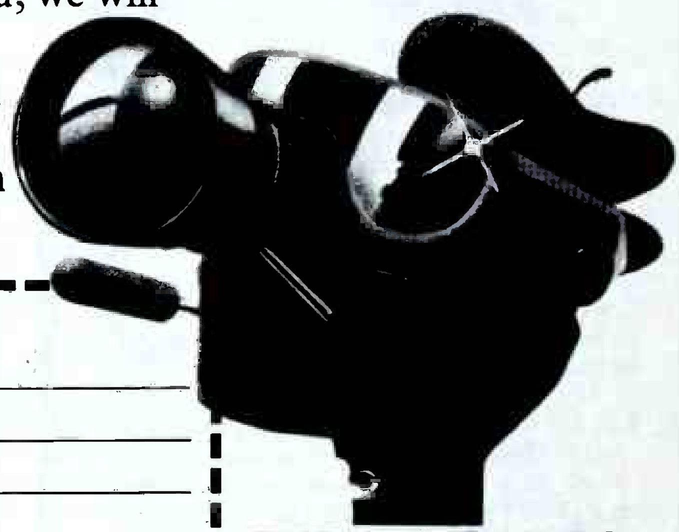

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The International Fall Market
Palais Des Festivals, Cannes
Oct. 16–20, 1987

Men and *Aaron's Way*.

In first-run syndication, it's loaded for bear: *The People's Court, Mama's Family, It's A Living, Love Connection, Superior Court, Thunder Cats, Silver Hawks, She's the Sheriff, Truth or Consequences* and *The Comic Strip*.

Most of these shows (*Dallas* is the biggest exception) LT distributes overseas and makes a fortune on. In fact, its international distribution operations—headed by Solomon—remains the company's largest profit center.

Film biz. While Wall Street is pleased with the restructuring and bullish on the company's television future, it is not quite so confident about LT's decision to beef up its theatrical film division. In addition to its five-year plan to pump out a half dozen films, each in the $6–12 million range, LT recently set up its own distribution structure, adding another 30 people and setting up new offices. LT has high hopes for *Action Jackson*. If it's successful at the box office, it will be a first for LT.

"We decided that we're going to be in the film business," says Solomon. "We have a studio and we have good, creative executives . . . I know Wall Street is nervous and to tell the truth, I'm anxious too; but we believe we will have hits."—**Jack Loftus**

CBS News agony mounts

CBS News is about to be hit by yet another round of layoffs involving 38 employees, a sort of lingering death from the dark days last fall when 215 people were fired.

According to reliable sources, CBS chief Larry Tisch picked up the phone himself, and using colorful language demanded a CBS News financial vice president: "I want these 38 people gone. You're still . . . around; I want you to get rid of these people now."

CBS insiders say it is not unusual that Tisch would go outside the chain of command—CBS Broadcast Group president Gene Jankowski or CBS News president Howard Stringer—to issue such an order.

CBS News confirmed the number demanded by Tisch, but insisted the 38 firings do not represent a new round of layoffs, but rather involve people "included but not gone" in the earlier slaughter. CBS News said the 38 will include per-diem employees as well as a bunch from the Warsaw bureau. The latter group was given a grace period until after the Pope's visit to Poland.

Subpoenas snare ABC

From a Monday morning quarterback perspective, Capital Cities/ABC might have been better off dropping NFL football as had been widely speculated some months back. Cap Cities/ABC's present worries revolve around its cable subsidiary ESPN—particularly how the service received its *Sunday Night Football* rights and how it decided to fulfill the NFL's requirement that all games be televised by broadcast stations in participating teams' markets.

Adamant indies. Many major market independent stations remain up in arms over the cable network's refusal to include them in the bidding process. ESPN decided to exclude from bidding any stations with "substantial penetration in cable homes outside their ADI."

ESPN came up with a list of 16 outcasts—all independents. Cap Cities/ABC then gave the list to Ohlmeyer Communications, the firm which received broadcast distribution rights to the NFL games from ESPN amidst speculation that the decision was affected by the fact that Ohlmeyer's co-venturer RJR Nabisco owns the non-Cap Cities/ABC portion of ESPN (*Cable Report*, May 11).

At press time, Ohlmeyer had selected three ABC affiliates—including O&O WLS-TV Chicago—and one NBC affiliate to carry the broadcasts. According to Val Pinchbeck, the NFL's director of broadcasting, ESPN's contract stipulated only that the games be carried over-the-air in the cities of each participating team. As long as fans in each team's market can view the game, Pinchbeck says, it's all right with the NFL.

But ESPN's new interpretation that a team's local fans only reside within DMA limits is causing controversy. Preston Padden, president of the Assn. of Independent Television Stations, noting that Cap Cities/ABC is acting to maximize ESPN's exclusivity, called this "a little ironic considering the cable industry's violent objections to recognizing the exclusive rights of local broadcast stations."

ESPN, in a letter to Padden, argued that "a [cable] system which can obtain some of the games on the compulsory licensed signal of a broadcast station may have little incentive to pay for the package of games through the license fees that ESPN is charging." Padden counters that if cable systems really supported their industry's call for exclusive punch-through programming, "they have the power to pay ESPN for the feed and black out the distant signal. [ESPN] is saying the cable people are just cheap cretins who have lived off free programming for so long that they won't pay for games but will take the distant signal."

But Bill Liss, senior vice president-corporate relations for Ohlmeyer, says it's independent stations who are cheap. He points out that many indies were "given a fair shot" at their local teams' games, but consistently "offered very low bids."

Broadcast probe. Meanwhile, the Federal Trade Commission has begun an investigation into why and how ABC received the NFL contract for *Monday Night Football* over an allegedly higher bid from Fox Broadcasting. The FTC's inquiry is reportedly in reaction to public remarks by CBS Sports president Neal Pilson that it was in the three networks' best interests not to lose *Monday Night Football* to Fox.

At press time, Fox, ABC and NBC had received subpoenas from the FTC seeking documents.

TV Business Barometer

May spot billings increased 7.5%

Spot TV appears to be performing a little better in the second quarter than in the first. The May increase was, in percentage terms, about the same as April, according to the *TV Business Barometer* sample of stations. However, May was a five-week Standard Broadcast Month (SBM) this year, while last year, May was a four-week SBM.

May was the first month in '87 that the SBM was of a different length than the year before. As has been noted, however, the bulk of *Barometer* sample stations report on a calendar month basis. Therefore, while May is not as good as it looks it isn't as bad as a strictly SBM comparison might indicate. It might also be noted that preliminary indications are that spot did better in growth terms than local did during May.

The *Barometer* sample showed a spot increase for May of 7.5 per cent. While this is about the same percentage as in April—which was 7.6 per cent—the May increase has to be diluted by the minority stations who report on an SBM basis, as previously pointed out.

However, the spot percentage growth figures for the last two months, as reported by the *Barometer* sample, are a little better than the performance of the first quarter, when spot time sales rose only 3.5 per cent over the previous year. The quarterly figures are comparable since the January–March Standard Broadcast Calendar for '86 and '87 covers 13 weeks in both years.

Spot TV billings this past May came to $589.5 million, which is a record, according to *Barometer* reports. The May figure just beat April, whose spot billings reached $580.4 million.

There was a higher figure than May's spot total. That's the level achieved by local time sales last October, when the *Barometer* sample reported a total of $590.2 million. For local time sales to beat the latter figure, May business would have to improve almost 11 per cent, which does not seem to be in the cards.

With five months of spot TV sales reported, the total has topped the $2 billion mark. The actual figure for the five months is $2,322.3 million, compared with $2,201.3 million during the corresponding period in '86. That represents an increase of 5.5 per cent.

Best performance

Medium-size stations ($7–15 million in annual revenue) showed the best spot performance in May, the second month this year they ranked first among the three revenue brackets.

One of the reasons the second quarter is a little better than the first, according to McCann-Erickson's forecaster, senior vice president Robert Coen, is that the second quarter of last year was slow relative to the first (see *Spot Report*, page 77).

Meanwhile, what of the outlook? The reps tell a mixed story, partly because spot developments happen so quickly they can't make any dependable guesstimates. However, there was no strong optimism about the summer (see also *Spot Report*).

May

National spot **+7.5%**

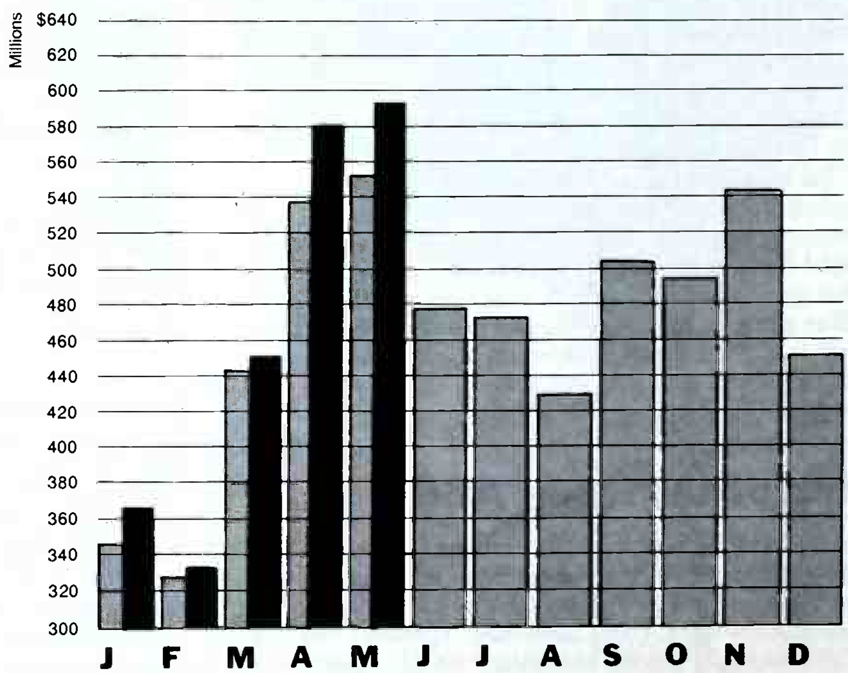
(millions)

1986: $548.4 **1987: $589.5**

Changes by annual station revenue

Under $7 million	+10.3%
$7–15 million	+12.4%
$15 million up	+5.9%

Network (millions $)



International Report

Solomon sees global coproductions

Michael Jay Solomon, president of Lorimar-Telepictures, thinks major global TV coproductions—which do not necessarily need the backing of ABC, CBS or NBC to get off the ground—may be right around the corner. Speaking to a marketing/advertising congress recently in China called "Beijing '87," Solomon thinks a "more healthy, robust global television economy is getting ready to turn the programming business on its ear."

Currently, he says, there are four types of productions: First, traditional U.S. programming with U.S. tastes and values marketed throughout the world. Second, parochial productions; that is, German productions for German audiences, French for the French, etc. Third, Pan-European programming produced by European consortiums for European audiences.

Just around the corner, Solomon says, are true international coproductions, produced to appeal to a global audience—including U.S. viewers. "This kind of production will measure up to U.S. standards, attract top writers and feature internationally recognized stars or cast members," he says. "We already are seeing this happen on a slightly smaller scale in Europe thanks to the healthier television economy. It certainly does not take any great leap of the imagination to see what's happening in Europe begin to spread throughout the world.

Michael Solomon

"For example," Solomon continues, "let's say we form an international consortium to produce a six-hour miniseries. The production cost is roughly $12 million. Right now, in order to cover the cost of this production, we would have to sell it first to an American network, because there just is not enough money outside the U.S. to support the investment. But with a much stronger international television production economy, the future of this $12 million miniseries won't depend on an American network sale. We can bypass them and go instead to a Fox Network or to an ad-hoc consortium."

Solomon adds, however, that such a coproduction would have to appeal to the English-speaking countries in order to be marketed successfully. So it would be shot in English, though reshooting in one or two other languages also might be required.

Monkee business

The appointment of Peter Sealey as president and chief operating officer of Coca-Cola Telecommunications may bode a further expansion of the company's international operations.

In an interview, Sealey stresses the foreign marketplace as one area of potential expansion. (Ironically, he had been president of domestic marketing and distribution since 1985 for Columbia Pictures, which dramatically increased its international thrust since the appointment of David Puttnam as chairman and chief executive officer.)

Sealey says one of the international moves currently being contemplated is a 90-second spot featuring *The New Monkees* (to be launched this fall in first-run syndication domestically) on Rupert Murdoch's Sky Channel.

"This will familiarize European audiences with *The New Monkees*," Sealey says. "Many of them missed the original show because at that time there wasn't much commercial television in Europe."

CCT also will be showing the music video trailer at 1,500 Cineplex Odeon Theaters in the United States over the summer, which means it will be seen by as many as "90 million people" by the time the show airs this fall.

"We're hoping it will work there (in Europe) as it did for us here, when MTV started the whole thing for us by airing the original Monkees series to incredible response, sparking us to start *The New Monkees*."

MIP 'irrelevant'

MGM Telecommunications president Norman Horowitz likens the change in the international market that has been wrought by privatization to "asking Gary Hart whether the publicity about his relationship with Donna Rice had an impact on his political career."

Horowitz says the television market has become so fluid as to make specific gatherings like MIP almost irrelevant, in terms of possible distinctions between "pre-MIP sales, post MIP sales—MIP has nothing to do with anything." But he does say the television market in France has changed from an over-governmentalized and bureaucratized situation to one in which there is now commercial television, as opposed to what he calls "television with commercials."

Horowitz adds that because MGM is in the process of revitalizing its television arm, features are still its most important resource in the international marketplace, adding that there have been "dramatic increases in demand in Canada, England and France" while traditionally strong markets like Australia continue to be strong.

KF tops $8-mil. mark

King Features Entertainment is on a roll with a package of 12 made-for-television movies from the Movie Alliance, the consortium of six independent Hollywood production companies. Five of the TV movies already have aired and another seven TV movies from the consortium are slated to roll out next season for network airings, and King Features will sell those overseas as well.

According to Bill Miller, King Features executive vice president, home video and television sales from the 12-pack have topped the $8 million mark in international sales, with most of that money coming from home video. King Features is offering home video buyers exclusivity ranging from nine to 18 months (depending on the deal) before the TV movies begin running on broadcast or cable channels in the same market. Miller says sales have been particularly strong in the U.K., France, Germany and Australia. He saturated the Aussie market, raking in $2 million in separate home video and television sales.

The five movies, all of which have had U.S. network runs in 1987, include: *In Love and War* with James Woods and Jane Alexander, which aired on NBC March 16; *Tonight's the Night* with Ed Marinaro and Max Gail, ABC, Feb. 2; *The Last Fling* with John Ritter and Connie Selleca, ABC, Feb. 9; *Hollow Point*, ABC, May 22; *Her Secret Life* (sold overseas as *Code Name Dancer*) with Kate Kapshaw, ABC, April 12.

King Features also will have a new animation series this fall, *Popeye and Son! A New Generation*, scheduled to begin running on CBS in the fall. Normally King Features would be pre-selling the series, but because of production schedules doesn't expect to have anything ready for screening until September.

FMI is back

France Media International, under its new owners, hopes to move heavily into program co-production. Navigation Mixte, an investment organization with only limited broadcasting experience, last month purchased the foundering distribution company. Although specific plans are not expected to be announced for several weeks, it is known that Navigation Mixte executives are anxious to have FMI return to the programming field and have instructed company officials to actively seek coproduction ventures at MIP-COM. "We are preparing intensely to invest and buy distribution rights," said an FMI official.

During 1985 and 86 FMI was involved in 80 hours of coproductions, including some in which it invested money to secure distribution rights. The company still holds foreign distribution rights to all TF-1 programs to the time of privatization earlier this year. TF-1 now distributes its own program internationally. FMI, however, will continue to represent Antenne-2, FR-3, the national audio-visual archives institute, INA on an ongoing basis and some independent producers for specific projects.

BBC sells to CBS

In its first major deal with an American network since 1971, a delighted BBC has sold its weekly chart show, *Top of the Pops*, to CBS. CBS plans to network an extended (50 minute) American version of the show each Friday in a late-night slot, beginning September 25. The American version is a co-venture among the BBC, its U.S. distributor Lionheart Television, and The Entertainment Network. The BBC will satellite the show to Los Angeles each Thursday, where TEN will add U.S. acts and the American Billboard charts, presented by an American host.

Top of the Pops has been running for 23 years in Britain. Bill Cotton, managing director of BBC Television, comments, "I hope we will see it become as much of an institution in America as it is on this side of the Atlantic."

Meanwhile, Lionheart continues to market the BBC's popular soap, *Eastenders*, in the U.S. There have been no sales so far. Gibraltar and Zambia are the latest buyers of the program, bringing the total number of overseas sales to eight countries.

ZDF racks up sales

West German broadcaster ZDF continues to clock up sales of some of its major series: Polish Television and Finland's YLE have both purchased episodes of the detective series, *Derrick*, which already airs in 12 European countries, including Channel 4 in the U.K.; French distributor Tele-Images has bought the second series of *Black Forest Clinic*, currently airing in several European countries and picked up by Paramount last year; Silvio Berlusconi's Rete Europa has bought 14 episodes of a relatively new ZDF series, *The Country Doctor*, which it will air in both France and Italy.

Other recent sales include *Jakob and Adele*, a one-hour television play about two elderly people, to Hungary. Finally, for the second time, Denmark has bought *A Man Wants to Make it*. This 13-hour series first aired in Denmark two years ago.

Sammy gets promoted

Sammy Gang, the globe-trotting likable dean of the international television sales circuit, has been promoted by King Features Entertainment to vice president. "After three-and-a-half decades and countless accomplishments in this business, it is unlikely that a title will change Sammy," said King Features executive vice president Bill Miller. Miller, who made the announcement from Oslo where he was busy selling a package of made-for-television movies throughout Scandinavia, insisted Gang's role in the company won't change a bit: "He'll still roam the globe, calling his own shots and opening new doors because of his unparalled reputation."

Gang started out in the oil business (not snake oil) in the 1940's in the Philippines, came to New York at the start of the decade and began buying feature

Sammy Gang

films for resale to broadcasters in Mexico, Cuba and Puerto Rico. He later shifted to National Telefilm Associates and from 1954 through 1959 pioneered the sale of American TV programs to overseas broadcasters. Next he signed on with Matty Fox and from 1959–61 offered the 846-title package of RKO movies to all takers. That was followed by a two-year stint with ITC, after which he acquired his own company, buying and selling properties throughout the world, with special emphasis on Central and South America. He joined King Features in 1975 and initiated its first international sales effort, with such animated programs as *Popeye* and *Barney Google*, based on comic strips emanating from the King Features Syndicate.

Sammy Gang logs some 75,000 air miles a year, smilin' and sellin'.

W'vision wraps it up

Worldvision has put the finishing touches on a Scandinavian satellite deal it made last April at the MIP-TV market in Cannes. Bert Cohen, international sales chief for Worldvision, says the 500-hour package to Scan Sat, the new three-language program service owned by the Swedish conglomerate Kinnevik Industries, could begin as early as November 1987—more than a year before Scan Sat is scheduled to become operational aboard the Astra satellite.

Scan Sat is hoping to get an early jump aboard the Intelsat V bird and could begin beaming programming to cable and DBS services as early as next November. The Astra satellite is not scheduled to fly until the end of 1988. At that time, Scan Sat will make the switch. Its audience is estimated at 1.5 million.

Worldvision programming to be dubbed into Swedish, Danish and Norwegian includes *The Love Boat* (the first two years), *Highway to Heaven* (first year), *The Addams Family*, *General Hospital* and *Scooby Doo* (from Hanna-Barbera). The package also includes a batch of made-for-TV movies plus several miniseries: *Key to Rebecca*, *Last Frontier* and *Holocaust*.

Meanwhile, Worldvision also is trying to cash in on the demand for late-night programming in Britain.

Viacom is brisk

Viacom reports brisk business in preselling such new shows as *Jake and the Fatman*, *A Different World* and *Frank's Place*. "The shows are moving good, very good," says Viacom International sales chief Raul Lefcovich. "In fact," he adds, "these new shows are doing better than any other year I can remember."

Rounding out the offerings, Lefcovich says *Matlock*, *The Cosby Show* and even the old reliable *Perry Mason* are selling well. Hot spots include France, Latin America and the Far East.

Cable Report

'America's Business' revived as FNN expands its lineup

America's Business, which flunked as a syndicated series from Financial News Network this spring, will kick off the cable service's first primetime business program schedule starting July 13 at 7 p.m. "Advertisers are more and more interested in reaching the upscale demographics," explains an FNN spokesperson about the move into primetime.

Fox/Lorber Associates had rushed *America's Business* into syndication to fill a gap created by Buena Vista Television's dismissal of *Today's Business*, but the FNN strip was itself cancelled after only a few weeks. FNN gives low clearances as the reason, and Nielsen's May Cassandras bear this out—*America's Business* averaged a 0.9 rating in only 26 markets, while *Today's Business* had averaged a 1.1 in 121 markets back in November.

FNN, however, was satisfied with the show itself, enough so to bring it back in a revised version for its new expanded schedule. A second primetime business series, *The American Investor*, is scheduled to debut Aug. 3 at 7:30 p.m. FNN:Score, the network's sports service, will now begin at 8 p.m. and run until midnight when the FNN: TelShop home shopping service takes over through 6 a.m.

Come fall, however, FNN's plans call for business programs through 9 p.m. or beyond, concurrent with an expansion of Score past midnight. The Score service, explains the spokesperson, is picking up more and more live West Coast events which run past that hour. TelShop, with its own transponder, is expected to be phased out of FNN itself in the future.

Lifetime takes to nets

Starting this month, Lifetime targets the young upscale female demographic through a major consumer ad campaign using the theme "We Help You Do The Things You Do," based on the 1960s' Temptations hit. Created by New York-based GM Communications, the campaign is scheduled to reach one-third of American women about five times a month, into 1988. Media used will include the three network TV morning shows and such magazines as *Working Mother*, *Working Woman*, *Savvy*, *McCall's* and *Redbook*. Spots have already been running on Lifetime itself, and the network says it's encouraging its affiliates to use their marketing allowances to run them on other cable channels as well.

Lawrence Rebich, Lifetime vice president of marketing, says the ads emphasize Lifetime's viewers as much as its programming. "Unlike traditional broadcast image campaigns which are usually a packaging of program clips and upbeat music," he explains, "this campaign has the added benefit of a clearly defined message about the value of the programming to a target audience."

CAB mops up sweeps

The Cabletelevision Advertising Bureau, forced to wait for release of the Nielsen Cable Status Report, has now put in its two cents regarding the recent May sweeps. On a 24-hour basis, CAB reports, basic cable networks had 19 per cent of the audience—up three share points from May 1986—while the pay service share rose from 9 to 11. The network affiliates' share, meanwhile, dropped from 56 to 51 and superstations' share from 9 to 8. Independents stayed steady at a 13 share.

In primetime, the CAB analysis shows, basic cable's share rose from 14 to 16 and independents' share from 12 to 13. Network affiliates dropped from a 64 share to a 61 share and superstations from an 8 to a 7 share. Pay services stayed steady at 9.

Basic cable showed healthy share gains in the other dayparts as well, CAB notes: from 16 to 19 in daytime, 14 to 18 in early fringe, 15 to 18 in late fringe and 22 to 26 on weekends. Conversely, network affiliates declined in shares across the board: from 62 to 56 in daytime, 57 to 53 in early fringe, 57 to 50 in late fringe, and 40 to 36 on weekends.

Pay services fared well in these dayparts: from a 5 to a 6 share in both daytime and early fringe, 12 to 15 in late fringe and 10 to 11 on weekends. The independents' share held steady at 12 in daytime, 13 in late fringe and 17 on weekends, but dropped from 17 to 16 in early fringe. The superstations' share dropped from 9 to 8 in daytime but held steady at 10 in early fringe, 7 in late fringe and 11 on weekends.

'I want my Nickelodeon'

Parents are being pushed to subscribe to cable by their kids, according to newly released data from "Youth Monitor" (*Cable Report*, April 27, 1987), the nationwide study of six–15 year-olds Nickelodeon cosponsored with *USA Today* and the Yankelovich Clancy Shulman research firm. Thirty-nine per cent of the kids with cable TV said they had helped their parents decide to subscribe. As the kids get older, the research found, their influence gets greater. While 20 per cent of six-to-eight year-olds said they helped their parents in this regard, the figure climbed to 33 per cent for nine–11 year-olds, 51 per cent for 12–13 year-olds and 59 per cent for 14–15 year olds.

Interconnects climbing

The 1987 *Cable Rep/Interconnect Directory*, published by the Cabletelevision Advertising Bureau, lists 47 cable rep firms and 80 cable interconnects. The number of interconnects, defined as two or more cable systems distributing commercials simultaneously, is up 45 per cent from last year's total of 55, according to CAB. The directory contains profiles of all the interconnects and rep firms, including subscriber counts, systems represented, and key personnel.

Victory for the suburbs

Long Island's public station WLIW(TV) is back on the lineup at uptown Manhattan's Paragon Cable as a result of negative subscriber reaction to its recent removal. (*Cable Report*, April 27, 1987). WLIW, which says its schedule is 43 per cent non-duplicative in the market, reports that 1,500 Paragon subscribers wrote to the system in protest of its eviction, "and hundreds more called." In addition, two community rallies each attracted more than 200 people—including local politicians.

Video dealers cry 'foul'

Cable's tactics against home video rentals—namely pay-per-view services and encouragement of time shifting—may be working, judging from recent defensive actions undertaken by the Video Software Dealers Association. The organization has begun collecting examples of alleged anti-rental cable advertising to use in an effort to restore an "adequate window which protects home video," according to executive vice president Mickey Granberg. "The studios have a vested interest in the health of the home video marketplace," he says.

Such ad slogans as "You'll never have to go to your video store again" and "We're your perfect VCR accessory" are on VSDA's "wanted" list. The association has also commissioned The Fairfield Group, a research firm, to analyze PPV's impact on movie rentals. The results of the group's survey will be released at the VSDA convention, Aug. 16–28 in Las Vegas.

CableOne expands horizons

Infomarketing's CableOne, which enables advertisers and agencies to make a single buy with a single invoice across several cable networks (see *CableOne aiming sales shotgun at a moving target*, TV/RADIO AGE, March 30, 1987), plans to extend the service by also representing home video marketers and international media. It is currently seeking CableOne participants from those categories.

Meanwhile, Infomarketing has surveyed sales promotion managers at 60 major department stores and mass merchandisers and found both televised home shopping programs and cable TV low on their priorities list. Among the results: 86 per cent said televised home shopping is "totally unimportant" to their current sales promotion activities and only 39 per cent feel home shopping will eventually grow in importance.

Here, in order of descending importance, is how retailers ranked the various media: newspaper ROP, newspaper inserts, direct mail, network TV affiliates, radio stations, independent TV stations, catalogs, bill stuffers, cable TV, electronic in-store shopping, and televised home shopping. Cable networks, ranked in order of advertising interest were: CNN, ESPN, CBN, USA, MTV and The Nashville Network.

Not quite halfway yet

The cable industry, which has been stating as a fact that penetration will top 50 per cent by year's end, will likely make the cut—but not by much. The cable growth rate continues to slip, according to Nielsen Media Research estimates—with penetration rising just 0.5 percentage points in the period from February to May, down from an increase of 0.6 percentage points in the preceeding three-month period. Nielsen's estimate of May cable penetration stands at 49.2 per cent, or 43,279,980 households.

Arbitron, meanwhile, pegs May's cable penetration at 48.8 per cent, up 0.6 percentage points.

Philip Morris tops

Philip Morris nudged into the top cable advertiser spot in April, according to monthly monitoring of six cable networks by Broadcast Advertisers Reports. PM, which spent only 1 per cent more than the previous month and 12.5 per cent less than in April 1986, backed into the top spot as former leader Procter & Gamble slashed its spending 37 per cent from March's level. Compared to a year earlier, when PM was also number one, P&G's spending was down 27 per cent.

Anheuser-Busch, up 12 per cent from March, rose from fifth position among cable advertisers in March to take over PM's former Number 2 position. Another big gainer was Coca-Cola which rose from ninth place; its spending more than doubled its April, '86 outlay. Mars, RJR Nabisco and General Mills moved down one spot on the list, while Gillette fell two places; all four of these companies, however, while cutting spending at least 20 per cent from March, were up at least the same amount over a year earlier (RJR and Gillette skyrocketed 71 per cent and 52 per cent respectively). Time Inc. which had been Number 7 in March, left the top 10 but still holds the Number 5 position for the year with expenditures through April of $6,136,303. American Home Products, which had held the final spot in March, fell out of the top 10, while Honda and General Motors entered.

Top 10 cable web clients—April

Parent Company	Estimated expenditures	Year-to-date expenditures
Philip Morris	$2,052,346	$7,479,988
Anheuser-Busch	1,867,218	6,150,819
Procter & Gamble	1,682,891	6,856,946
Mars	1,266,313	7,010,668
RJR Nabisco	1,143,163	4,889,380
Coca-Cola	1,070,494	2,711,636
Honda	979,985	2,185,046
General Motors	960,772	2,931,477
Gillette	891,206	3,995,858

Source: Broadcast Advertisers Reports (Note: BAR monitors only six cable networks: CBN, CNN, ESPN, MTV, USA and WTBS)

Radio Report

RAB's multi-faceted vendor sales program

Spurred by the increasing emphasis on retail advertising and promotion, the Radio Advertising Bureau has created a multi-faceted vendor sales and promotion program to train radio stations to develop new retail dollars. The vendor program, which became effective last week, and made possible by a two-year agreement with Market Share, Inc., a Seattle-based retail sales promotion agency, provides each RAB member station with basic training materials and sales tools to assist them in developing vendor relationships and building retail promotional and marketing programs.

In addition, RAB will provide free regular vendor advice and consultation to all member stations on the RAB Vendor Hotline, (206) 862-2576. Karen Wald-Harper, retail director at Market Share and Blair Radio vendor specialist, will be the principal instructor and consultant available to RAB stations. She will be assisted by Jim Boyle.

The RAB vendor program will offer two tiers of service. And while all stations will receive materials and have access to the RAB Vendor Hotline, only stations seriously interested in tapping the pool of available vendor dollars and in building substantial expertise will have an opportunity to send its staff members to vendor seminars, slated for early fall, and to have ongoing advice and assistance directly from RAB's vendor experts. Stations only nominally interested in vendor programs will be served with the best available sales tools and training materials at no cost beyond their regular RAB dues, according to William L. Stakelin, president and CEO of the RAB.

Spot radio down in May

Spot radio had another down month, according to the May figures from Radio Expenditure Reports, which gathers gross time sales from all the major reps. Technically, time sales were up, but May of this year was a five-week Standard Broadcast Month (SBM) vs. four weeks for May, '86. Hence, RER added another 25 per cent on top of the actual May, '86, figures to get comparable data for May, '87.

May billings for spot radio came to $98,204,200 vs. $87,409,400 for May of '86. That would ordinarily represent a 12.3 per cent increase. But for comparability, the May, '86, figure had to be raised $109,261,800, which represents an '87 decline of 10.1 per cent, as adjusted. For five months spot radio billings were $342,000,800, down 1.2 per cent (adjusted) from the comparable period last year.

The adjusted figures for the four market groups RER breaks down in its monthly report are: top 10 markets, down 17.1 per cent to $35,312,800; 11–25 market group, down 6.6 per cent to $21,824,800; 26–50, down 10.0 per cent to $15,154,000, and 51-plus, down 2.2 per cent to $25,912,600. For the year-to-date, all the market groups are down except the 51-plus category, which is up 3.7 per cent.

Local billings—February

Local radio advertising revenues rose 5.3 per cent in February, against the same month in 1986, according to the RAB's composite billing pool. On a year-to-date basis, local revenues have increased 5.3 per cent in 1987 over the first two months of 1986. Data for the analysis is based on a composite of 80 markets participating in the pool. The 80 metro areas represent 57 per cent of the U.S. population. Hungerford, Aldrin, Nicols & Carter reports on eight eastern and 15 midwestern markets. Miller, Kaplan, Arase & Co. reports on 12 southern, 11 southwestern and 20 western markets, while the RAB research staff compiles data for 14 additional markets nationwide.

Local radio may grow 6%

Although he expects radio to show only a 4 per cent increase in national advertising, to $1.8 billion during 1987, Robert Coen, senior vice president, director of forecasting at McCann-Erickson, believes local advertising on radio could climb 6 per cent to nearly $5.5 billion. But he concedes that radio's national advertising nut is so small that, "It wouldn't take much—just a reasonably significant investment by a couple of major advertisers, to produce a better figure for national radio advertising."

He adds that it could well depend on "what happens to a couple of categories like automobiles or airlines. These are categories that, for radio, could suddenly turn around, from mediocre to outstanding. Or they could just keep limping along, so far as radio is concerned."

On the other hand, Coen notes that after the long series of major increases in recent years, "ever since satellite transmission replaced land lines and led to creation of so many additional new radio networks, gains of that magnitude couldn't be expected to continue forever. They have to start levelling off at some point, and that point may be 1987."

Auto buyers and radio

New research provided by the RAB links radio listening to top automobile customers. According to the study, "Media Targeting for the '90s," 93 per cent of prospective American new-car buyers in upper-income households listen to radio almost three hours each day. Broken down demographically for new-car buyers, the survey, which was conducted by R. H. Bruskin & Associates, includes men, women, adults 18–34 and is cross-tabulated to those customer groups by income ($30,000 and up and $40,000 and up).

The data establishes that prime auto prospects earning $40,000 and up spend 44 per cent of their media time with radio, as opposed to 34 per cent with TV and 12 per cent with newspapers. Radio holds a large percentage of a person's media time during a 24-hour period no matter what the consumer profile, the study finds. Regarding the competitive weekly reach of radio to each customer section profile, the study indicates that between 92 and 98 per cent of all car buyers (depending on the demo selected) are exposed to radio weekly. Specifically, 98 per cent of "younger" new-car buyers (adults, 25–54) were exposed to radio weekly. Two-thirds of all new cars are purchased by adults 18–49.

Top 10 web radio clients—April

Parent company	Estimated expenditures	Year-to-date expenditures
Sears Roebuck	$3,214,313	$15,347,440
General Motors	2,347,620	6,189,849
Warner-Lambert	2,319,121	10,523,717
Anheuser-Busch	2,101,793	6,110,483
Ford	2,000,969	5,511,665
Tele Disc	1,615,613	5,865,376
Bayer A G	1,507,780	8,157,360
AT&T	1,124,038	2,775,814
IBM	1,117,249	1,290,025
Wesray Capital Corp.	1,049,554	2,066,720

Coordination at Birch

The decision by Birch Radio to combine qualitative and quantitative data into a single report is "a natural progression," according to a Birch spokeswoman. All subscribers were already receiving both, but as separate books, she notes, "and it's easier for buyers and stations to have it all in one book. The qualitative information is often used in negotiation and as a tie-breaker in buying."

The merger of the reports will be effective, with issuance of the spring report, in 123 measured markets. The quarterly data is issued in spring and fall. Birch currently offers the only syndicated qualitative data collected simultaneously with radio listening estimates in which a single respondent reports radio listening and such qualitative data as income, education and product consumption.

Others have failed in syndicating single-source information, and the Birch spokeswoman notes, "Our qualitative information would never be sold on its own. It would never have been offered that way." Birch surveys over 230 radio markets by telephone from three WATS interviewing centers.

Sears up in web spending

Sears Roebuck continued to lead the network radio spenders through April with a 10.3 per cent increase over the first four months of '86 (see top 10 April leaders below), according to Broadcast Advertisers Reports. Most of the other leaders also showed increases, but AT&T, one of the top 10 in April, was down 71.6 per cent from last year over the four months.

Anheuser-Busch Co. and Ford showed the two biggest increases over '86 through April among clients active in both years. A–B was up 139.7 per cent, while Ford increased its spending on network radio 156.2 per cent, according to BAR figures. Other increases for the four-month period were shown for General Motors, up 24.0 per cent; Warner-Lambert, up 13.6 per cent, and Bayer, up 37.4 per cent.

Spot still soft, say reps

Radio reps are reporting flat to modest increases for the second quarter, and the outlook for the third is for more of the same, though that could change.

Charlie Colombo, president of Katz Radio Group's new Banner Radio Sales, formerly Blair Radio, says pacing reports for the industry reflect the same pattern for June as in May.

At McGavren Guild Radio, president Ellen Hulleberg believes that "We're through the worst of spot's slowdown," because "Advance bookings for third quarter look healthier than they did for second." She adds that one of the more active sectors is financial, particularly for the 25-plus and 35-plus stations.

Dick Sharpe, president, Hillier, Newmark, Wechsler & Howard says that, "As a company, we came in on target for second quarter, but RER shows spot for the industry as a whole down. Third quarter looks soft so far, but with so much business coming in so late it's too early to really tell. For instance, if one airline goes back heavily into super saver fare promotion, the others will follow and third quarter could be a whole different story."

In Chicago, Pat Byrne, vice president, Central Division for Durpetti & Associates, describes second quarter as flat, and third, at this early stage looks to be about the same. "Automotive was slightly ahead for second quarter and third quarter out of Detroit will probably be on the soft side."

Michelle Jennings, vice president, New York sales manager for Group W Radio Sales, says second quarter "didn't set the world on fire, but we're up slightly and we're expecting a similar small increase for third quarter." Jennings says her Group W stations "target the 25 and up audience, so we gained from one category switch and lost from another." She explains that some of the domestic car manufacturers have recently started to concentrate on their subcompacts and switched their sights from the traditional 25–54 car buyer to the younger 18 to 34 listener. "Our stations didn't benefit from that. On the other hand with the onset of summer, the wine coolers and beers are adding momentum. So on this one our stations came out ahead."

Radio Business Barometer

May network sales were down 1%

Network radio just about broke even in May, which was better than it did in April, but obviously nothing to brag about. Gross billings in May were actually down a mite, the second month in a row to show a minus sign amidst indications that network sales people aren't quite sure what's happening. One viewpoint is that network radio has been doing so well during the past two years that an adjustment downward was bound to come.

In any case, the May billings figure from the Radio Network Association was down 1 per cent from the year before. That put May time sales at $34,780,841 vs. $35,296,364 for May, '86. The small May drop follows a decline of 8 per cent in April and an overall increase of 10 per cent in the first quarter.

For the five months to date, web radio business was only 3 per cent ahead of the same period a year ago. The '87 total through May: $145,905,362 as compared with $141,516,782 during the corresponding '86 period.

Of the four sales territories reported by RNA, only New York showed an increase during May. The West Coast, which had generated stunning sales figures during the first quarter, continued with a poor performance in May that was the equal of its poor performance in April.

The New York territory actually did better in May than it did in April. Sales were up 11 per cent vs. a rise of 6 per in April. New York billings in May came to $22,894,252 compared with $20,678,099 last year.

The turnaround in Los Angeles territory sales during the second quarter was dramatic in its abruptness. The first quarter monthly increases had been juicy: January, up 46 per cent; February, up 36 per cent, and March, up 40 per cent, for an overall average of 40 per cent. Then in April, there was a 25 per cent drop. And in May, the 25 per cent drop was repeated. Los Angeles billings in May were $1,728,874 as against $2,297,791.

Chicago showed an up-and-down profile during the first quarter. But the final month, March, was up 29 per cent. Then came an 18 per cent drop in April. For May, the results were a 12 per cent decline. The sales figure for May came to $7,952,735 vs. $9,047,932 the year before.

Detroit down

Detroit sales, buffeted by the shift of General Motors billings to New York, were down in double digit terms for the fifth straight month in '87. The first quarter was down 35 per cent, April was down 52 per cent and May dropped 33 per cent. May billings were $2,204,980 vs. $3,272,542 in '86.

Five-month figures for the four sales territories were as follows: New York was up 12 per cent to $93,617,321; Chicago was down 3 per cent to $35,385,969; Detroit was down 38 per cent to $7,573,212 and Los Angeles was up 6 per cent to $9,328,860.

Network **−1%**

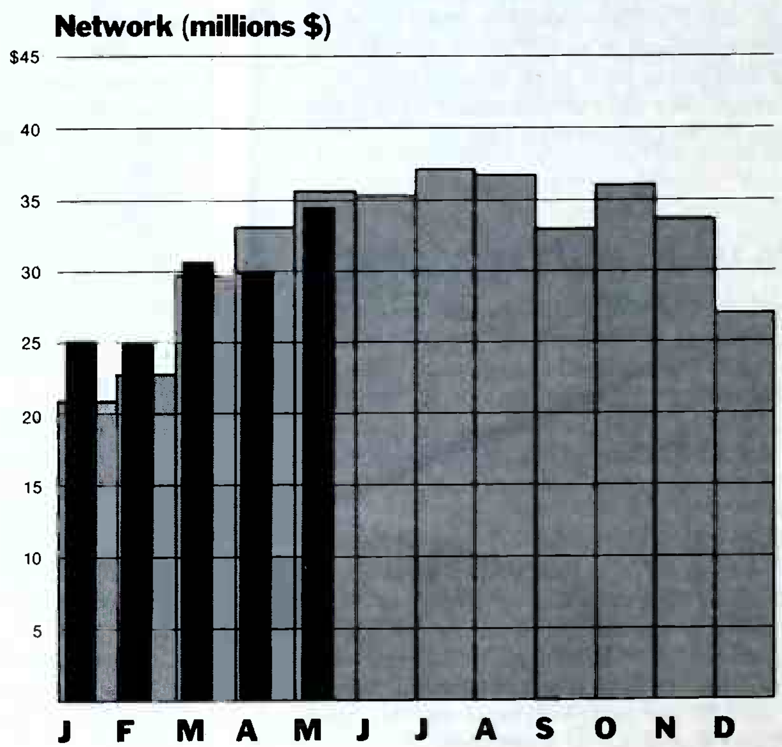
(millions) **1986: $35.3** **1987: $34.8**

Changes by territories

Territory	Billings (000)	% chg. 86–85
New York	$22,894,252	+11%
Chicago	7,952,735	−12
Detroit	2,204,980	−33
Los Angeles	1,728,874	−25

Source: Radio Network Association

May



We know your market because we've been there.

WAOK/WVEE
Atlanta

"No matter how many times I visit Atlanta and WAOK/WVEE, I always find myself learning something new and valuable to pass on to the buying community."

Ed Leeds
VP/Sales Manager
New York Office

(above) WAOK/WVEE General Sales Manager George Reed, VP/General Manager Rik Rogers and Ed Leeds review the stations' latest promotional campaign

McGavren Guild Radio salespeople will spend up to two weeks this year working at our client stations. They are there to collect qualitative station and market facts that will enable us to better understand the needs and unique attributes of our clients. Getting firsthand knowledge of the stations we represent is just one of the ways we provide you with the type of distinctive service that you expect.

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Television/Radio Age

July 6, 1987

Two theories: (1) FCC regulations; (2) chain reaction in station moves

What's behind biggest TV rep switches in history?

By ALFRED J. JAFFE

The massive switches of television stations from one rep to another that have taken place so far this year—the biggest and most recent being the Fox, Tribune and TVX stations—have raised the intriguing questions: Why did it happen and why now?

Some key points:

- The total size of the switches in terms of numbers of stations, market size and volume of spot billings is unprecedented. Entire station groups have moved from one or more reps to one or more reps.
- Every major rep was involved in some degree.
- While some reps ended up ahead and some behind, nearly all those heavily involved were both winners and losers.
- Independent stations have dominated the biggest switches.

It's been estimated that about $350 million in spot billings changed hands in the Fox-Tribune-TVX switches, all major independent groups, but some sources say considerable, if not almost as much in the way of billings have been affected by station switches earlier this year, which would make the total somewhere between $500 and $600 million.

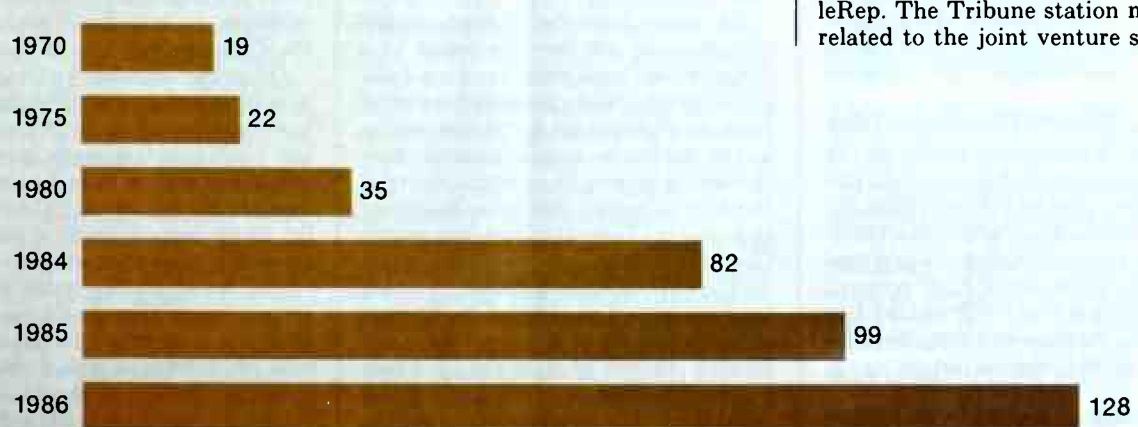
The way they stand

The latest changes stack up as follows:

- In the heaviest blow of all, Katz Communications lost six of the Fox Television stations. Four went to Petry: WNYW(TV) New York, KTTV(TV) Los Angeles, WFLD(TV) Chicago and WDAF(TV) Dallas-Ft. Worth. TeleRep got WTTG(TV) Washington and Harrington, Righter & Parsons got KRIV(TV) Houston, the first indie for HRP. Fox's seventh station, WFXT(TV) Boston, which it acquired late last year, has been represented by Petry since January.
- Offsetting Petry's acquisition of four Fox stations was its loss of three Tribune stations—KTLA(TV) Los Angeles, KWGN-TV Denver and WGNO-TV New Orleans—to TeleRep. TeleRep already had Tribune's WPIX(TV) New York, while Petry is apparently keeping the group's WGNX(TV) Atlanta, where TeleRep represents WSB-TV. The latter is the flagship of Cox Enterprises, which owns TeleRep. The sixth Tribune station, WGN-TV Chicago, another plum, moves from Blair to TeleRep. The Tribune station move was related to the joint venture set up by

Recent growth in station purchases held a factor in rep switches

Number of TV commercial station purchases during selected years



Recent 1987 rep realignments in major markets

DMA rank	Market	To Telerep Sta.	From	To Petry Sta.	From	To Seltel Sta.	From	To MMT Sta.	From	To HRP Sta.	From	To Blair Sta.	From	To Katz Sta	From
1	New York			WNYW	Katz										
2	Los Angeles	KTLA	Petry	KTTV	Katz										
3	Chicago	WGN	Blair	WFLD	Katz										
4	Phila.					WTAF	T-R								
5	San Francisco											KICU	Seltel		
6	Boston			WFXT	ITS										
8	Dallas	WFAA	Petry	KDAF	Katz	KTXA	MMT	KTVT	T-R					KXTX	Seltel
9	Washington	WTTG	Katz			WDCA	T-R								
10	Cleveland							WUAB	T-R						
11	Houston	KHOU	HRP			KTXH	MMT	KHTV	T-R	KRIV	Katz				
15	Seattle	KCPQ	MMT					KSTW	T-R						
16	Miami					WCIX	T-R								
18	St. Louis	KMOV	Blair	KPLR	T-R										
19	Denver	KWGN	Petry												
20	Sacramento	KXTV	HRP	KRBK	T-R			KTXL	Petry						
31	Nashville					WCAY	T-R								
33	New Orleans	WGNO	Petry			WNOL	MMT								
35	Raleigh-Durham					WLFL	MMT								
36	Okla. City	KWTV	HRP							KTVY	MMT				
39	Memphis					WMKW	MMT								
44	San Antonio					KRRT	MMT								
46	Norfolk	WVEC	Petry			WTVZ	MMT							WYAH	T-R
53	Tulsa	KOTV	Petry	KTUL	T-R										

Owners of station shown—Allbritton Communications: KTUL. Belo: KHOU, KOTV, KXTV, WFAA, WVEC. Camellia City Telecasters: KTXL. CBN: KXTX, WYAH. Fox: KDAF, KRIV, KTTV, WFLD, WFXT, WNYW, WTTG. Gaylord: KHTV, KSTV, KTVT, WUAB. Griffin Television: KWTV. Kelly Bros.: KCPQ. Knight-Ridder: KTVY. Koplar: KPLR, KRBK. Tribune: KTLA, KWGN, WGN, WGNO, TVX: KRRT, KTXA, KTXH, WCAY, WCIX, WDCA, WLFL, WMKW, WNOL, WTAF, WTVZ. Viacom: KMOV. Ralph C. Wilson Industries: KICU. Not shown because rep status is uncertain: Moving from TeleRep—Chris-Craft's KCOP Los Angeles, Newsweb Corp.'s WPWR Chicago and Gaylord's WVUE New Orleans (which is being sold). Moving from Seltel—Grant Broadcasting's WBFS Miami and WGBS Philadelphia. Note: T-R stands for TeleRep.

Tribune Entertainment Co. and Television Program Enterprises, a subsidiary of Cox Enterprises—which owns TeleRep—to distribute and sell time in syndicated barter programs. The new company, called TeleTrib, is expected to get underway in August.

■ The biggest switch involved the TVX group, which moved no less than a dozen stations to Seltel. Spot billings are put between $105 and $110 million. Two reps were affected most by this move—TeleRep and MMT Sales, along with the latter's MMT Marketing division—although at least one of them may have helped precipitate the move.

TeleRep lost WTAF-TV Philadelphia, WDCA-TV Washington (replaced by KTTV) and WCIX-TV Miami, all former Taft outlets, plus WCAY-TV Nashville. TeleRep retained KJTM-TV Pine Bluff-Little Rock, where Seltel already represents the Little Rock CBS affiliate, but there is talk that TVX will sell Little Rock since it owns 13 stations, including a Buffalo station not yet on the air.

The impact on MMT consists of two former Taft stations, KTXA(TV) Dallas-Ft. Worth and KTXH(TV) Houston (which MMT had resigned), plus WLFL-TV Raleigh-Durham, WNOL-TV New Orleans, WMKW-TV Memphis, KRRT(TV) Kerrville-San Antonio, WTVZ(TV) Norfolk, plus the Buffalo CP, WNYB-TV.

Why? Two reasons

Basic explanations of what's been happening recently to the rep business vary, but generally fall into two categories.

(1) Some reps see a fundamental change going on, partly a result of a constriction in the number of rep companies available to a growing number of stations. Pressing against this situation is the explosive rate of station purchases, upsetting long-standing relations with reps, partly a result of changes in Federal Communications Commission regulations.

(2) Other reps see primarily a chain reaction going on, caused by station groups consolidating in one rep, and booting stations of other groups where markets conflict. The displaced group of stations then displace other station groups, etc.

Among those seeing a fundamental change is James Greenwald, chairman/CEO of Katz Communications.

"There have been major changes in ownership in recent years," he says. "The first and second generation owners are phasing out. Many of the owners in broadcasting today are not from a broadcasting background. I'm not saying they're not good broadcasters, but they're more reponsive to the bottom line, to the bondholders, to Wall Street. There's more of a tendency to treat stations as a business rather than a family property, such as the Storer family or the Taft family."

Other factors cited by Greenwald as operative in the TV marketplace are tax laws, such as the major changes passed last year. Also helping to speed up the velocity of station sales, he says, is that "people are discovering that the parts [of large communication companies] are worth more than the whole."

The result of the bottom line approach, says Greenwald, is a more hard-nosed approach to relations with reps, which leads to, among other things, tough negotiating on commission rates.

Timothy McAuliff, Blair Television president, points to deregulation by the Federal Communications Commission, including the end of the anti-trafficking rule (a regulation that Congress wants to put back on the book).

"When the 'Rule of Seven' was lifted," he notes, "there was an expansion of ownership. This set up conflicts within rep firms."

A frequent problem in the rep business, McAuliff explains, occurs when a station group which a rep handles buys another station. The group will likely ask the rep to take on the new station, but quite often the rep is already representing another group in the market. That's a real dilemma for the rep, McAuliff stresses, and adds that the clash of different group interests within a rep is one of the factors in the big switches going on.

Sometimes, McAuliff says, the group which cannot be accommodated with its new station adjusts to the situation and quietly takes it station elsewhere. But the Blair executive points out that "the owners of big groups want to make sure that their sales are in good hands," presumably meaning that if a group finds a good rep, it wants the rep to handle all its stations.

This latter point came up in comments from a number of reps, more than one of whom used the phrase: "The group owners want to control their own destiny."

Growth in station sales

One rep executive laid out some numbers on the growth of station purchases. In 1970, 19 commercial TV stations were bought; in 1975, the total was 22; in 1980 it had risen to 35, about 5 per cent of the total. By 1984, by which time the 12-12-12 rule was in effect and the anti-trafficking regulation deleted, the number jumped to 82, then to 99 in 1985 and to 128 last year, about 14 per cent of all stations.

"The total for the past three years," he sums up, "comes to 309, which means that about one out of every three commercial TV stations was sold."

This heated up the rep atmosphere, he relates, and increased the amount of "churn," which he defines as the number of stations gained and lost by reps as a per cent of total repped stations. From 1967 to 1984, he points out, the churn rate averaged 10 per cent, more or less, with 14 per cent tops in some years. During 1984–'86, the churn rate went to 20 or 21 per cent and so far this year it is already 10 per cent. "So what's happening now isn't brand new," he says.

There are a number of factors cited to explain churn. There is a feeling among group owners, says Jack Oken, president of MMT Sales, that they get better service when they concentrate their stations with one rep. However, another executive argued that there are just as many groups who deliberately split their stations among a number of reps as there are "consolidators."

Whatever the consensus about consolidation vs. multiple reps, most reps agree that consolidation is a powerful pressure these days because of the many stations changing hands during the past couple of years.

Other pressure points

Other factors cited as exerting pressure on reps to "perform better," include the state of business and the cost of programming. Bob Kizer, president of the MMT Marketing Division, notes that compilations of commissionable business from the national reps showed only a 1.6 per cent increase in spot billings during the first quarter. "There's a lot of unrest because of softness in the spot market," he says. "Some stations are looking to cut corners."

The rising cost of programming is cited as another pressure point, with stations seeking to offset higher program costs with lower sales costs. However, there is a counter-argument, namely, that stations are seeking reps with strong programming data resources and knowledgeable programming people in order to get the best value from their programming purchases.

Chain reaction

Despite the sometimes elaborate explanations about the fundamental background of the rep switches, some reps feel the chain reaction explanation provides enough plausibility.

The scenario among this group is that the rash of switches was kicked off earlier this year by Belo Broadcasting, which had been looking for a single rep home for its five stations. (Its stations were divided between Petry and HRP.) Among the reps interested was TeleRep. About the same time, Gaylord, whose seven stations (at the time) were nestled at TeleRep, was showing signs of dissatisfaction. Both reps had stations in Dallas-Ft. Worth and Houston. Belo had WFAA-TV and KHOU-TV, respectively; Gaylord had KTVT(TV) and KHTV(TV), respectively.

The upshot was that TeleRep and Belo made a deal, with the two Texas outlets, plus stations in Sacramento, Norfolk and Tulsa coming aboard. Gaylord signed a pact with MMT Sales and the rep got the two Texas stations plus WUAB(TV) Cleveland and KSTW(TV) Seattle. As for the other three Gaylord stations, WTVT(TV) Tampa-St. Petersburg was sold to Gillett Communications, WVUE(TV) New Orleans is in the process of being sold and WVTV(TV) Milwaukee seems to be up in the air.

The story now jumps to TVX and Seltel. In acquiring Gaylord, MMT acquired stations in Dallas and Houston. These replaced the TVX stations in those two markets which MMT had resigned. The latter rep is expected to actually take over the Gaylord stations in Texas by mid-July.

It is presumed that the resignation of the TVX stations in Texas by MMT caused the group to look at its entire station lineup in terms of rep possibilities. On the other hand, TVX could, of course, get a better deal by offering its entire group than by offering parts. The prospect of about a dozen stations, including three in the top 10 markets, attracted pitches from the top reps, including Katz and Blair, but Seltel walked off with the marbles.

It should be noted that Seltel gave up KXTX(TV) Dallas-Ft. Worth, a CBN Continental Broadcasting Network outlet, in taking on the TXV station there, another example of the "Texas factor" at work.

Not so incidentally, Katz took the CBN station. Another CBN station replaced in the heavy rep traffic was WYAH(TV) Norfolk, which TeleRep dropped to take on the Belo station in that market and which Katz also took on. To cite still another "Texas factor," Petry was able to take on the Fox outlet in Dallas because it lost the Belo sta-

James Greenwald, *CEO, Katz Communications, sees phasing out of first and second generation of station owners affecting rep switches. Loss of Fox stations won't affect Katz bottom line, he says, since rep wasn't making money on the stations.*

Timothy McAuliff, *Blair Television president, says that Blair is only major rep that "is not for sale." He believes that a number of ageing rep owners want to sell out and retire.*

tion in that market.

The commission rate

The flood of station switches by groups is raising some concerns among reps that broadcasters are pressing too hard on the commission rate. Katz's Greenwald, when asked how the loss of the Fox stations would affect the Katz bottom line, answered that it wouldn't affect it at all, since the company wasn't making any money on the Fox stations. Since the contract with Fox still has one more year to run, Greenwald notes, there won't be any need for layoffs. The Katz chief put Fox billings at his company at $137 million.

Greenwald warns that broadcasters in pressing for low commission rates, are hurting themselves since the rep must provide a substantial roster of services. But he understands some of the reasons. "Stations have to pay more for programming and business is not so good. So where do you look to cut costs? The rep."

A better deal

But Dave Allen, president of Petry, a big gainer and loser in this year's rash of switches, insists he got a better rate than Katz did and got a longterm contract in the bargain. The common report is that in originally seeking to improve its contract terms with Fox, Katz sought a longterm pact, but was rebuffed with the offer of a one-year deal.

One rep executive not involved with the Fox stations says that the group's management was looking for an "affiliate environment," rather than being sold by independent station specialists—as they were at Katz Independent Television.

This appeared to be confirmed by Derk Zimmerman, president and chief operating officer of Fox Television Stations. While refusing to comment on the financial terms of the deal with Petry, though indicating it was a longterm agreement, Zimmerman says, "I think as TV stations we have to concentrate on value rather than volume, on selling quality rather than a ton of inventory or a bushel of numbers." He underlines this thought by noting that in the May books all seven Fox stations showed the highest primetime numbers in their history.

The concern with rep commission rates was most evident in the reports circulating about the deal TVX made with Seltel. One report had it that no commissions would be paid for six months, followed by a 6 per cent commission for the next months, terms later modified by averaging the commission at 3 per cent over the first year. There also was talk about sales guarantees, with Seltel guaranteeing a 10 per cent improvement each year of the contract, with "givebacks" if this wasn't attained.

But Raymond Johns, vice president of operations for Seltel and the man who negotiated the deal with TVX, pooh-poohs the reports. "Any rep firm would be happy with [our deal]," Johns maintains. He reports that all the rep pitches to TVX were within a quarter point of each other in the commission rate proposed.

Johns also notes that Seltel had represented TVX until May 31, 1986, when the company owned only five stations and billed $15 million in spot, and points out that his rep firm has been in or has sold against every TVX market except Washington and Buffalo.

Winners and losers

The fact that all the major reps were both winners and losers so far this year testifies to a high degree of instability in the business. And the indications are that this will continue. In fact, it may get worse temporarily, according to some sources, because of the high possibility of mergers and acquisitions in the rep business within the next year or so.

Though Petry scored something of a triumph in winning four Fox stations in the top 10 markets, it lost three Tribune and three Belo stations this year. The markets won were New York, Los Angeles, Chicago, San Francisco, Boston, Dallas, St. Louis and Sacramento. The markets lost were Los Angeles, Dallas, Denver, Sacramento, New Orleans, Norfolk and Tulsa. Market size, of course, is not the whole story; station billings must be taken into account.

A similar story can be told of TeleRep. Winning the Tribune and Belo groups was something of a coup. But it lost 16 markets this year, though it won 13.

The TeleRep wins are Los Angeles, Chicago, Washington, Dallas, Houston, Seattle, St. Louis, Denver, Sacramento, New Orleans, Norfolk, Tulsa and Oklahoma City. The losses are Los Angeles, Chicago, Philadelphia, Washington, Dallas-Ft. Worth, Houston, Cleveland, Seattle, Miami, St. Louis, Tampa-St. Petersburg, Sacramento, Norfolk, New Orleans, Nashville, Tulsa.

Also indicative of the strains undergone by the rep business is the fact that the two top reps—Katz and Blair—have been affected, Katz by the Fox loss, of course. While Blair's only major loss this year is WGN-TV Chicago, it lost four Capcities/ABC stations and the Cosmos stations last year. However, Blair as a TV rep has successfully survived the takeover of John Blair & Co. and, as John Blair Communications—a new company led by James Rosenfield—it is said to be making up its losses.

This includes the recent acquisition of the five Forward Communications

One rep executive not involved with the Fox stations says that the group's management was looking for an "affiliate environment," rather than being sold by independent station specialists—as they were at Katz Independent Television.

(*continued on page 96*)

Full-fledged game shows supplement quick inserts, compete with syndication

Live lottery picks big ratings booster for local television

By EDMOND M. ROSENTHAL

The real winners in the state lotteries are turning out to be the TV stations that have acquired the franchises to broadcast the live drawings. Although many are giving up advertising time during breaks between programming—from a minute to 2½ minutes-to carry this feature, they appear to be making it up in greatly increased ratings for the surrounding programming. In some cases, they directly relate premium advertising rates to lottery drawing adjacencies.

With voters in three states to decide on whether to have lotteries this year, if all are approved there will be lotteries in 30 states and the District of Columbia. Of these, seven states are expected to have lottery sales this year of more than $1 billion—California, Illinois, New York, Pennsylvania, Massachusetts, Michigan and New Jersey. Of these seven all but New Jersey have granted live drawing franchises to commercial TV stations. New Jersey lottery drawings are carried on the New Jersey Network, which is composed of the state's UHF public broadcast stations.

Few stations involved with lottery drawings have been able to trace audience gains in adjacent programs, either because of insufficient data being purchased or because of programming changes between the periods before and after the lottery was aired. One station that has been able to make a comparison is WBZ-TV Boston, which placed the lottery drawing at the 8 p.m. break following *Evening Magazine* in 1986 and also had *Evening* in the 7:30 p.m. time period in 1985. For the first quarter-hour of *Evening*, year-to-year, there was a rating jump of 13 per cent from an 8.7 to a 9.8. The second quarter-hour gained a whopping 38 per cent from an 8.1 to 11.2, and there was a 14 per cent gain between the first and second quarter hours. But come September, WNEV-TV takes over the franchise for three years, having outbid WBZ-TV.

Another sign of success is the performance of half-hour programs run in some states either on a weekly or special basis, where major drawings are often surrounded by full-fledged game shows. In California, where a consortium of 11 stations carries the lottery programs, the half-hour program, *The Big Spin*, placed in the top five programs for the state in Cassandra rankings in 1986. This places it in a competitive position with top syndicated shows like *Wheel of Fortune* and *Jeopardy*. Interestingly, though, the break between these two syndicated shows, among stations that carry both, has been a popular place across the country to run drawings. Stations doing so haven't been able to figure out whether the prospect of a personal win helps the vicarious programs or vice versa.

The alignment between state lotteries and stations has come about in varied circumstances from state to state. In Massachusetts and California, stations compete energetically for the franchise, armed with audience figures and vows of promotional support. In California, the state wanted a turnkey deal and got bids from five separate consortiums of stations.

Meanwhile, in New York and Pennsylvania, the lotteries initially had to convince the stations to take the programming, and New York right now is looking for a taker for a new, yet unproven lottery segment.

In both Ohio and Pennsylvania, advertising agencies play a dominant role in coordinating the respective nine-station and six-station networks. In Ohio, the agency wheels and deals with the stations, offering 50 per cent of TV advertising in the market to the station that takes the lottery and favoring the station that demand the lowest total ad dollars. In Pennsylvania, those carrying the lottery are not favored in ad placement, but the share of production, transmission and syndication

Big win in California

A California consortium of 11 stations is very Hollywood in its Sacramento-produced half-hour weekly show, "The Big Spin."

In Michigan, WDIV(TV) Detroit, which hosts drawings and transmits to six other stations, runs the event between "Wheel of Fortune" and "Jeopardy."

An $80,000 winner in Michigan

costs that they pay is reimbursed by the agency in the form of advertising placement.

As for how the state is covered, the presence of cable superstations tends to be a factor. While it takes seven stations to cover Michigan, the entire state of Illinois is covered by superstation WGN-TV, which won the franchise back for the second time—from WFLD-TV—on the basis of its cable coverage. In New York, WNYW and WPIX have separate segments of the lottery, with WNYW having the most popular drawings. When it renegotiated with the state, it was required to allow upstate broadcast stations to pick up the drawing on a delayed basis because it was found that the station had been bumped from too many cable systems.

California gold

In the California consortium, the focal point is KOVR-TV in the state capital of Sacramento. Henry Urick, program manager of the station, wrote the proposal to the California Lottery, formatted the programming and oversees production. As executive producer of the one-minute *Lotto 6/49 Drawing* and the half-hour *The Big Spin*, he has subcontracted production to Media Services, Inc., Sacramento-based teleproduction company, which produces the programs in a rented building. They are fed live to the 10 other stations—which include KTTV Los Angeles, KOFY San Francisco and KGTV San Diego—via the Hughes Galaxy III C-band satellite and RCA Americom's K-2 Ku-band bird.

The consortium will end its second year with the lottery next October and has an option for a third year. No cash changes hands in the arrangement, Urick notes, but the consortium guarantees a certain number of gross rating points, and specified promotional levels include 10- and 30-second spots and IDs. Production and distribution cost is split among the stations on the basis of households reached.

The Big Spin, the half-hour program aired at 7 p.m. Saturdays, has been produced like a full-fledged game show, with a set designed and built by a Hollywood designer and hosted by Geoff Edwards, who has hosted such shows as ABC-TV's *Treasure Hunt*. Edwards and an average of 15 finalists from a scratch-off card competition are flown in for a Saturday-morning taping, which includes interviews with finalists and shots of their families in the audience. The finalists spin a wheel for grand prizes that have been as high as $8 million, and each finalist gets a minimum of $10,000.

Last May, says Urick, *Big Spin* was watched by 1.6 million people statewide for a 9 Nielsen rating. Urick indicates it's an easy time sale on this basis, as does Don Tillman, vice president, director of programming at KTTV Los Angeles, who says it typically gets 7s and 8s in ratings. In fact, Jane Collins, director of research at KTTV, points out that, comparing January, 1985 with January, 1986, the program shows a dramatic jump over *Too Close for Comfort*, which had the time period in the earlier year. Nielsen NSI showed a jump from a 6 rating, 11 share to an 8/13, while Arbitron had the time period doubling—from a 4/8 to an 8/15.

The one-minute *6/49* show airs at 6:58 p.m., consisting of a ping-pong ball type drawing. At KOVR-TV, it follows *The Dating Game*, which got an 8/19 in last February's Arbitrons. Urick says it's well worth giving up the minute of advertising time just to keep the franchise and that the adjacent remaining time is sold at a premium.

At KTTV, Tillman notes, the drawing follows *Dance Fever*, which will be replaced by *M*A*S*H* next fall and normally improves ratings of the preceding show, with some residual effect on the newscast that follows. Collins reports that, with like programming before and after the lottery segment was added, an average of the 7:45–8:15 p.m. period went between October, 1985 and October, 1986 from a 5/8 to a 7/13 NSI and a 5/9 to 6/11 Arbitron.

In New York, there appears to be much less excitement generated by the live drawings on television. For example, WNYW, which has the big money portion of what's done on air, reports that little has been noticed in the way of added ratings except when the jackpots are particularly high. No special promotion is done for the drawing.

WNYW-TV runs the 2½-minute Lotto drawing on Monday, Wednesday and Saturday during its 10–11 p.m. newscast. On Saturday nights, the prizes have gone up to $10 million. Meanwhile, the daily numbers are handled seven days a week by WPIX at the end of its 7–8 p.m. newscast.

According to a New York Lottery spokesman, an Instant Wheel game for scratch-off tickets, which follows Lotto on WNYW-TV Thursday nights will see its last drawing July 30. The Lottery is concentrating on a new Win 10 game, which began last January and hoping to make broadcast arrangements once volume on it makes it more desirable to stations.

Although the New York Lottery is 20 years old, it shut down in 1975 and was reestablished in its present form a year later. It began its first experimentation with TV at that time, and now almost 90 per cent of its revenue is covered by televised games. The spokesman says, "It's essential that people see the drawing. Without this, it would seriously hurt the potential of our sales."

The drawings are now conducted in Albany, using the facilities of the New York Network (public broadcast stations) in a state office building. The drawings are transmitted live to New York City over AT&T landlines. Until 1985, drawings were being held at WNYW, where they were taped ahead of time so that the station could free its facilities for other use during primetime. The shift was made to Albany for three reasons: (1) More space was needed for three different games to be handled from the same location, (2) It was found advantageous to be able to say the telecast was live, and (3) There was concern about security of the equipment.

In Boston, *Evening Magazine* on WBZ-TV had pretty well held the ratings advantage that closing it with *Lottery Live* has given it. In fact, according to research director Janet Patterson, as the situation began to reach maturity, the first quarter hour of *Evening* continued to grow as the second quarter-hour leveled off, indicating a long-term benefit in helping the entire half-hour program to build. *Lottery Live* now looks like an integrated portion of *Evening* because of a new host, Tom Warden, who is also a co-host on *Evening*. A recent addition was another drawing called *Mass Millions*, which follows the daily drawings on Friday nights.

Barry Schulman, program director, notes that all lottery drawing equipment is on the station's premises and that a major attraction is *Megabucks Live* on Wednesday and Saturday at 9:55 p.m. Looking at 15 evenings where there were drawings for $5 million or more, Patterson found the first quarter-hour of the primetime network show preceding the drawing got an average 14.7/25 NTI, while the second quarter-hour jumped to an average 18.0/31.

The station had promoted the lottery heavily on-air as part of its franchise commitment, but apparently WNEV-TV made a better offer in terms of creative support, winning the new three-year franchise over WBZ-TV, WFXT and WBSK. It's searching for a new host.

In Michigan, WDIV Detroit hosts the drawings and transmits to six other stations: WILX-TV Lansing, WOTV Grand Rapids-Kalamazoo-Battle Creek, WWTV/WWUP-TV Traverse City-Cadillac, WNEM-TV Flint-Saginaw-Bay City and WLUC-TV Marquette. Alan Frank, vice president, programming and production for WDIV, says the station competes for the program on a no-cash basis but declines to discuss what considerations, such as advertising guarantees or rates, are involved.

With the station running the 60-second drawing between *Jeopardy* and *Wheel of Fortune* at 7:29 p.m. six days a week, Frank says he is unable to determine any effect on ratings. For three years, the station has been averaging a 40 share for that hour, he reports.

Half-hour specials also have been done six times a year. On Saturday nights at 7:30 p.m., he says, they have averaged a 20/35 NTI. WDIV has produced the lottery shows ever since they went on the air 11 years ago and the top performance that Frank remembers is a one-hour special three years ago for the lottery's 10th anniversary, which gleaned a 25 rating.

Alan Bush, operations manager at WEWS Cleveland, reports a situation almost identical to his station's Detroit counterpart. As host station for its state, transmitting to the other stations via Galaxy II, WEWS also runs the drawing between *Wheel* and *Jeopardy* and is merely content that it's doing something right.

Actually, WEWS is one of four stations in Ohio—out of the nine in the network—that sandwiches the 90-second drawing between *Wheel* and *Jeopardy*. Also doing so are WCPO-TV Cin-

(*continued on page 95*)

The New York Lottery is hoping to make broadcast arrangements for its new Win 10 game once volume on it makes it more desirable to stations.

Bob Brown emcees Lotto for WNYW-TV New York

New FCC chairman gets a whippin'; 'twas Mark done it,' he hollers

Congress all fed up with runaway FCC; full-time parent now

By HOWARD FIELDS

More than the names changed when the broadcasting industry got three new government chairmen to deal with this year. The entire process of government decision-making is changing and the industry's method of dealing with all that appears to be changing as well.

All up-to-date listings of federal government personnel list Dennis Patrick as chairman of the Federal Communications Commission. He does have the title, but there are others in the nation's capital who may be wielding more power.

Mark Fowler, Patrick's predecessor, earned his niche by leading a six-year push that brought about the most dramatic reduction of federal regulation of any other agency or department operating under the Reagan Administration.

It is ironic, therefore, that Fowler also may wind up responsible for what some fear will be an excess of broadcast reregulation, amounting to micromanagement of the agency by Congress.

"What we should be doing is making policy, not micromanaging," says Rep. Al Swift (D-Wash.), second-ranking Democrat on the House Telecommunications Subcommittee. "What they [FCC] should be doing is following our policy. Unfortunately, when an agency refuses to follow the policy, they invite micromanagement. The FCC has been sending out engraved invitations for micromanagement for six years now."

Congress already has struck. After accusing the Fowler FCC of ignoring the wishes of a majority of Congress—even while the congressional leadership was shared by Fowler's own Republican party—Congress passed a bill making the fairness doctrine a part of the statute and not just an FCC regulation.

President Reagan vetoed the bill, knowing that the Senate vote fell short of the two-thirds necessary to override his action. But the bill is expected to have new life as a rider to some other piece of legislation desired by the administration, and maybe even by the broadcasting industry.

Swift also introduced a bill (HR-1187) that in effect would take over an activity normally left to the FCC. In fact, the bill would reverse an FCC action of the early days of the Fowler administration when as part of its deregulatory move it removed the ban on resale of a broadcast station within three years.

Further, Swift was working on his own version of HR-1140, a bill introduced by Reps. Tom Tauke (R-Iowa) and Billy Tauzin (D-La.) to change the comparative renewal process, a measure craved by the broadcasting industry. Swift has not completed work on his version, but says it is "interestingly very parallel" with one (S-1277) introduced in the Senate by Sens. Ernest "Fritz" Hollings (D-S.C.), new chairman of the Senate Commerce Committee, and Daniel Inouye (D-Hawaii), new chairman of the Communications Subcommittee.

Both the Hollings and Swift measures would go beyond merely changing the comparative renewal process. One or both would force the FCC to continue granting preferences to minorities and women, strengthen equal employment opportunity requirements of broadcasters, and emphasize standards for what is likely to be the telecommunications buzzword of the next two years—"public interest." Another phrase already being heard is "common sense" regulation.

The Hollings-Inouye bill would go farther though, putting the FCC's must-carry signal into law, embodying the gist of Swift's antitrafficking measure, and barring the FCC from further consideration of the UHF-VHF swaps.

Greater control over FCC

Hollings and Rep. Ed Markey (D-Mass.), new chairman of the House Telecommunications Subcommittee, readily admit that it is their intention to exercise greater control over the FCC and its policies.

Hollings says what is happening is merely "common sense" returning "to correct what has gone wrong" with deregulation. "We are seeing that all of deregulation's great promises have not come to pass, and that any benefits we have derived have been accompanied by problems."

He adds, "We now see that government oversight is absolutely essential to the public interest."

Markey says, "We are going to play a role in redirecting this commission. Congress is going to try to re-establish a balance and have it be a little healthier."

He adds, "Overregulation and underregulation are both sides of the same coin. We need to find a better balance, and my feeling is that the Fowler commission went too far in its

Dennis Patrick

The new FCC chairman holds that, even in a Congress controlled by Democrats, it's difficult to determine if one is dealing with the "will of Congress."


Rep. Al Swift (D-Wash.)

The FCC has been sending out "engraved invitations for micromanagement for six years," says second ranking House subcommittee member.

In an interview, Patrick said that much as he admires Fowler and the work he did, "I think that eventually the Congress will view me in my own light and judge me and this commission in what we do and the way in which we approach issues. Whereas Mark and I do share a lot of philosophical presumptions, I think we are different in the way we approach issues, and we are different in the way we prioritize issues and go about resolving them."

However amenable Patrick may be toward working with Congress—and he appears to recognize the need to a far greater extent than did Fowler—he appears to differ with Congress on the proper role it plays vis-a-vis the FCC in regulating the broadcast industry.

policies. We're going to, on an ongoing basis, try to use some common sense to try and reassign standards where they, in fact, make sense, and where they embody the public trustee concept of the Communications Act."

Inouye tempers the debate somewhat: "We do not intend in any way to return to the days of extensive government oversight of the broadcast industry. That is simply not warranted." But, he adds, citing the feverish deregulatory activity of the past six years, "We are now seeing the effects of these deregulatory actions, and there are definite problems."

Can he cut it?

Patrick sees the changes looming. Although a much different operator than his predecessor, he nonetheless has undergone scathing questioning in his appearances before the relevant committees of each house since becoming chairman in mid-April. To be fair, much of the criticism was directed at Fowler, not Patrick.

But Patrick sees what is happening as a move to reregulate what has been deregulated, or what he terms "pro-regulation." He says, "Critics of the commission have suggested that the commission has deregulated for the sake of deregulation."

He disagrees, he says, but adds, "The methodological point that is being made is correct. I don't think that we should deregulate for the sake of deregulation. We should only deregulate in a situation where we find that removing the regulation will promote the public interest in some way. I would hope that those who propound a pro-regulation philosophy and those who are urging us to now reregulate would apply to themselves the same burden of proof."

Rep. John Dingell (D-Mich.), chairman of the House Energy and Commerce Committee, indicated in his intense cross-examination of Patrick at his first oversight hearing as chairman that the problem between the two bodies of government was congressional distrust of the FCC.

Dingell's questioning was meant to establish a legislative record painting Patrick into a corner over the issue of the fairness doctrine. There was a concern on Dingell's part that Patrick would try to find a way around whatever legislation was passed to codify the doctrine.

"The reason that the Congress is addressing this question is that the FCC has done its best, in spite of repeated instructions from the Congress that the fairness doctrine was important and was to be kept in place, to do away with the fairness doctrine," Dingell told the FCC chairman.

Overregulation and underregulation are both sides of the same coin, says new House subcommittee chairman. He feels Fowler commission went too far in its policies.

Trust me, he says

Patrick explains what he sees as the historical role of an independent agency, especially the FCC. "The powers that we have are powers that are delegated to us by Congress. Congress can legislatively reverse or alter or modify anything that we do.

"One needs to observe that Congress apparently felt regulation of the communications industry was a matter that required a degree of expertise and ongoing involvement and focus that would make it appropriate for delegating those responsibilities to the commission. Therefore, presumably Congress is disposed to allow the commission to execute those responsibilities by and large."

In other words, Patrick feels that as long as Congress has empowered an agency to perform certain congressional functions, it should trust that agency to do its work based on its own ex-

Rep. Ed Markey (D-Mass.)


Sen. Ernest Hollings (D-S.C.)

Deregulation's great promises have not come to pass, asserts new Senate Commerce Committee chairman.

pertise and experience, and avoid interfering to a great extent.

Not so says Markey. To the extent Congress acts, the agency must follow, he adds, and when there is a consensus within Congress, short of legislation, the FCC also must comply with that consensus.

Problem with Fowler

The problem with Fowler, Markey says, is "he really didn't reflect on many of these issues that had the overwhelming sentiment of the elected representatives. There was a real sense that he was acting out of ideology rather than a pragmatic sense of what did and didn't work. That's really what raised a lot of reservations about his actions on the issues."

The congressional consensus that was present, despite a divided Congress the past six years, Markey adds, "came under assault during the Fowler years." Congress now intends to repair the damage and reestablish a balance, he says.

Independence? Rubbish!

Among the senior members of the House Telecommunications Subcommittee, Swift has been one of the most active in recent years. He also is the most vociferous about what he perceives as the wrongs of the Fowler administration and the need to redress the situation.

In saying the FCC should follow the policy laid down by Congress, Swift insists the FCC does not have the luxury of independent action that Patrick espouses.

The "engraved invitations for micromanagement" he says the FCC has been sending out is a reference to the FCC's "persistently pursuing a policy of its own, which it called deregulation, which was neither initiated by Congress nor on which Congress took any action."

The FCC acted, he adds, "even though there were repeated indications in a number of areas, particularly in broadcasting, that Congress was very uncomfortable with the direction that it was taking. The indication that I think was being sent by passage of the fairness doctrine, putting that FCC regulation into statute, was the direct result of Mark Fowler in particular, and the commission in general, pursuing an area in which Congress has repeatedly indicated it did not want them to move."

Even in a Congress where the Democrats controlled the House and the Republicans the Senate, Swift says, there was a consensus that the fairness doctrine remain untouched. And some of the strongest criticism of the agency for not following congressional intent came from the Senate, Swift adds.

"So it has been both houses and both parties that have found the FCC has been wrong," he says. "I think Congress is now very interested in reasserting policy control."

House committee chairman was concerned Patrick would try to find a way around any legislation to codify the fairness doctrine.

Patrick's feisty, though

Patrick suggests, however, that even in a Congress controlled by the Democrats, "It is very difficult to define the Congress, to determine if one is dealing with 'the will of Congress.' Obviously, individual members have various views and they make those views known. Often-times, those views conflict with the views of some of their colleagues.

"The input from our oversight committees and the input from individual members is a very, very important input . . . The commission is required, appropriately, to make its decisions based on the full record. Each commissioner has to assess that record and make a judgment that is consistent with the overriding mandate from Congress, which is to regulate in the public interest. If the will of Congress is discernible, then I think that is something that would be controlling." But he adds, "The only way it is discernible is through statute" and not through whatever other messages it may be sending.

Doing it nicely

Patrick says that although Congress has the prerogative to force actions on the FCC, he questions "whether it's the most creative way to go about conducting communications policy." □

Rep. John Dingell (D-Mich.)

Cable moves stations up dial, but KCET and KBHK strike back

Channel shifts: Are broadcasters getting the shaft?

By LES LUCHTER

TV stations fortunate enough to remain on cable systems under the revised must-carry rules may find themselves with a different kind of problem: eviction from long-held dial positions. In recent months, more and more broadcasters have been bounced from one cable channel to another, usually toward the higher end of the spectrum. The actions result from a nationwide cable industry push to place basic cable services on available portions of the local VHF dial.

Must-carry had mandated that cable systems carry VHF stations on their over-the-air numbers, but the systems were always free to put UHF stations where they pleased. A few years back, when cable didn't have much original programming of its own—and when many systems didn't have more than 12 channels anyway—operations were apt to place UHF broadcasters amidst their VHF counterparts. Nowadays, however, cable wants its own offspring in those coveted positions.

Cable-commissioned research shows that program services receive higher ratings in VHF positions than in UHF positions. Research or not, says Baryn Futa, vice president and general counsel for the National Association of Public Television Stations (NAPTS), the superiority of a VHF channel number is "implicit in the actions of cable companies themselves."

Such actions include the decision by several basic cable networks to provide promotion dollars to cable systems who move their services to the lower channel numbers.

Preston Padden, president of the Association of Independent Television Stations, says cable multiple system operators—by expanding horizontally and vertically at the same time—are causing the current channel number shifts. "They've got a monopoly pipeline into the home," he explains, while, at the same time, they're starting to own "some of the program channels trying to squeeze into that pipeline." As a result, Padden says, independent and public stations are "being shifted out of the channel positions they've occupied" and being replaced by services controlled by the cable systems.

This is "classic, monopolistic, anticompetitive behavior," according to Padden. He adds that, since many households have cable-ready TVs [often with limited channel positions] but no converter boxes, changes to higher channel numbers can actually prevent households from viewing stations. "They're shifting us up and out, and them down and in," Padden declares.

Off to Siberia?

Many UHF indies who would rather have VHF cable positions are becoming increasingly resigned to getting higher cable channel numbers. Notes James Gabbert, owner of KOFY-TV San Francisco: "We'd rather be on VHF, but

WTTV in Indianapolis fought back when a vital TCI system planned to move the independent off channel 4.

Your Opinion Counts!

According to Bloomington cable system Horizon/TCI, they are realigning channels by putting the most popular stations on the first twelve channels. Channel 4 is being moved out. This is your opportunity to express your opinion. The Bloomington Tele-Communications Council has agreed to tabulate your response.

Paid for by WTTV Channel 4

Channel 4 should be left on Channel 4

☐ Yes ☐ No

Comments: ____________

____

Signature

Please clip your ballot and mail to the Bloomington Tele-Communications Council; City of Bloomington, P.O. Box 100, Bloomington, IN 47402 on or before December 1, 1986. Votes will be tabulated and made available to the Horizon/TCI cable system and to the news media.

Indiana University Basketball to get lost in the shuffle in Bloomington!

Due to the decision of Bloomington cable system, Horizon/TCI, to move WTTV, Channel 4 to Channel 24 many subscribers to the TCI system will not be able to watch Indiana University Basketball without having a "cable ready" TV set or a "converter".

If you feel, as we do, that this is unfair please call Horizon/TCI at 332-9486 and voice your complaints. Or, write to them at Horizon/TCI, 1600 W. 3rd Street, P.O. Box 729, Bloomington, Indiana 47402 or TCI, 54 Denver Technological Center, Call Box 22595, Wellshire Street, Denver, Colorado 80222, (303) 771-8200.

Let's keep Indiana University Basketball on Channel 4, where it belongs!

The Management
WTTV, Channel 4

"One of the turnaround points was when there was a City Council meeting planned to discuss the situation and they cancelled it to watch basketball on channel 4."

Terry Moore
Cable relations coordinator
WTTV(TV) Indianapolis

that's a futile dream today." Stations are instead fighting to be placed on their over-the-air channel numbers. "This is the next best option [to being on VHF]" explains Jerry Marcus, general manager of Fox-owned KRIV-TV Houston.

Futa stresses that, whether a station is fighting to get back on a VHF position or to get on its own over-the-air channel number, "the shifting itself is disruptive—regardless of whether or not they're shifting you to Siberia."

As of June 11, NAPTS had reported 127 instances of channel shifts and 28 restorations, 11 of them resulting from talks Futa held with leading MSO Tele-Communications Inc. (TCI). "We hope we can have the same kinds of dialog with other large MSOs," he says. "We don't have a particular need to be fighting with cable systems."

Promotion made easier

While cable's own surveys show that—all other things being equal—ratings will be higher on a VHF cable position than on a UHF one, cable operators claim to be doing broadcasters a favor by moving them from VHF to their over-the-air channel numbers. The cable side claims that all other things aren't equal in these cases—that stations with the same channel number both over-the-air and on cable should have an easier time promoting their programming and thus perform better than they would on the lower number positions.

Ted Baze, president and general manager of KGMC-TV, channel 34 in Oklahoma City, agrees with that notion. "We protested a lot when Cox Cable first put us on channel 10 two years ago," he notes. He's now happy that Cox has moved KGMC-TV to its over-the-air channel position—even more so because the cable system has also moved the market's three network affiliates off their own VHF channels in order to avoid interference problems. "So the only channels on their own numbers are the two independents," Baze explains. But KGMC-TV still had to fight for placement on its over-the-air channel number. Cox had decided to move the station from channel 10 to channel 33, although its over-the-air number is 34. Another Oklahoma City indie was to be moved to channel 34, Baze relates. "It was deliberate. I'm not sure why,"he says, noting nonetheless that "We represent competition."

Getting results

When the Cox plans became known, says Baze,"We met with them and told them our displeasure." An INTV representative then intervened, and "The next day, someone called and said they were putting us on channel 34," Baze recalls.

KOFY-TV's Gabbert speculates that cable systems have been moving his station around the dial in a deliberate attempt to lower the station's ratings—now that local cable competes for ad dollars. "We get moved around too much," he complains. "I don't know if they're doing it just to be disruptive."

In Houston, Storer Cable placed KTXH-TV, channel 20, on channel 21, while KHTV(TV), channel 39, was put on channel 29. But, notes KRIV-TV's Marcus, "Storer moved us from channel 10 to channel 26, our over-the-air channel, so we have less of a problem than the other two independents."

Shifts hit a VHF

UHF stations aren't the only broadcasters having problems with cable channel shifts. Take the case of 35-year-old WTTV(TV) Indianapolis, channel 4. Until this past year, explains WTTV cable relations coordinator Terry Moore, "95 per cent of cable systems carried us on channel 4." Then, he says, 23 TCI systems decided to shift the station to "mid-band" positions. One strategy, he says, was to put WTTV near WXIN(TV), the market's UHF independent, which was already on a higher channel number. But sometimes, Moore notes, viewers needed different decoder boxes to receive the higher channels.

WTTV has a dual license for Indianapolis and Bloomington, so when the station learned that the Bloomington TCI system planned to move WTTV, it decided to stage a preemptive strike via a three-part ad campaign in a local newspaper.

The first and second ads focused on possible reception problems for cable viewers, especially those viewers without cable converters for their second sets. The third ad asked readers to vote on whether or not WTTV deserved to be on the VHF band. Residents voted 673 to four in favor of keeping channel 4 on channel 4, according to Moore. The Bloomington system then reversed its decision and did not move WTTV. "One of the turnaround points," Moore recalls, "was when there was a City Coun-

(continued on page 98)

When Cox decided to move channel 34 from channel 10 to channel 33, "We met with them and told them our displeasure. The move was deliberate. I'm not sure why."

Ted Baze
President/general manager
KGMC-TV Oklahoma City

NBC promos capture upheat mood; CBS has 'new spirit;' ABC not euphoric

Networks all a glitz over fall TV promos; stations adapting

By PAUL WILNER

As the networks launch their new schedules to do battle with each other this fall—amid growing threats from cable, VCR and independent television—each has geared up its autumn promotional campaign to stake out territory that will be uniquely its own.

Front-running NBC is perhaps the most inventive, with a package that includes special rap promo's introducing the new checkerboard sitcoms at each of its five urban market o&o's.

And third-place ABC, perhaps predictably, is the most troubled, having been forced to redo the graphic section of its package after hearing loud complaints about the animation both at the annual affiliates meeting and at BPME in Atlanta.

CBS steers a middle-ground, skewing young enough to attempt to appeal to new audiences in the era of the People Meter, but offering a more conservative package than NBC.

NBC-TV

More stations on board

John Miller, NBC's vice president, advertising and promotion, says the web expects about 100 affiliates to buy its customized package which can be adapted to individual station needs this year, about 10 more stations than last year.

And that customization is being aided by marketing consultant Steve Sohmer, who formerly held Miller's position before leaving NBC for an executive post with Columbia Pictures, and now is acting as an independent consultant for the network.

Miller says NBC is offering shared news promotional spots over a six-week period that allows affiliates to "cover 30-second network news promos with shared network local promos," which in turn means additional primetime promotion for affiliate news programs.

Alone among the webs, NBC has opted to stick with last year's extremely successful prime-time campaign, "Come Home to NBC," refreshed and updated with music ranging from ballads to rap presentation aimed at urban markets.

In addition to the "Come Home to NBC," overall spot, featuring stars from the network's hit shows, the web is running 60-second spots for such new shows as *J. J. Starbuck*, starring Dale Robertson, and *Private Eyes*, produced by *Miami Vice* co-creator Anthony Yerkovich.

Enthusiastic response

Response from stations has been enthusiastic.

"I like the campaign very much," says Kerry Richard, promotion director of WBAL-TV Baltimore, which was one of the stations NBC used as a prototype to help develop the campaign. Richard says WBAL will use the 60-second spots and customize them by dropping in the station's call letters, as well as using spots to promote such local events as the Baltimore City Fair, Harbor Expo, Softball Marathon for Easter Seal and other community events.

"Yes, we are tieing in with the network as we have for the last several years, from sign-on to sign-off," says Dave Walker, director of creative services for KCST San Diego. "We're taking a 60-second customized version of the 'Come on Home' lyric and adapting it by having it go, 'Come on Home to *Wheel of Fortune*,' 'Come on Home to *Donahue*' and so on."

In one of the most remarked-on presentations at this year's NBC affiliate meetings, KCST also reached an agreement with the local Naval base to photograph hundreds of sailors on board a destroyer in San Diego waving at an NBC helicopter as the "Come Home to NBC" soundtrack washes over them.

"There's no question that there's a halo effect at NBC right now," says Sohmer. "We conducted a survey of stations to find out what techniques they can use and what digital effects facilities they have available, and came up with a package that we think can be best used by most of them. In addition, because the affiliates use the campaigns for a year, we don't want them to get tired, so when October or November is over, we're staying flexible for them to feed us new material that we can use to freshen up the spots."

"Overall, when a network is going well, it's easier for stations to ride on its success," Miller agrees, but points out that the whole concept of network promotion is "something of a dinosaur."

He said that?

"I start from the assumption that people don't watch networks, they watch shows," the network executive says with refreshing candor. "After that, they may watch stations, and after that, they may watch networks, particularly if there's something unusually successful going on, as we seem to have going with *The Cosby Show* and our Thursday night line-up."

The one criticism Miller got at the love-ins for NBC at both the affiliates meeting and BPME was that some stations felt the music was "too energetic."

"We wanted to change it from last year's, which had a more Americana feeling, but some people felt that it was too energetic, although we did want a feel that was more contemporary," Miller shrugs.

Oh, Yes!

Hangin' in there

Affiliate opinion appears divided, but ABC has gone back to the boards.

Bruce Lindgren, promotion director at KRON-TV, the NBC affiliate in San Francisco, is sanguine about the marketing package.

"I'm heading into a meeting right now to discuss how we can customize it to highlight our local shows," Lindgren says. "We will be using all of the non-news promotions from NBC Entertainment, which is what every NBC affiliate should be doing these days."

"NBC has built up some wonderful momentum, and we also have *Wheel of Fortune*, *Jeopardy* and the Siskel & Ebert show, so we're trying to imbue all the product with the NBC look, as well as possibly using it to promote our own game show, *Claim to Fame*, which airs weekends and some magazine shows that we air."

ABC-TV

Some public wrangling

All is not quite as euphoric at competitor ABC.

In addition to its publicized wrangles about affiliate compensation, the network's poor performance last season, and questions about network programming chief Brandon Stoddard's decision to renew some less-than-successful shows and schedule others in unlikely time slots, promotion directors and marketing executives gave ABC's "Something's Happening" promotional campaign less than rave reviews.

Dave Muscari, promotion director at WSB-TV Atlanta, says his station will not be using the campaign.

"I was not real satisfied or pleased with how the animation looked, and I wasn't pleased with the music," says Muscari. "I thought the animation looked cheap and the music was real cold."

Muscari praised the ABC officials for their willingness to accept criticism about the campaign and adapt it, however. "As far as the campaign went, I really didn't like it very much," he says. "It was not a total disaster, however. I was with NBC for a long time, and I honestly don't want to go back."

A 40 per cent rebate

The network is offering a 40% rebate to stations which buy the customized package—prices vary according to the size of the market—which is being distributed by industry veteran (and former ABC executive) Sy Coles.

Stu Brower, ABC's vice president for on-air promotions, acknowledges that the affiliate criticism has caused the graphic section of the campaign to be recontracted, and admits that the network had considered not using it at all prior to the affiliate meeting.

But Brower stresses that such concerns frequently come up when faced with a diverse group of station managers and promotion directors.

He feels the overall campaign is sound.

The "Something's Happening" theme is aimed, in a broad sense, at communicating that there's a new spirit at ABC, which is exemplified, to some extent, by such shows as the Dolly Parton variety hour and *Hooperman*, with John Ritter, Brower says.

"The first spots to air are very broad, and as we get closer to the fall, we're working on more specific shots geared to individual shows and personalities on the shows," he says, adding that the bulk of the promotion will be towards helping some of the new products make it as opposed to helping existing product, like *Moonlighting* or *Monday*

(continued on page 92)

The network says 100 affiliates will buy the custom packages, and that's about 10 or so more than bought last year.

A halo effect

Television/RadioAge

July, 1987

Livestock sector makes best gains; returns on farm assets, equity increase

'Stabilization' seen in areas affecting U.S. farm economy

By FRED ALLEN

"Indications of better economic weather ahead"..."stabilization in many areas affecting American farmers disastrously during most of the '80s" ..."at long last, some brightening rays of economic sunlight for U.S. farm producers this year, particularly in the livestock sector!"

Across the country, comments such as these are reflecting a mood in American agriculture—midway through 1987—more upbeat and positive than that heard at any time since the start of the '80s.

The words, "stabilizing" and "stabilization" are setting the tone on the U.S. farm front, this year.

They're being heard amid signs that a broader financial turnaround has already begun. Returns on both farm assets and equity are increasing. Production expenses are expected to continue downward because of lower input prices and use. Interest expenses are being significantly reduced.

In fact, federal farm economists are forecasting that net cash income may climb to a record high of $48 billion to $52 billion this year. Direct government payments should also rise to a record high, but a predicted drop in net CCC loans is expected to bring that total to a level near that for 1986.

The value of farmland also seems to

Farm economists forecast up to a record-breaking $52 billion in net cash income during 1987.

Longhorn cattle at Red River, Texas.

Farm & agri-equipment retail sales

	1986 Actual units	1987 Forecast units	1988 Forecast units
All farm tractors	108,795	107,775	111,019
2WD farm tractors under 40 HP	61,648	61,975	63,215
2WD farm tractors 40–100 HP	30,848	30,600	31,396
2WD farm tractors 100 HP & over	14,262	13,500	14,580
4WD farm tractors	2,037	1,700	1,828
Self-propelled combines	7,660	6,700	7,022
Cornheads	4,716	4,125	4,348
Windrowers	1,461	1,450	1,498
Mower-conditioners	10,898	11,195	11,307
Balers, under 200 lbs.	5,734	5,624	5,584
Forage harvesters	2,164	2,104	2,104
Grinder mixers	1,797	1,833	1,833

Source: Farm & Industrial Equipment Institute State of the Industry Update, May, 1987

be stabilizing, say the economists, after a continuing decline of 8 per cent last year. This is expected to produce a favorable impact on U.S. farm debt, which could result in a slight rise in farmers' equity—the first since 1980.

Livestock producers should benefit the most. Mid-year forecasts indicate they could see their net cash income increase nearly two-fifths, between 1985 and '87. Crop producer incomes, meanwhile, may drop more than a tenth.

If these predictions hold, livestock producers would receive just over half the total net cash income. Consequently, many farm operators would benefit, since livestock operations now cover nearly 60 per cent of the nation's farms.

Department of Agriculture economists produced this upbeat scenario last month:

"With land purchases at early 1987 prices, 11 per cent interest and a 25 per cent down payment, most corn and soybean farmers in the Midwest could meet all cash expenses. By contrast—in 1984—cash expenses on those farms exceeded receipts by over $40,000. Farmers with annual sales between $100,000 and $500,000 per year may benefit most from the financial turnaround because they're large enough to have efficient operations. . . yet small enough not to be discouraged by government payment limitations."

Nevertheless, the USDA report continues. . . "Despite recent improvements, farmers trying to pay debts taken on when land prices and interest rates were higher are probably still having financial difficulties." Along with a favorable forecast for net cash income, net farm income—approximating the net value of U.S. farm production—may also set a record in 1987, equaling or exceeding the record of 1973.

Largely because of wide fluctuations in farm inventories, net farm income has shifted considerably over the past 10 years. Over the past three years, a number of factors have helped stabilize this key farm economic indicator and are expected to help boost it to a level of between $33 billion and $37 billion in 1987.

First of all, total farm expenses are expected to drop between $4 billion and $6 billion this year, helped by a slowdown in depreciation expenses as cautious operators have postponed purchasing new equipment. This, plus rising Federal income supports, smaller drawdowns in farm inventories, and the absence of serious national weather extremes, have contributed to the favorable net farm income forecast.

Farm equipment industry survey: Importance of factors for 1987 sales

Highest Importance = 5
Lowest Importance = 1

Farmer's attitudes toward buying new equipment	3.77
Good used equipment for sale	3.47
Credit availability	3.47
Commodity prices	3.37
Net farm income	3.35
Total government payments	3.25
U.S. planted acreage	3.24
Equipment prices	3.18
Farmers' gross cash receipts	3.11
Replacement demand	3.10
New tax laws	3.07
Aggregate farm debt	3.05
U.S. grain exports	3.00
Live hog prices	3.00
Dairy support prices	3.00
Commodity loan rates	2.89
Live beef prices	2.88
Ag equipment fleet condition	2.72

Source: Member company survey, Farm & Industrial Equipment Institute January, 1987

U.S. pesticide production, inventories, exports and domestic supply

	Quantity (Active Ingredients) 1986	1987 (Projected)	1986–1987 Projected change
	Million pounds		Percent
Herbicides			
Production	482	449	−7
Carryover	147	165	12
Exports	126	134	6
Domestic supply	503	480	−5
Insecticides			
Production	191	168	−12
Carryover	53	60	13
Exports	74	74	—
Domestic Supply	170	154	−9
Fungicides			
Production	62	61	−2
Carryover	5	14	180
Exports	29	25	−14
Domestic supply	38	50	32
All pesticides			
Production	735	678	−8
Carryover	205	239	17
Exports	229	233	2
Domestic supply	711	684	−4

Source: USDA survey/basic pesticide manufacturers October, 1986

Farm operating expenses, predict the forecasters, will continue to drop this year. In fact, the USDA reports that preliminary information regarding the decline in expenses during 1986 may be larger than expected, down as much as 9 per cent below the figure for '85. That would result in a cutback in production expenses for 1986—greater than for any year since 1932.

This year, total production expenses may decline another 4 to 6 per cent, forecasts the USDA, fueled by cutbacks in input use as well as lower prices. Cutbacks in total input use are continuing in '87 because of steep drops in planted acreage and less intensive input application.

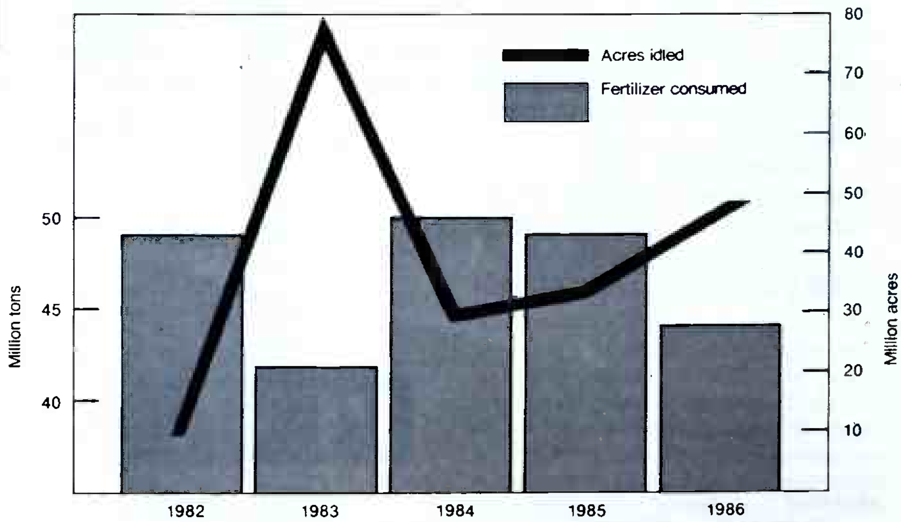
Lower interest charges have also contributed to U.S. farm production cost savings during the past few years. Economists point to a 7 to 12 per cent annual reduction in outstanding debt and the relief provided by lower rates in both 1986 and '87 as the key factors behind this trend.

Direct federal subsidies continue to have an impact on improved farm income stability. In 1986, farmers received $11.8 billion in direct payments (cash and PIK). An additional $8.3 billion was made available to eligible producers through net CCC loans.

Both generic marketing certificates and the Conservation Reserve Program, contained in the 1985 farm legislation, provided about $4 billion of the government payment total last year. This year, the Department of Agriculture forecasts that CCC loans may drop more than half from the levels of '86, as farmers use generic certificates to redeem loans instead of forfeiting commodities to the CCC.

In 1987, says the USDA, "farmers with above-average debt levels will continue to experience difficulty servicing their debt from current income. However, since farm debt-to-assets ratios are rebounding from the unprecedented levels of the late '70s and early '80s, farmers may develop a bit more breathing room for debt service and other cash commitments."

U.S. fertilizer consumption vs. idled cropland



Source: Fertilizer Institute, January, 1987

Farm energy expenditures

	1984	1985	1986 (Prelim.)	1987 Forecast
		million $		
Fuels & oil	7,118	6,584	5,176	4,793
Electricity	2,167	2,073	2,115	2,178
Total	9,285	8,657	7,291	6,971
% change from preceding year		−7	−16	−4

Source: ERS/USDA January, 1987

Livestock producers around the country may find more of that "breathing room" than crop producers, in 1987. Last month, government economists reported that "total U.S. meat supplies are expected to remain large, with expanding hog inventories and continued increases in poultry production producing record levels during the second half of the year."

"These gains," they indicate, "will more than offset declining beef supplies. Producers placed large numbers of cattle on feed this spring, and cow slaughter is lower as the effects of the Dairy Termination Program wane."

Lower feed prices

Both livestock and poultry producers, meanwhile, continue to adjust to lower feed prices and improved returns. Lower feed costs are expected to produce increased marketings or inventory buildup, setting the stage for growth in future marketings.

Midway through 1987, net cash income for producers of meat animals, dairy, poultry and fruits and vegetables is on the rise. For producers of cash grain, however, the income picture through the end of the year is not as bright.

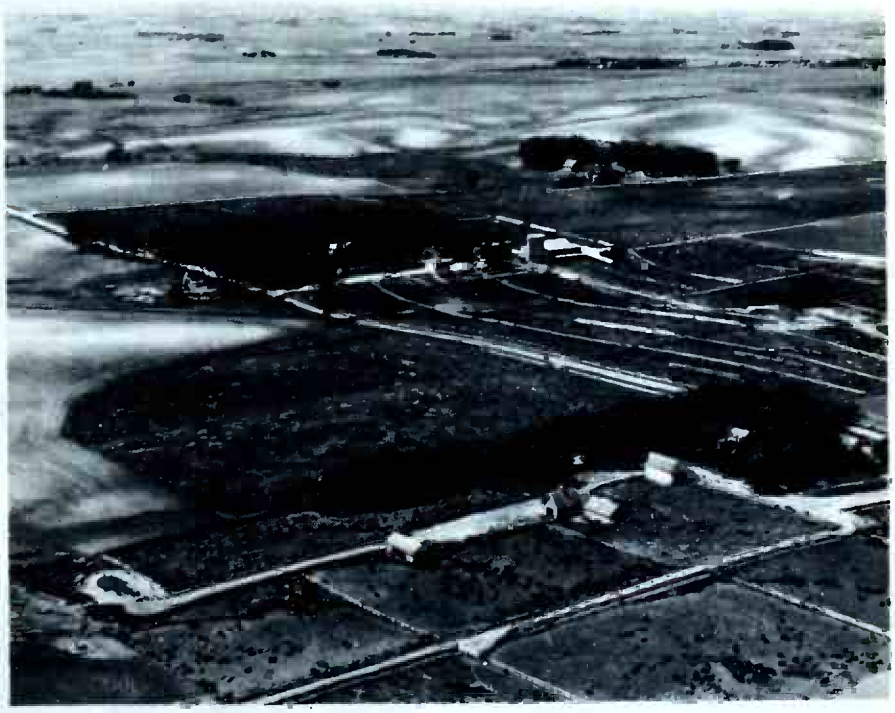
On the American farm export front, prospects for a growth in demand for U.S. farm products remain fairly bleak, but there are a few encouraging signs. Earlier this year, export experts forecast the possibility of a drop in export value from 1986. Now, however, the '87 farm export outlook has improved, and export volume is expected to climb about 16 per cent over last year, with an increase in value of about 5 per cent.

A recent USDA report notes that "grains account for virtually all of the expected rise in volume, as lower U.S. loan rates and initiatives under the Export Enhancement Program (EEP) increase American competitiveness."

Those expected volume increases in exported grain, though, will be offset by lower prices, so if there is any growth in the overall value of U.S. farm exports in '87, it will stem from a growth in livestock, horticultural products and

Livestock and poultry producers are now adjusting to lower feed prices, which should result in more inventory.

This feedlot can handle 20,000 head of cattle annually.



U.S. plant nutrient use, 1985/1986 (ending June 30)

	1985	1986	Annual changes
	Thousand tons		%
Nitrogen	11,480	10,425	−9
Phosphate	4,652	4,154	−11
Potash	5,541	5,015	−10

Source: ERS/USDA January, 1987

Government's agricultural policy seen working

In 1987, government policy is still the dominant factor affecting the U.S. farm situation, says Richard Pottorff, director of agriculture for Wharton Econometrics. "The agricultural policy that was enacted at the end of 1985," Pottorff tells TV/RADIO AGE, while summarizing this year's farm economic situation in a mid-year interview, "in our view, is working."

"There were three major objectives involved in that policy," says Pottorff. "The first was to boost U.S. agricultural exports. The second, to reduce acreage and keep stocks from building, thus allowing production and disappearance to come into balance. And the third objective was to protect income."

"During this last year," he continues, "we've seen an impact on all three, I believe, in ways in which the policymakers had planned. I think we can expect to see further improvement over the next couple of years."

"So far," he reports, "during this fiscal year farm export volume has increased significantly. The volume of agricultural exports will be up some 15 to 20 per cent, compared to a year ago. And the growth has been broad-based with increases in exports of wheat, corn, cotton, sorghum, rice, barley and soybean meal."

What's behind it

There are a number of explanations, according to Pottorff, and no single one fits all categories. "Part of it," he says, "stems from the low prices put in place by the new farm policy. Part of it is due to the export subsidies offered by the U.S. this year, also part of the policy. And part of it is a result of world market conditions, particularly the export boom in cotton, a result of relatively low production in other exporting countries." "Regardless of what combination of factors are responsible for export increases in a particular commodity," he adds, "the truth is, we've seen a definite increase in overall volume, and there are signs that the trend will continue."

"Meanwhile," Pottorff reports, "in the area of restraining acreage while export volume grows, a number of programs have been set in place . . . some voluntary, and some not so voluntary. These acreage reduction programs focus on the amount of acreage that a producer must set aside to be eligible to receive any government support. Generally speaking, this requirement is that producers set aside anywhere from 20 per cent to 30 per cent of their acreage . . . leaving it idle so that it doesn't add to the oversupply problem."

Pottorff points out that "In 1981, the principal crop acreage—that for feed grains, wheat, cotton and soybeans—when there was no similar program—totaled 293 million acres. In 1986, the total had dropped to 263 million acres for those crops. And this year we expect the figure to drop to 238 million.

"Finally," reports Wharton Econometric's director of agriculture, "while movement toward these objectives was taking place, progress was also being made toward a third objective—protecting farm income."

Some comparisons

Underscoring progress in this area, Pottorff produces these comparisons for TV/RADIO AGE:

"In 1980/81/82," he says, "realized net cash income—that is, cash income minus cash expenses—stood at $30 to $34 billion dollars. Last year, net cash income was $42 billion. In 1987, we project it to be $52 billion . . . falling back to $49 billion in 1988. Thus, net cash farm income has shown improvement since adoption of the 1985 farm bill."

"That's happened primarily," notes Pottorff, "through direct government payments. Those direct payments stood at $1-to-$3 billion a year in the '80-'81-'82 period. By 1986, they were $11 billion. In 1987, we expect them to total $16 billion . . . and—next year—$16.3 billion."

"These direct government payments," he says, "have formed the core of this farm income support policy . . . and, of course, they've also been the target at which critics of current farm policy have taken aim."

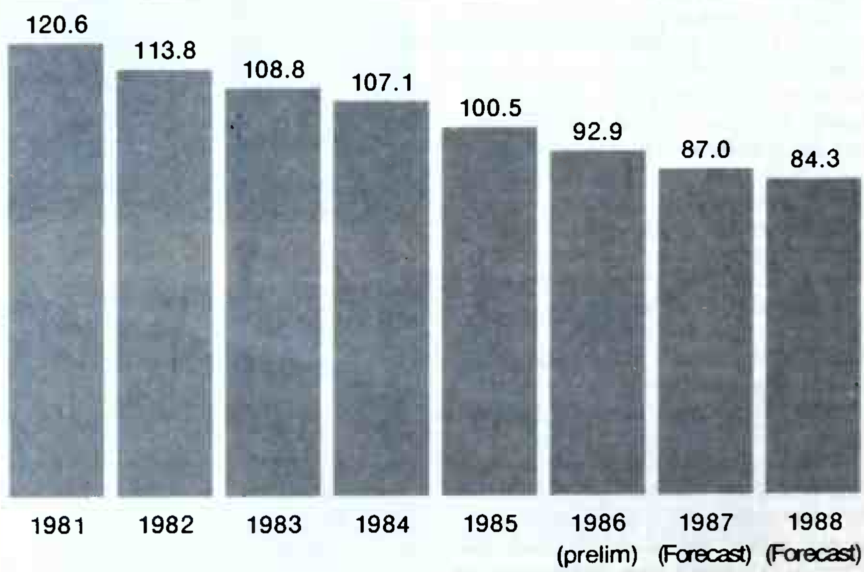
Concludes Pottorff, "We feel there have been some definite beneficiaries of the policy—naturally, producers of commodities covered by specific programs . . . livestock producers, because of lower feed costs brought about by changes in the farm program . . . some importing nations, because of lower prices for U.S. farm products . . . and, finally, American consumers, who're benefiting from food price inflation that's less than under the old program.

Though there are still many problems in many sectors, Pottorff feels that overall there are indicators of real improvement in the U.S. farm economy that should produce a stronger agricultural industry in the future.

"We're on the verge," he predicts, "of more improvement in American farm fortunes. We see this as a year not marked as much by stabilization as by the beginning of a new period of growth . . . and we feel that '88 will be better than '87, and '89 better than '88." □

U.S. farm cash production expenses

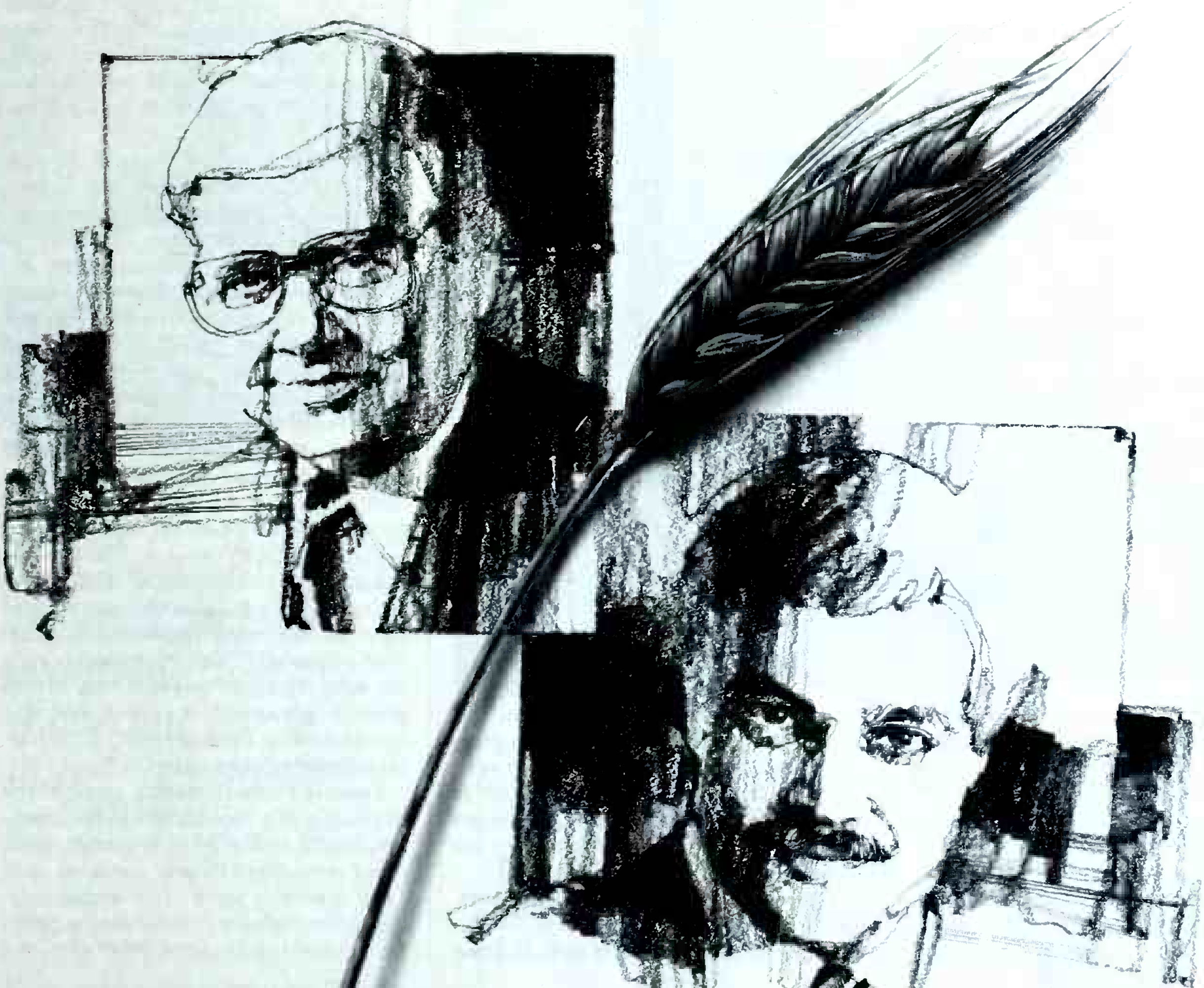
(Billions in 1982 $)



Source: Wharton Econometrics June 1987

Orion Samuelson & Max Armstrong.

Once again, the Nation's*#1 Farm Broadcasting Team.



You see, farmers do more than just listen to Orion and Max. Farmers depend on them. After all, they're agricultural specialists with over 40 years of experience. And their on-the-scene coverage of major agricultural events is the best around.

From up-to-the-minute price quotes and coverage of trading action to agricultural news developments at local, state and national levels, Orion and Max deliver all of the information farmers want and need.

In fact, every year the WGN Farm Team travels some 90,000 miles and originates 40 Noon Show broadcasts from fairs, farm shows and conventions. And each week, Orion and Max devote nearly 10 hours of prime program time to serving their agricultural listeners.

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*U.S. Farm Broadcaster Popularity Study
1986 Doane Marketing Research, Inc.

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Changes in value of U.S. farmland February, 1986 to February, 1987

Farm production region	% change
Pacific (Washington, Oregon, California)	−12
Mountain (Idaho, Montana, Wyoming, Nevada, Utah, Colorado, New Mexico)	−6
Northern Plains (North Dakota, South Dakota, Nebraska, Kansas)	−11
Southern Plains (Oklahoma, Texas)	−11
Lake States (Minnesota, Wisconsin, Michigan)	−15
Corn Belt (Iowa, Missouri, Illinois, Indiana, Ohio)	−10
Delta States (Arkansas, Louisiana, Mississippi)	−16
Southeast (Alabama, Florida, Georgia, South Carolina)	0
Appalachian (Kentucky, West Virginia, Virginia, Tennessee, North Carolina)	−3
Northeast (Maryland, Delaware, New Jersey, Pennsylvania, New York, New England States)	14

Source: ERS/USDA April, 1987

cotton shipped to foreign customers.

Meanwhile, prospects for greater U.S. grain exports have improved, aided by the recent EEP initiative for 4 million tons of wheat to the Soviets, and by signs of stronger demand for feed grains, by both the USSR and several Asian countries. In addition, there are indications that some of this country's major foreign grain competitors may have smaller supplies of corn and sorghum available for export this year.

Overall, for 1987 the American agricultural trade surplus is expected to approach $7.5 billion, slightly more than $2 billion above the figure for the previous year.

Last month, the Agriculture Department reported that prospects for future increased purchases of U.S. grain by the Soviets during the remainder of the year do not seem likely. The report forecast an estimated grain crop in the Soviet Union of 195 million tons. Last year, Soviet grain production totalled 210.1 million tons.

The report also indicated that estimates of the world grain supply remain essentially unchanged. Because of acreage reduction programs in many other countries, major foreign grain producers will probably not overproduce during 1987 and may even draw down grain stocks for the first time since 1983. So, while showing some signs of improvement, the U.S. farm export situation still needs much additional stimulation from government trade and marketing programs and initiatives.

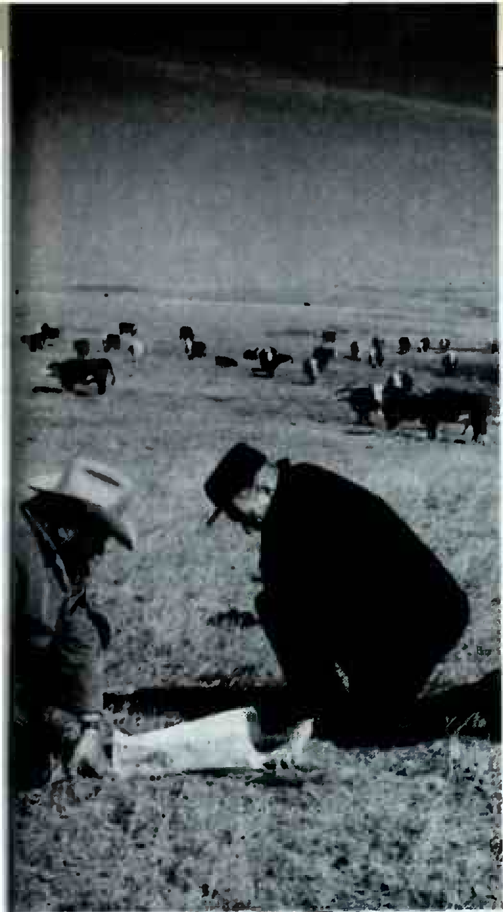
Earlier this year, a federal commission on Agricultural Trade and Export Policy presented some 300 recommendations for government initiative in helping expand American farm exports. Its executive director, Jimmy Minyard, says the commission—created by Congress in 1984—found that our export policy has been basically "reactive," rather than ready to create opportunities and take the initiative.

"The commission's report," Minyard notes, "addresses how we should turn that around and take a more aggressive, market-by-market approach to selling oru farm exports. We have to determine what products might have potential in each particular market and then do the work necessary to build that potential." The commission calls for new effort to target Third World growth-potential markets and for streamlining farm export decision-making in shaping policy.

Despite these flickering signs of the beginning of a turnaround in the financial health of the farm economy, some observers—particularly bankers and farm lenders—warn of potential danger in the massive government support being used to help farm producers and

The American agricultural grain surplus is expected to rise more than $2 billion over the 1986 levels.

A six-row combine harvests corn.



Home on the range

Farmers could find themselves facing economic disaster if current levels of federal support get altered.

their lenders stay in business. The real change in many U.S. farm regions, many feel, is—so far this year—mainly "psychological."

Some analysts point to the fact that nearly three-quarters of the national farm income this year may come from federal subsidies. If this giant support mechanism should be altered in the months ahead—for whatever reasons—then both farmers and many of their lenders could still find themselves on the edge of economic disaster.

Nevertheless, the massive dose of government subsidies, combined with regulatory adjustments for troubled banks and restriction in the marketing of farmland, is helping, experts say, to "stabilize" the shaky state of the agricultural finance system. At the end of last year, farm banks with problem loans above their capital numbered only 184, compared to 230, as of last June.

More banks have failed so far this year—31 in Texas and three in Kansas, among them. Some, of course, have suffered non-agricultural financial problems. But the number of farm banks in real trouble is smaller, observers report, and dropping land values, plus the government support, is believed to have produced a slowing in the problem-farm bank situation.

Continued dependency on government subsidies may still pose problems for both farmers and lenders on into 1988. The farm equipment industry continues to struggle and adjust to another year of sluggish sales, still attempting to reduce inventories and cut production to reflect the extended economic downturn of the U.S. farm producer. In its State of the Industry Update late in May, the Farm and Industrial Equipment Institute showed revised sales forecasts full of minuses for nearly every type of equipment.

Near the first of the year, a survey of the FIEI's member companies produced a forecast that dollar retail sales for all field equipment would increase 2.8 per cent in 1987 above 1986 totals.

By May, however, the forecast had been revised downward, predicting virtually zero growth from '86 to '87. The only bright spots in the gloomy spring forecast—increases in unit sales of 2WD farm tractors (under 40 HP), mower-conditioners, smaller balers and grinder-mixers.

Mirroring the signs of improvement in the livestock sector, though, were improved forecasts for the sale of what the FIEI terms "farmstead" equipment—categories other than farm field machinery. In the May Update, the Institute's survey of member companies indicated prospects for a 1 per cent growth in U.S. retail sales of all farmstead equipment, from '86 to '87.

Sales of dairy and beef mechanization equipment were predicted to swing upward by 4 per cent during the same period, while retail sales of hog mechanization equipment were expected to show a growth in dollars of 2.5 per cent.

Topping the equipment forecast list is sale of milking machine equipment. Manufacturers believe sales may increase by as much as 7.5 per cent this year from the '86 total, followed by an additional 3 per cent in 1988 over 1987.

The manufacturers surveyed listed as the four most important factors impacting sales of new equipment this year: farmers' attitudes toward buying new equipment, good used equipment for sale, credit availability and commodity prices. Meanwhile, the Department of Agriculture estimates that farm equipment sales shrank last year to $4.5 billion and will probably stabilize this year between $4.1 and $4.7 billion.

In a summary of the farm equipment situation for 1986, the USDA reports, "September inventories of over-100 horsepower 2WD and 4WD tractors and self-propelled combines declined 3, 33, and 30 per cent respectively from fall levels in 1985. Conversely, inventories of 40–99 HP farm tractors rose 9 per cent in the same period."

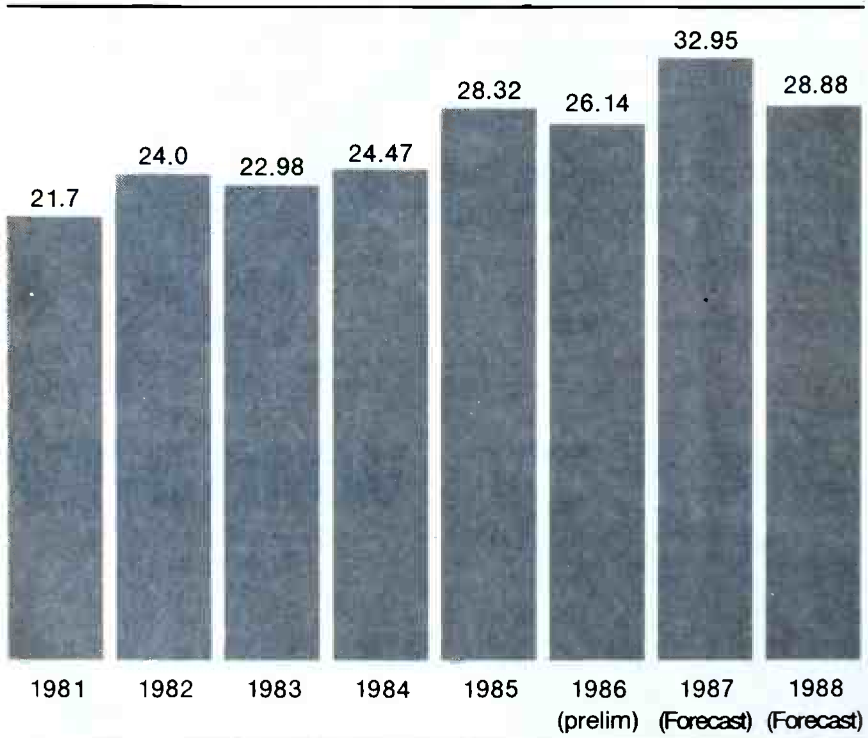
Looking ahead, USDA economists feel that farm equipment manufactur-

1986/87 U.S. wheat/corn export situation

	% change for 1986 Through March 26, 1987	Through April 30, 1987
Wheat (marketing year: June 1–May 31)	+5.4	+7.1
Corn (marketing year: Sept. 1–Aug. 31)	−21.7	−6.6

Source: The Fertilizer Institute, May, 1987

Realized net farm income
(Billions in 1982 $)

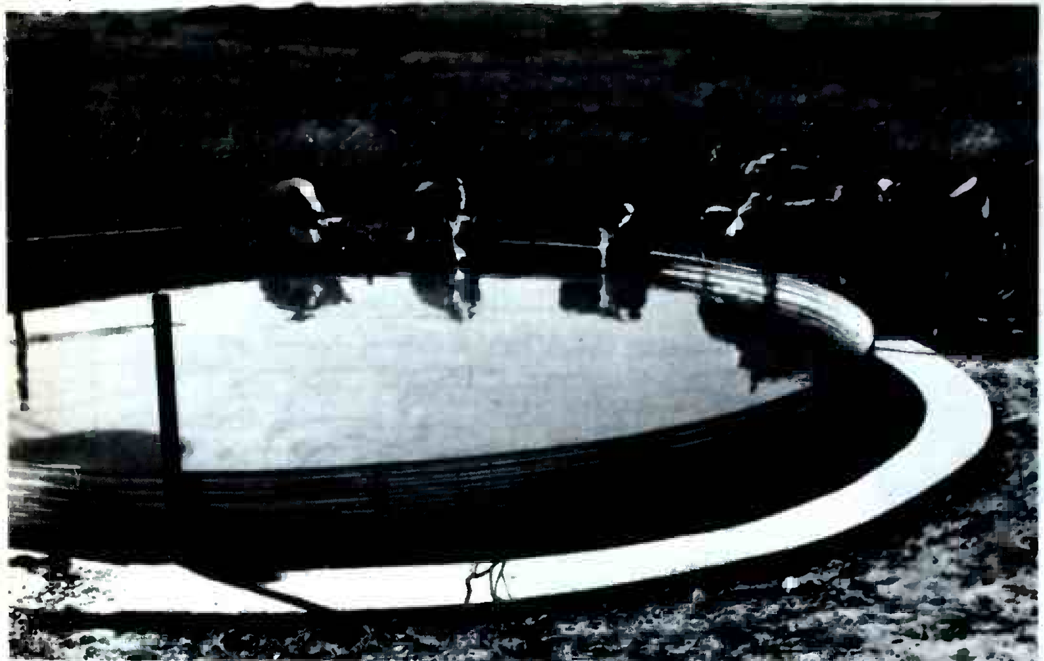


Source: Wharton Econometrics June 1987

Agricultural exports
Leading states/fiscal 1986 (million $)
U.S. total/$26.3 billion

Rank	State	Amount
1	California	$2,409
2	Illinois	2,153
3	Iowa	2,059
4	Kansas	1,539
5	Nebraska	1,504
6	Texas	1,450
7	Minnesota	1,269
8	Indiana	1,094

Source: ERS/USDA May, 1987



Cattle drink from a newly constructed well.

Total U.S. meat supplies should remain large in 1987, according to government economists.

ers face the prospect of additional industrywide cuts in both price and production in order to reduce inventories relative to sales. Inventory-to-purchase ratio comparisons between 1985 and 1986 for two major categories of equipment—tractors and self-propelled combines—reveal that only numbers of self-propelled combines are beginning to reach more manageable levels. For most over-40 HP farm tractor subcategories, reports the USDA, manufacturers are still struggling to bring inventories into line with sales.

As a result of five years of declining unit sales rates and growing inventories from 1979 to 1984, further inventory reduction efforts will be a continuing priority for equipment manufacturers for the next few years. Meanwhile, U.S. companies also face increased foreign competition, as imports, particularly tractors, claim a larger share of the domestic market.

Leading export states
Soybeans & products/ fiscal 1986 (million $) U.S. total/$5.6 billion

Rank	State	Amount
1	Illinois	$1,016
2	Iowa	822
3	Indiana	492
4	Missouri	479
5	Ohio	426
6	Minnesota	425
7	Arkansas	260
8	Nebraska	226

Source: ERS/USDA May, 1987

The other major agribusiness industries are also struggling to adjust to steadily-shrinking U.S. markets, accelerated by heavy farmer participation in new commodity and acreage-reduction programs. The Department of Agriculture has forecast a 6 to 15 per cent cutback in demand for pesticides this year, from the 475 million pound total reported used in 1986.

This year, herbicides are expected to account for 85 per cent of total pesticide use; insecticides, about 12 per cent. Herbicide use is concentrated in corn and soybean production, while corn and cotton dominate insecticide usage. Fungicides are used heavily in peanut production.

In a report released at the beginning of the year, the USDA estimates that supplies of domestically produced pesticides available for U.S. farm use will be down 4 per cent from 1986. Because of acreage cutbacks, supplies of pesticides are expected to be adequate to meet '87 crop needs.

It's estimated that production will be down 8 per cent from 1986. However, inventory carryover into the 1987 growing season has been forecast as increasing 17 per cent.

In the herbicide category, domestic supplies for this year are expected to total about 480 million pounds (a.i.). to counteract a predicted 12 per cent increase in manufacturers inventories, production of herbicides should shrink at least 7 per cent.

The forecast for insecticides: Supplies down 9 per cent this year, with a 12 per cent drop in production, more than offsetting a 13 per cent increase in inventory carryover. Supplies of fungicides, estimates the USDA, are expected to increase 32 per cent this year as a result of a large carryover of inventory and a reduction in exports.

Herbicide production

Throughout the U.S. pesticide industry, it's expected that some plant expansion for herbicide production will take place this year. But, as has been the case for the past several years, there'll be little in plants producing herbicides and fungicides.

Generally, overall pesticide prices quoted by manufacturers for the '87 crop season have increased slightly, and supplies have been reduced because of the heavy cutbacks in crop

Leading export states
Feed Grains & products/ fiscal 1986 (million $) U.S. total/$4.7 billion

Rank	State	Amount
1	Iowa	$889
2	Illinois	814
3	Nebraska	564
4	Indiana	394
5	Minnesota	389
6	Ohio	267
7	Kansas	208
8	Missouri	192

Source: ERS/USDA May, 1987

Sheared pin shuts down haying operation for repairs.

Farm equipment marketers keep struggling, as a forecast of zero growth gets released by the industry.

acreage, resulting from farmer participation in government programs. If forecasts of increased pesticide prices materialize at the retail level this year, this will be the first price upswing, following a continuing drop in pesticide price levels over the past four to five years.

Pesticide manufacturers surveyed last fall indicated prices might rise about 1 per cent above those for last year, but heavy participation in commodity programs could produce sharp retail price competition during 1987.

The U.S. fertilizer industry, too, is feeling the pinch caused by the cutbacks in production acreage.

Under the various commodity programs, there could be these total acreage reductions this year: 20 per cent for feed grains, 27.5 per cent for wheat, 35 per cent for rice and 25 per cent for cotton. Corn acreage may decline the most, since the '87 feed grain program also includes an optional 15 per cent paid land diversion.

Equipment manufacturers face more cuts in price and production to reduce inventory vs. sales.

A no-till planter works on the corn crop.

Leading export states

Wheat & products/fiscal 1986 (million $)
U.S. total/$3.5 billion

Rank	State	Amount
1	North Dakota	$678
2	Kansas	643
3	Texas	284
4	Oklahoma	245
5	Colorado	204
6	Minnesota	153
7	South Dakota	142
8	Nebraska	133

Source: ERS/USDA May, 1987

Live animals & meat/ fiscal 1986 (million $)
U.S. total/$1.4 billion

Rank	State	Amount
1	Kansas	$171
2	Texas	169
3	Kentucky	166
4	Nebraska	164
5	Iowa	92
6	California	55
7	Colorado	52
8	Illinois	47

Source: ERS/USDA May, 1987 (includes race & breed horses) (excludes poultry)

Leading export states

Fruits & preparations/ fiscal 1986 (million $) U.S. total/$1.2 billion

Rank	State	Amount
1	California	$739
2	Florida	223
3	Washington	71
4	Arizona	46
5	Michigan	34
6	Oregon	33
7	Hawaii	20
8	New York	16

Source: ERS/USDA May, 1987

Vegetables & preparations/ fiscal 1986 (million $) U.S. total/$1.0 billion

Rank	State	Amount
1	California	$416
2	Washington	115
3	Michigan	58
4	Wisconsin	54
5	Idaho	52
6	Minnesota	44
7	Oregon	42
8	Florida	29

Source: ERS/USDA May, 1987

Cotton & linter/fiscal 1986 (million $) U.S. total/$692 million

Rank	State	Amount
1	Texas	$203
2	California	160
3	Mississippi	85
4	Arizona	53
5	Louisiana	38
6	Arkansas	36
7	Alabama	28
8	Tennessee	22

Source: ERS/USDA May, 1987

Consequently, during the July '86/ June '87 fertilizer year, fertilizer use was expected to drop about 5 per cent on the heels of a 10 per cent decline the year before. Surveying prospects in the three main fertilizer categories, use of nitrogen fertilizers has been projected at about 10 million tons. Nitrogen production capacity is expected to grow more slowly than use on into 1990 because of drops in domestic use, coupled with a weak export situation.

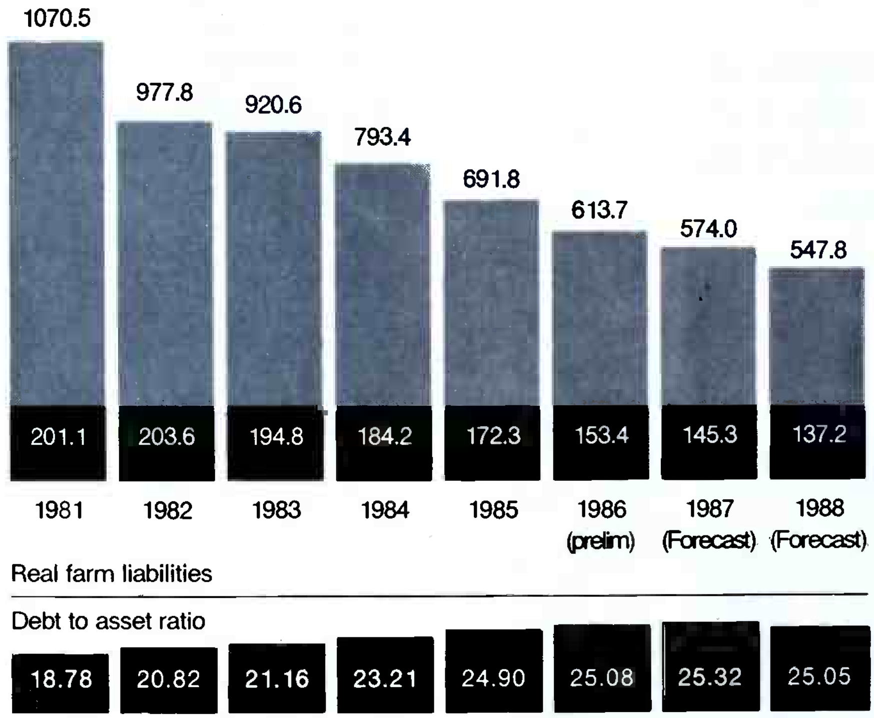
Use of phosphate fertilizers for the fertilizer year just ended has been forecast at 3.9 million tons. Potash fertilizer usage was expected to total 4.8 million tons. However, USDA economists feel that increased exports should keep production of phosphate and potash close to levels for the previous fertilizer year.

This spring, fertilizer prices in general were expected to average 10 per cent below levels a year earlier. Most of that drop is said to have taken place before October of last year. Meanwhile, the major trade group of the U.S. fertilizer industry—The Fertilizer Institute—has been busy this year, mobilizing a widespread campaign to make the government aware of the effects of massive farm acreage cutbacks on the key agribusiness industries.

U.S. farm balance sheet

Total farm assets

(Billions in 1982 $)



Source: Wharton Econometrics June 1987

Letters to legislators

Following a plea from the Fertilizer Institute's president, Gary Myers, industry representatives, as well as many of the 12,000 farm equipment dealers contacted during the campaign, responded this spring with a barrage of letters to federal legislators, indicating the serious economic impact of heavy acreage reduction programs on the total farm and agribusiness economy. Myers and the Fertilizer Institute believe the dramatic response is already having an effect.

In May, the Institute reported to its membership that "thanks to the tide of letters, language in a House appropriations measure, that would have authorized $10 million for a USDA poll of all commodity crop farmers—including soybean growers—to assess support for mandatory production controls, had disappeared by the time it reached the Senate."

In addition, the Fertilizer Institute newsletter pointed out, "The much-trumpeted '0/92 provision'—a plan to offer farmers 92 per cent of normal program payment benefits in return for planting no crop—never surfaced, due to an apparent lack of support. However, most observers believe that 0/92—or some variation—remains a viable option for 1988 and beyond."

"Proposals to trim budget outlays by increasing the unpaid acreage reduction requirement by 5 per cent were

A large wheel tractor pulls three four-bottom plows.

The Fertilizer Institute has spearheaded a drive to make Congress aware of the effects of massive farm acreage cutbacks.

Leading export states

Rice/Fiscal 1986 (million $)
U.S. total/$648 million

Rank	State	Amount
1	Arkansas	$296
2	Texas	102
3	Louisiana	96
4	California	77
5	Mississippi	57
6	Missouri	19

Source: ERS/USDA May, 1987

also sidestepped, but that idea is expected to resurface next year."

Myers and the Institute feel that, until the agribusiness mail arrived on Capitol Hill, "most lawmakers had assumed that farm-related businesses were not suffering economically because few spokesmen had expressed any concern. They believe the letter-writing effort has caused many legislators to reevaluate the total impact of acreage reduction on all sectors of the economy.

Reported Myers to the Fertilizer Institute membership, "The message jolted your elected leaders. Suddenly, it seemed to make sense that rural businesses couldn't operate . . . if farmers didn't cultivate." □

Leading export states

Unmanufactured tobacco/ fiscal 1986 (million $)
U.S. total/$1.3 million

Rank	State	Amount
1	North Carolina	$611
2	Kentucky	245
3	South Carolina	110
4	Virginia	95
5	Georgia	92
6	Tennessee	74
7	Connecticut	24
8	Florida	18

Source: ERS/USDA May, 1987

Feeds & fodders/fiscal 1986 (million $)
U.S. total/$555 million

Rank	State	Amount
1	Iowa	$55
2	Florida	48
3	Minnesota	48
4	Illinois	46
5	Nebraska	46
6	California	31
7	North Dakota	26
8	Texas	26

Source: ERS/USDA May, 1987

NAFB links full-time specialists, promotes advances in research & data

Broadcasters bring fast, reliable info to farm producers

With every new season, American farm producers are conducting increasingly complicated businesses, affected by situations and developments ... outside their county ... outside their country ... outside their industry ... and outside their traditional area of expertise.

Success or failure depends more and more on correct responses to a flood of all kinds of information, on how accurate it is ... how fast it's received ... how quickly action and reaction to it can take place.

Critical information horizons for the U.S. farmer must be expanded no longer by the day, but by the hour and minute, as well.

Evan Slack

Information always has been an important resource for farmers down through the years. Today it's a critical input, a key requirement for staying in business.

Farm broadcasting has been an effective conduit for much of this information for many years. These days the highly-specialized professionals involved in farm broadcasting are widening their resource bases, nationally and even internationally, to meet farm audience demands.

The National Association of Farm Broadcasters links these full-time agricultural broadcast specialists, their radio and television stations, and a growing number of specialized networks, promoting advances in technology, programming, research and growth in advertising support.

Again, this year TV/RADIO AGE includes interviews and perspective on the '87 farm situation, from a number of national and regional officers of the NAFB.

Moving constantly throughout the regions covered by their stations and a widening web of specialized farm networks, their microphones, cameras and recorders funnel vital information to and from every sector of the increasingly complex farm production and agribusiness economies.

Their programming is exploring new ground and new farm concerns, continually, and their first-hand, in-person coverage of international and world agricultural developments and activity continues to expand.

The mountain states

Sixteen-thousand miles ... from Canada to California—that's the distance traveled by the 1987 president of the NAFB Evan Slack—just during May.

From the Denver headquarters of his widening farm network, Slack is constantly on the move, meeting and interviewing farm groups and individuals throughout the West.

His Evan Slack Network provides a daily broadcast schedule to 18 stations in Idaho and Oregon, and 15 more in Colorado, Nebraska and Wyoming, as well as to other farm networks in the area.

This year, of course, Slack's logged many additional miles, flying his own small plane, to meetings throughout North America on behalf of the NAFB.

Last month during a quick stop in Denver, he reported the winter wheat harvest was progressing well throughout the mountain and plains areas, and he shared conversations with spokesmen for cattle groups in Nebraska and Idaho.

During a discussion with the NAFB president regarding efforts to improve cattle futures, Nebraska cattleman Merlyn Carlson—a member of the National Cattleman's Association task force on futures and marketing—told Slack: "We believe we're making headway in researching trends such as packer concentration and price discovery, which eventually will allow us to seek improvements of greater benefit to our producers."

A move by the Bureau of Land Management to raise grazing fees on public lands is one of many concerns of livestock producers in the area.

However, Idaho cattle producer Bill Schroeder, of American Falls, briefed Slack on successful lobbying efforts to stall the government agency's move to make the increase.

Said Schroeder: "Inevitably, there may be a rise in grazing fees, but we're working to hold it to a minimum."

"We're seeing," he adds, "development of a more cooperative spirit among the various livestock groups in our area. Here in Idaho, we're discussing the possibility of putting together a state public lands council including both wool-producers and cattlemen whose animals graze on public land. Then we could discuss subjects like this with congressional and government officials, with a united front."

Dix Harper

Another concern of mountain area farm leaders are developments related to the future of the agricultural financial system, under stress as a result of farm economic problems in recent years.

The president-elect of the Idaho Cattle Association, Eric Davis, updated the NAFB president with a report "that, so far, most of the cow/calf operators haven't benefited as much yet from improved market conditions, as those of us involved in feeding operations. But we believe they will, as animals are marketed later in the year."

"Meanwhile," he adds, "even though our markets are improving, we're still concerned about the future of the farm credit system. We feel it must survive and become more competitive, since commercial banks can never absorb all the volume related to agriculture. Though conditions are improving, we definitely face more challenges, and also more opportunities."

Elsewhere in the west

Underscoring the widespread change taking place in all sectors of agriculture in 1987, the NAFB's regional vice president for the West, Taylor Brown, reports on a new look and new economics-based thrust now taking place in one western state's completely reorganized department of agriculture—that of Wyoming.

Brown is president and farm director of the Northern Ag Network, based in Billings, Montana, producing both radio and TV farm programming, carried by nearly 40 stations in Montana and Wyoming. His operation typifies the trend toward expansion of highly-specialized farm broadcast networks, serving a number of stations in a heavily-agricultural region.

With the Northern Ag Network since 1979, Brown purchased it from another well-known farm broadcaster—Conrad Burns last year.

Sharing comments from Wyoming's new commissioner of agriculture, Brown indicates that the state agency and its legislature have changed farm priorities and approach to more accurately reflect current economic and marketing conditions. The new commissioner, Don Rolston, tells Wyoming producers: "We're concentrating more than ever on what things we can do to put dollars back into the producer's pocket—to build on our economic base, and add value to our raw products."

"We have," says Wyoming's new commissioner, "reorganized our state agriculture department to form an entirely new marketing division, in addition to our normal regulatory functions."

Adds Rolston: "We're looking hard at where we actually spend our time and money."

"We continue to throw millions of dollars into our battles with the grasshoppers and noxious weeds, for example, but the bottom line is that our efforts must increase the profitability picture for the ag producer, or we can win all the battles and still lose the war," says Rolston.

In general, reports the Northern Ag Network's farm director, "the hope is, in our region, that the dirty '80's are behind us. We're seeing the strongest price situation, the highest prices we've seen in many, many months for hogs and cattle and sheep."

"In addition," continues Brown, "we're also paying less than we used to,

Mark Vail

for interest and for fuel, and the cost for feed is down."

"Another positive factor," he reports," in our wheat country, we've had a very high participation in the government grain program, and there's been high participation by barley producers, as well."

"Right now," reports the NAFB's western regional vice president, "many of our wheat producers could be receiving 50 per cent of their income from the government programs."

"There are some weather and pest-related concerns, though," Brown adds. "There's been a lack of snowpack, particularly in the northern Rockies, and this may pose some irrigation problems later this summer. The possibility of another major infestation of grasshoppers—which would be the third year in a row—is also causing some concern."

The cattle industry is working hard these days on a many-faceted program to heighten consumer interest in beef. At a recent meeting in Wyoming, Bruce Berven, senior vice president of the National Cattlemen's Association provided Brown and his audiences with an update on some of the progress being made in this area.

Berven told Brown that—regarding consumer concerns about fat—research shows most consumers are interested only in having excess fat removed before purchase.

He said there must be cooperation among growers, feeders, packers and retailers to determine how this could be done, and by whom.

On beef consumption, Berven reports, "we have data indicating that actual per-capita consumption is only about two-and-half ounces per day. If we could increase consumption by only one-tenth of an ounce per day per capita, we would need an additional one million head of fed cattle every year. So we need to do more work to improve consumer perception and consumption of beef."

The plains

Swinging southeastward into Kansas, the National Association of Farm Broadcasters' 1987 vice president, Mark Vail, shares more upbeat livestock commentary, from his post as farm director of the Kansas Agricultural Network.

Part of the Stauffer Communications group of stations and specialized networks, Vail's operation—headquartered in Topeka—provides up to 16 broadcasts a day by satellite to over 30 Kansas stations covering a wide area of this prime agricultural area in the central and southern Great Plains.

In a conversation with Vail, Todd Domer, an official of the Kansas Livestock Association, indicates that this year the state's livestock producers "though they may still have high overhead in some cases, are still receiving about the best prices for their animals in about the last decade."

Adds Domer: "With grain prices where they are now, most of our cattle feeders are able to add one pound of grain for only between 30 and 40 cents."

Reporting on success of the beef and pork "check-off" promotion programs in Kansas, Domer told the NAFB vice president.

"The check-off compliance here in the state of Kansas is almost matching that in Texas, and Texas has quite a few more cattle than we have. I think people in the state are very proud of what they're doing with those dollars, both for beef, and for pork, on a somewhat smaller scale."

Generally, reports Domer, he feels the farm economic situation is "stabilizing" in most section of the state, midway through 1987.

"We've had a very good grass year, and that also is helping cattlemen. But I think we'll have to have several more years of prices where they are now, before people can say completely that they're back on their feet and headed up again."

On the wheat front, a big commodity in Kansas, Vail shares comments from Howard W. Tice, of the Kansas Association of Wheat Growers, who reports there are some "positives" for the state's wheat producers this year.

"The export situation," says Tice, "has improved somewhat. The Russians not only said they would buy, but they did—4 million tons."

"There are also possibilities," he adds, "for a record yield in the state—even though acreage has been cut back—simply because we've had better moisture than usual. Hopefully, we'll have good quality to go along with it."

When asked by Vail, if Kansas wheat producers would be able to "cash flow" this year, Tice replied that "overall, if you look at the percentages, the average answer would be 'yes'—certainly not because of the price of wheat—but because of other investments and operations."

"We're told," he says, "that the majority of our producers will be able to make it, but when you look at prices I'm not sure whether it will be on a cash flow basis."

The south central

Near the Louisiana-Texas border, the NAFB's South Central regional vice president this year, Ray Forcier, adds his perspective to this series of reports."

As farm news director of 50,000 watt, clear channel KWKH Shreveport, Louisiana, Forcier supervises a schedule of 10 farm broadcasts a day, beamed to a primary coverage area of 71 counties located in Louisiana, east Texas and Arkansas. The station's clear channel signal, at times, notes Forcier, has been received in 38 states and four foreign countries.

Weather conditions have had a definite effect on the crop situation in this section of the country so far this year.

In a conversation with Layne Parnell, of the agricultural loan division of the First National Bank of Shreveport, Forcier received a rather gloomy assessment of the situation.

The Shreveport banker reports that

Marla Behrends

Taylor Brown

"because of the spotty moisture this spring, we've had a lot of cotton that had to be replanted. Because of the uncertain weather, so far, there doesn't appear to be a good uniform stand of cotton in the area."

The same situation, he adds, applies to corn, so at this point in the year the crop outlook in this section of the country does not appear to be promising, though improvement in the weather may produce a more favorable outlook later.

Some farmers in the KWKH coverage area, says Parnell, shifted to soybean plantings later in the spring to take advantage of higher prices. However, Parnell says much of that shift may have come too late, particularly in light of continuing uncertain weather.

Both he and Forcier agree that "the overall situation is really mixed right now, and we're just going to have wait and see how the rains come this summer, and then what our yields will be this fall."

Farm financial prospects in the area, according to the head of the Federal Land Bank in Shreveport, Darrel Jans, also are uncertain.

Assessing the situation for Forcier, Jans says: "except for a little strengthening in cotton and possibly soybean prices, the outlook is still not very bright."

"We still continue to see downward pressure on farm real estate and other assets," he notes. "Until that bumps bottom, we don't have a real bright outlook in 1987. In this area, I know there are more bankruptcies and foreclosures still ahead in '87, and I know we're still not 'over the hump' of financial distress in this section of the country."

The Corn Belt/Iowa

Traveling north into the heart of the Corn Belt, TV/RADIO AGE received another mid-year farm situation report from the North Central regional vice president of the NAFB, Jerry Passer, farm director of WMT Cedar Rapids, Iowa.

WMT's farm broadcasts target a 28-country area in the east-central section of Iowa, and the station has a long record of service to, and contract with, farm audiences in this key farm area.

For a mid-year analysis of the situation in his area, Passer discussed the outlook with Iowa State extension management specialist Nancy Barickman, who covers 12 counties in the east-central part of the state.

Dry weather last month may have an effect on yields in the Corn Belt this year, and producers were looking, and hoping, for adequate summer rains.

So far, though, on average, Barickman told WMT's farm director that livestock producers in the state have benefited from exceptional profitability levels in livestock in the last 12 months.

"Most hog-producers in the state," she reports, "have enjoyed as high as 20 months of profitability, and many cat-

Ray Forcier, R. and guest

tle-producers have had almost a year of profitability."

The extension management specialist indicated that some of the state's younger farmers, with low equity investment, still are experiencing financial stress. She points to the northwestern and the southern sections of Iowa, as areas where economic problems are still prevalent—listing bad weather and difficulties in transportation as two possible factors helping to create the problems.

Iowa farm producers, says Barickman, are heavily involved in the current government crop set-aside programs.

"There's been exceptional interest and participation," she tells Passer, "in the conservation reserve program, while the feed grain program involves 94 per cent of the state's corn acreage this year."

The Corn Belt/ Illinois

From her broadcast base at WKAN Kankakee, Illinois, close to the Indiana border, the NAFB's regional vice president for the Northeast, WKAN's farm director, Marla Behrends, shares an update on the pork promotion "check-off" program, for the vice president of the National Pork Producers Council, Ray Hankes.

Behrends has headed farm broadcast operations at the eastern Illinois station, close to the Indiana border, since 1980, helping shape what she terms the station's "strong commitment to agriculture."

With hog production a key livestock activity in much of the Corn Belt, Behrends finds the NPCC spokesman enthusiastic about initial reaction to the pork marketing program, initiated last November.

"Early results of the program," Hankes tells the Illinois farm broadcaster, "appear to be very good."

"What is really encouraging to us," says Hankes, "are the favorable rates both of compliance, and of refunds."

"When we made our projections a year ago," he tells Behrends, "we estimated an 85 per cent rate of compliance, that is, 85 per cent of the hogs moving through the market system, would be checked off. Very exciting to us is the fact we now see a 98 per cent rate of compliance. Also, we're seeing a refund rate somewhere in the 10 per cent area, rather than the 15 per cent area, and naturally we're also pleased about that."

"At present," notes the Pork Producers Council executive, "it is a 100 per cent program, with the option of a refund. Then probably early in 1989, there will be a referendum that will give producers a chance to vote on whether they feel the program is valuable, and whether they feel everybody should participate in paying for pork promotion."

"If they vote to continue the system at that time," adds Hankes, "then there will no longer be any refunds, and everyone will participate in the program."

Concerned about negative reaction to the mandatory first stage of the "check-off" plan, the NPCC conducted a survey of some 500 producers.

From that survey, the Pork Producers Council learned, Hankes reports, that "if a referendum were held today, it would pass by better than a 2-to-1 margin."

"In addition," he adds, "we learned that over 40 per cent of those responding indicated they were impressed with the pork promotion "white meat" campaign.

Hankes says those indicating opposition to the program seemed to be "philosophically" opposed to the mandatory aspects of the initial phase of being required to participate.

The southeast

The next president of the National Assn. of Farm Broadcasters, Dix Harper, caps this 1987 series of regional reports, with a pair of outlook surveys from extension economists in the region he covers in the Southeast.

Harper—who is director of agricultural productions of WRAL-TV Raleigh-Durham, North Carolina, and for the Tobacco Networks—will be expanding his travel and meeting schedule considerably next year, representing the NAFB at farm and agribusiness events around the country during 1988.

Discussing improved income prospects for the region's hog and poultry producers, Dr. Kelly Zering, a North Carolina State University economist specializing in pork and poultry, notes: "It's been something of a surprise that more hogs haven't come to market. But that's helped to support hog prices."

"The lower numbers being marketed," he says, "combined with low feed costs, have made it a very profitable time for hog producers."

Asked about the effect of the pork "check-off" promotional program, Zering replies: "There's certainly been recent strong demand for pork products. At this point, it's hard to attribute that directly to a new promotion effort like this, but it certainly hasn't hurt."

North Carolina, reports Harper, is a leading state in the production of both turkeys and broilers.

"This year," Zering adds, "in the same way that swine producers have benefited from low feed costs and strong demand, turkey producers have also benefited. At the same time, the broiler market has been strong for several years, and continues to pay pretty good returns."

"All this meat coming to market," says Zering, "tends to make one a little nervous about the future, but right now everything looks good."

Another North Carolina State University extension economist, specializing in tobacco policy and development, Dr. William Toussaint, reports: "There seems to be an improvement in tobacco exports this year compared to last year when exports were down."

Both men agree there's been good company participation in tobacco buy-out programs, and about 50 per cent of their buy-out tobacco has already moved in about two years, or less, with tobacco and stabilization stocks, currently, way down. □

Jerry Passer

FARM BROADCAST '87: THE ADVERTISER

Advertisers and agencies experiment with unique program techniques

Market changes cause broadcasters to get smart too

By GEORGE SWISSHELM

If it's true that when times get tough the tough get going, one way farm operators—and the agribusinesses that supply them and the broadcasters who serve both—are "getting going" is by adaptation.

Dick Homans, vice president, custom research at Doane Marketing Research points to three broad trends taking place among farm operators:

(1) A continuing increase in the numbers of very large farmers.

(2) An increase in the number of professional farm managers who run farms owned by others.

(3) The growth in the numbers who farm only part time and supplement their incomes by a surprising variety of other jobs and activities.

And as conditions push farmers into further segmenting themselves, their suppliers adapt their own marketing strategies to meet the changes in their markets.

Glenn Kummerow, vice president, Katz Radio Group, notes that "as more farmers move into farming only part time, plus part time doing other things, the advertisers keep redoubling their efforts to zero in on those major Class 1A farmers who produce $100,000 or more in annual crop or livestock value."

Ed Clement, president, Fletcher/Mayo Associates, sees more agrimarketers "narrowing their efforts to target the most profitable segments of agriculture. Instead of reaching for as broad-based an audience as they used to, more companies are targeting a particular crop, and among growers of that crop, only producers working more than X acres, or raising only herds of 100 head or more, to reach just those decision makers in a position to buy the greatest volume per order."

Charles Might *of the National Association of Farm Broadcasters sees many farm directors devoting more time to showing farmers how to sell their crop or herd at a decent price vs. on yield and producing heavier livestock.*

Direct marketing

One way they're doing this, says Clement, "is to experiment with a lot of different forms of direct marketing: mail, telemarketing, catalogs—any device that can boost product trial. For new products one strategy is to hype it with heavy broadcast exposure initially. Then once awareness is fairly widespread, they cut back on the broadcast and followup with various forms of direct selling, and then still more followup later to encourage repeat purchase."

To meet the challenge of these changes among both their audiences and advertisers, farm broadcasters also are adapting.

Stephen Pickford, vice president, management supervisor, at Ketchum Communications/San Francisco, notes: "Information on farm radio is a refletion of the times. Today there's somewhat less emphasis on raw production knowhow and growing emphasis on advising farm operators on how to market their products to better advantage."

Charles Might, sales/marketing director of the National Association of Farm Broadcasters, also sees many farm directors and farm network reports "devoting more time to showing farmers how to sell their crop or herd at a decent price, and spending less time telling them how to push up yield per acre or produce heavier livestock. Today more time is devoted to the latest commodity prices, changes in government programs, including those affecting overseas trade, as well as the crops and herds themselves. There's more coverage of U.S. trade missions and what their negotiations are accomplishing."

Lyle Dean, general manager of the Tribune Radio Networks, says the focus of Tribune's broadcasts to farm operators has been concentrating more on marketing. "We've expanded our national and international coverage because of politics and the international trade situation, and any changes in government regulations that affect it play such a key role in the prices farmers can expect to get for their products."

Mark Oppold, broadcast director of the syndicated Helming report, says his listeners already know more about how to grow more per acre and raise bigger livestock than any farmers in the world. "What they need to know, and what we tell them, is how to market better and get a better price for their crop," he says.

Oppold explains that Helming's speciality is to "report the outlook for forward pricing; when is the best time to sell to get a higher price, rather than risk letting that time slip by and wind up having to take lower distress prices when your commodity is a glut on the market and you're forced to sell to meet your mortgage payment."

Oppold says that over 70 per cent of U.S. farmers and ranchers end up settling in the lower third of a year's price range for their commodity and that "One of our goals is to make more of these farmers better marketers and move more of them closer to selling at the middle range of their product's price."

Radio change, too

Jeff Smith, vice president, general manager of The MNN Radio Networks based in Minneapolis, says that so many farmers have rolled with the economic punch by changing the traditional way they make their living that "if farm radio is going to continue to be as essential to them as we have in the

Max Armstrong, l., and Orion Samuelson go on for Tribune

Tribune Radio Networks, in its broadcasts to farm operators, has been concentrating more on marketing, expanding both national and international coverage.

past, we have to change too."

Smith says: "That means throwing out much of the traditional, which in the past has revolved around farmers in each region concentrating on one huge crop, be it corn, soybeans, cattle or whatever, and adapting by diversification."

So he says one way his reporters help "today's new farmer" is to "show him how to 'farm the government' by understanding government programs, changes in these programs, and how he can make the most of them. We also tell them how to produce alternative crops—smaller vegetable truck gardens, for instance, on part of the land they may formerly have planted totally with wheat.

"We also tell farmers how to take advantage of changes in the consumer market. There's the growing use of fructose in soft drinks, and the substitution of gasahol for gasoline, based on methane derived from corn. There's the consumer diet craze that's seeing packaged goods giants like Procter & Gamble substituting low-saturated canola oil for corn or other vegetable oils in Puritan cooking and salad oil. The High Plains Growers Association says Canola is an easy to grow, soil conserving winter rotation crop with a lot of commercial potential."

The MNN Networks also tell farmers how to start up their own businesses. One way, says Smith, "is based on the value added approach. Instead of depending on a middle man in Chicago or Kansas City to buy their crop, use that crop as the raw material to manufacture their own value added end product, like soy bean chips as a snack food they can make themselves."

Smith adds that farmers "can even convert a barn into a bed and breakfast hotel if they're along a well-traveled route to a tourist area. "But whatever it is, it's tossing out the old patterns and moving into Phase III thinking to find new ways to supplement their farm income. And it's farm radio adapting to the fact that there's *not* a big drop in the number of people who farm. What there *is* is a big drop in the number of those people whose sole income is derived from farming only."

This can also mean changes in the time of day farm information finds its readiest audience, notes Smith. "Where a lot of part time farmers hold down second jobs in construction, that means they often start at 7 a.m., quit at 3 p.m. and are home by 4 p.m. So we run one segment at 4:06 p.m. and another at 4:15 p.m. If we run it much later than that, though, we'd run up against competition from the early newscasts on local TV. On the other hand, in an area where a lot of part time farmers have other jobs that don't stop until 5 p.m., an affiliate can run our reports twice, once earlier and once later."

Break the mold

Similarly, Dix Harper, director of agricultural production for the Tobacco Radio Network, reports that "five years ago we devoted most of our air time to production techniques, how to boost yield per acre, fertilization cycles and the like. Today we look for examples of crop diversification to report on, and successful value-added operations—anything outside the standard mold that represents new and different ways to supplement the grower's income."

Harper points, for example, to "people with ponds on their farms who are now stocking crawfish and catfish. Some growers have split their land between tobacco and broccoli, popular with the salad lovers and diet crowd. Enough of our listeners have done this to get together, form a cooperative and build a refrigeration plant, and they're now delivering broccoli to market."

Harper also reports "running into a man who put in blue berries and an apple orchard. Then he brought in a candy maker to turn out candied apples that they distribute in nearby tourist centers. He also makes cider for the tourist trade."

Bob Stiffler, senior vice president and agri-account manager at Barker, Campbell & Farley in Virginia Beach, cites horticulture as another growing area of diversification. This, he adds, applies to farm machinery dealers as well as farmers themselves. Many a hard-pressed implement dealer, says Stiffler, "survives by selling smaller lawn and garden-care machinery to suburban and small-town home owners. The farmers themselves raise shrubs, young seedling trees, flowers and house plants for both landscaping purposes and interior home decoration."

He says that the few farmers in a position to invest in large machinery "often help pay it off by renting themselves and their new equipment out to other farmers whose old machinery has reached the point of no repair."

On the television side, Kent Francis, director, agri-marketing for Petry Television, notes that TV stations serving farm areas include the latest commodity price reports in their local news, and tailor their weather reports for farm operators. And syndicated TV farm programs like *Ag Day* and the *Morning Agriculture Report*, now in some 40 markets, "keep upgrading their information by making it more specific."

This, says Francis, "builds audience for the stations carrying the program. It also makes the show itself more desirable for additional stations to pick it up. So *Morning Ag Report* is in the process of clearing more markets to extend its coverage to 60 to 80 per cent of farm areas where all of the key commodities are grown."

Thus, he says, *Morning Ag Report* has added a weekly *Money Talk* segment on Wednesdays, which covers areas of personal financial management as well as financial topics unique to farm managers. One Wednesday, explains Francis, "they might discuss investing. The following Wednesday the topic might be real estate. Fridays they run a segment called *Market Focus*. Each Friday they concentrate on a single commodity. If it's corn, they discuss corn futures, hedging and everything else connected to trading in corn."

Francis explains that both specialized syndicated farm programs and "farmer-directed local television news" are good ways to target farmers as the total number of farm operators declines slightly, and as more of them become very big operators, or very small part-time farmers, and as the numbers of middle-sized farms continue to dwindle."

In light of these same changes, says Katz Radio Group's Kummerow, "Advertisers keep reevaluating their marketing approaches to reach and talk more creatively to the larger farm operators. And today, farm radio is in the best position it's ever been in, first, to document our ability to reach these major large-farm decision makers with the results of Doane and Rockwood research, and second, in carrying the promotional ball locally for advertisers, as more advertisers increase their emphasis on collateral activities."

Kummerow points to "a number of unique new advertiser applications of radio, such as The *Monsanto Minute*, Stauffer's corn report and DuPont's bug report, using radio for immediate warning of local insect infestations in just those areas where and when a threat is imminent."

Different promo tricks

On the promotional end, Kummerow reports that advertisers and agencies are not only experimenting with such

Mark R. Pearson, a voice from MNN Radio Networks

MNN Radio Networks is showing today's farmer how to "farm the government" by understanding government programs.

Bob Walsh of Texas State Networks' Agribusiness Network

Breeding of leaner cattle and funds from the ranchers' checkoff program for promotion may increase beef consumption again.

unique programming techniques to get their crop-saving information to the farmers exactly where and when they need it, "they're also trying a variety of promotional activities. Wherever there's a county fair, a state fair, or a state or regional growers association meeting, it's covered by the local ag station's farm director. Their presence can be used to raise the profiles of both the stations among their listeners who depend on them, and of the products that advertise in farm programming. It's often the farm radio station that develops a unique idea for the next growers' meeting or fair that adds budget-stretching impact to the advertiser's on-air schedule."

NAFB's Might reports an increase in the numbers of farm radio networks. "People have seen the success enjoyed by existing ag networks and hope to reap similar success," he says. "One of their best bets for picking up affiliates is where an individual station hesitates to add its own full-time farm director on staff because its own coverage may be limited by mountains, or by low ground conductivity. Or it might be in a market whose actual amount of acreage is limited, so that farming is not that market's major economic activity. For reasons like these it may not pay to keep a fulltime farm director on staff. But there is enough of a farm audience to support the cost of a network feed, whose costs can be spread among a number of different affiliates."

Bob Walsh, farm director of the Texas State Networks' Agribusiness Network says that more county agents are getting on the air with their own programs featuring better growing tips on more stations. But he adds that a network has more resources and can air market reports and weather that's more extensive and complete than most individual stations without the resources that an operating network could offer.

Nick Gordon, chairman of the Keystone Radio Network, reports that farm business "remains healthy for those stations that are part of our farm network; healthy enough, in spite of the gloomy headlines about the state of agriculture, so that rates are up on many farm stations."

And in spite of the increase of marketing information and diversification information, farm broadcasters still provide their share of old fashioned how-to-grow-it-better information. Consequently, Gordon believes that business remains healthy "because farmers need the know-how they get from farm radio. They need it every day for the welfare of their crops and herds. During a certain period each year in certain crop areas, we have stations that give leaf moisture reports, a dozen times a day. When the leaf moisture reaches a certain level, the farmers in these areas go out and check their own leaf moisture. If it's at a given level or higher, they have to apply a certain fungicide to save the crops. They depend on that station to tell them, and the company or companies that make that kind of fungicide know it. So no matter how many family farms and even farm banks go under in a given year, advertisers with specific products for specific crops like that fungicide are on farm radio in those crop areas at the appropriate times of the year."

Gordon adds that there are certain plusses going for many farmers on the cost side: "The price of oil and gasoline is down for farmers as it is for all of us, except that farmers generally use more of it. And when the prices of certain grains drop, what hurts the farmers who grow that grain help those farmers who use that grain as feed for their livestock."

Radio flat, TV strong

At the agencies, however, most ag specialists see both radio and print rates flat, though some report television rates continuing strong.

Eric Hirvonen, vice president, associate media director for the DFS/Wegener Agricultural Group notes that, "Unlike previous years when there have been rate increases, pricing has been flat for both farm radio and local TV news, which is where we go in television to reach farm managers."

Fletcher/Mayo's Clement agrees: "Most ag-media have held a pretty tight line. They're generally sensitive to the tough times everyone's sharing. Print and radio especially, for the most part, are trying to keep price increases to a minimum and keep rates as reasonable as possible, as long as they can. TV is the only medium where we can point to increases of any significance."

On the other hand, at Colle & McVoy, Al Hietala, executive vice pres-

Glenn Kummerow *of Katz Radio Group points to a number of unique new advertiser applications of radio, such as "The Monsanto Minute," Stauffer's corn report and DuPont's bug report warning of local insect infestations.*

ident and supervisor of the agricultural division reports "being able to negotiate some good television deals this year. They've been better than usual, maybe because '87 hasn't been a political year. Next year, which will be, may be a bit tougher."

Lannie Dawson, associate media director at Martin Williams Advertising in Minneapolis, agrees that farm radio rates have remained generally flat, "because it's difficult to defend a rate increase in the face of ag budgets being generally down this year."

On the other hand, says Dawson, "except for television's few actual farm programs, rates for most of the rest of television are up, because TV spot rates are generally up in most dayparts, following the tight situation in network television."

She reports that Martin Williams places some 60 to 70 per cent of its television farm dollars in local news, with most of the rest going into prime-time and fringe inventory.

Marketing shifts

Meanwhile, farm marketing specialists point to shifts among the ag-marketing companies. NAFB's Might observes: "There's a good deal of churn going on, with more accounts switching agencies, reps buying each other up, and changes in station ownership, along with all the changes among the chemical companies. But in spite of all the mergers and takeovers, most chemical products are still on the market, and only a few have been discontinued."

Among this activity, DuPont has taken over Shell's ag-chem division, and Rhone-Poulenc acquired Union Carbide's agricultural operation. Sandoz now controls Velsicol, Stauffer Seed and Northrup King Seed.

Stauffer Chemical was bought by Chesebrough-Pond's, which in turn was acquired by Unilever, reportedly now looking for a buyer to take the Stauffer Chemical Division back off its hands.

But Petry's Francis observes that although companies keep merging and purging some products, and reorganizing their sales and marketing operations, "they also keep bringing out new products, and maybe two or three years down the road we can expect to start seeing some of these really new products coming out of the bio-genetic labs, like seed that's more insect and/or weed resistant."

Francis also notes that even companies that have not merged with each other have combined forces to run joint sales efforts. An example is FMC and Elanco who are jointly marketing Commerce. He explains that such a joint marketing project may result when either both companies develop an improved product or technology simultaneously, or if the end product that goes into the spreader and onto the soil is a tank mix of two products, each from the two different companies now joining forces to market the combination.

Ag budgets mixed

One result of all the churn is mixed reviews on ag budgets.

Jan Sammons, media planner at Bozell Jacobs Kenyon & Eckhardt in Omaha, reports that budgets have slipped for animal health care products. In some cases, says Sammons, "It's because sales are off and advertising is one area where they feel they can save money. In other cases, it may be because the client puts a lot of introductory support behind its products when they're brand new, but then cuts back on advertising once the product moves into its more mature stage and everyone already knows what it is and how well it works."

Sammons recalls, for instance, that when Eastman Chemical brought out IsoPlus for dairy herds in 1985, the

Ed Clement *of Fletcher/ Mayo Associates says most farm media have been sensitive to the tough agricultural economy and are trying to keep price increases to a minimum. Only TV has had any significant increase, he notes.*

product was introduced with spot TV in high-density dairy counties—plus farm radio networks and some of the big boomer radio stations. The broadcast produced phenomenal increases in product awareness. So last year they stopped the broadcast and confined IsoPlus advertising to print only. Awareness was so high they didn't need broadcast any more."

Back on the feed

But Fletcher/Mayo's Clement says budgets "have come back somewhat, particularly for animal health products and feed, because market prices for livestock—particularly hogs—are back up a little. We expect beef prices to follow, so ranchers are expanding their herds."

Back at Texas State Networks, Walsh says that two areas he's bullish about are the liklihood of better prices for cotton and beef. "While it's true that a lot of young people are avoiding fat in their diets, I expect that some of the effort among those working with genetic engineering will be in the direction of breeding leaner cattle. And while we're waiting for that to happen, the ranchers' checkoff program will be raising one dollar for each animal sold. That goes into a fund to promote beef to the consumer, which should result in increased consumption again."

Clement notes that farm chemicals "have maintained fairly constant ad spending levels all along, through good times and bad, and we're seeing some increases this year because competition is so tough."

Colle & McVoy's Hietala says he's been "looking at some pretty strong broadcast budgets. Probably more than 60 per cent of DeKalb Pfizer Genetics' budget this year will be in broadcast. Other clients will increase their broadcast spending in the initial phases of introducing a new product, to get the awareness levels up as quickly as possible."

He adds that Pitman-Moore introduced Totalon, its new cattle wormer, and that most of the launch budget "went to television for two reasons: TV builds awareness fast, and the goal is to get the new product into the marketplace as quickly as possible, in the face of the long lead time required for most publication advertising."

Hietala says this was Pitman-Moore's first experience with television and "the results have been extremely good. They're getting good pull-through at their dealerships. We're planning to expand the number of ADIs we'll be using for Totalon next fall."

Tractors are dragging

But tractors are still dragging. One agency man says budgets are down again for farm equipment and one tractor client limited advertising to print only this year. He adds that the only tractors still selling well are the smaller models under 40 horse power. The one bright note from this agency was the observation: "There's a lot of pent-up demand for the bigger models, because the ones still in service now are going to have to eventually reach a point of no repair for many farm operators."

Back on the rep side, Ken Gioia, farm director for Eastman Radio is more optimistic. He says it looks from where he works in the Midwest "like the slump in farm radio has bottomed out. This is the first time in two years that we've been able to point to an increase. Through the first six months of 1987, Eastman's farm revenues are up 10 per cent, with almost all of that gain coming from the chemical sector. We're also looking forward to similar increases next year. Several of the chemical companies have some more new products they're talking about putting into the pipeline next year." □

SPOT TV GAINS
Second quarter up, but reps give mixed reviews of third/77

RETAIL REPORT
Broadcast's budding romance with retail/79

MEDIA PROS
Promotion produces profit for client and charity/81

TELEVISION/RADIO AGE

Spot Report

July 6, 1987

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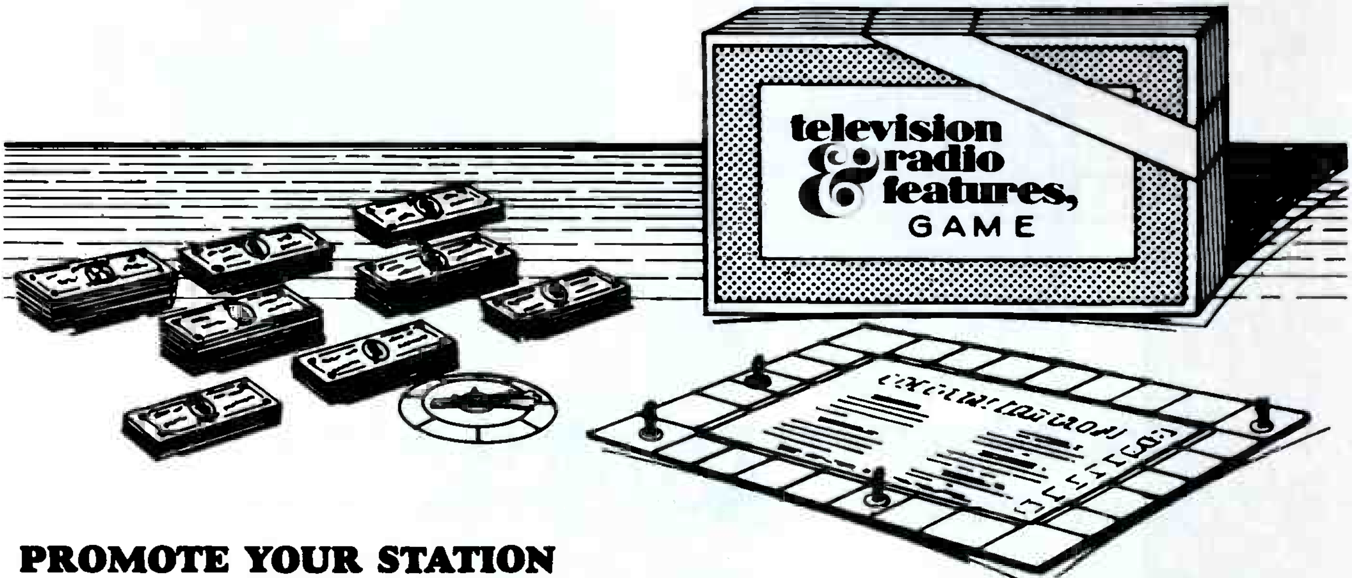

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- **Increase your ratings**
- **Increase your sales**
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SAMPLE CLIENT ROSTER

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• Teledyne-Water Pic • Longine-Wittnauer
• Carter Wallace, Inc. • General Electric
• Rand McNally • Corning Glass • Houbigant
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Spot Report

Spot TV perks up but third quarter uncertain

Spot television's second quarter is posting better gains than the first quarter, but rep sales chiefs are giving third quarter mixed reviews.

Tom Tilson, vice president, director of sales at TeleRep, observes that second quarter "turned out somewhat better than we had anticipated going in. We were projecting a 5 to 6 per cent gain, but now it looks like we could finish with an 8 per cent increase. On the other hand, this year's first quarter was up against some big numbers—a 12 per cent increase last year, while second quarter only had to beat a small 1986 rise."

Ray Johns, executive vice president at Seltel, reports "a good resurgence of activity for second quarter, far ahead of the industry's slow first quarter showing. And we're optimistic for a good third quarter, to judge from early activity, although it's so early it's really too soon to judge."

Another gain. At Petry Television, Teddy Reynolds, vice president, research, sees a second quarter that "improved considerably over first. Our estimate is that second quarter should finish with a 5 to 7 per cent increase, and we're looking for another gain in about that same range for third quarter."

Peter Goulazian, president, Katz Television, says second quarter turned out slightly below original expectations: "Based on a fairly soft second quarter last year, we were projecting better than the small 5 per cent increase we're now seeing. The best second quarter gains were registered by the larger market independents. Budget increases were generally higher for most, but not all, major markets. Smaller markets showed the smallest increases, if any."

Bob Somerville, president of Independent Television Sales, describes second quarter as "extremely positive for us," but adds that, "We're atypical because so many of our stations were just getting off the ground only a year or two ago, and their efforts and ours are only now starting to bear real fruit."

Makegoods and inventory. Asked about the first quarter inventory tightening caused by the above average number of network makegoods and why this didn't spill over to bolster spot's first quarter, Seltel's Johns agrees that, "In the past, tight network inventory was almost always a sure sign of an improvement in the spot marketplace. But that trickle-down theory doesn't work too well anymore. Today there are too many different ways for trickle-down money to go. Markets that used to have three or four stations now have five or six."

TeleRep's Tilson doesn't think third quarter looks too encouraging: "In spite of the apparent continuing strength of both the networks and the syndication market, we have yet to see any of this affecting spot."

Small gains seen for TV

Last year's second quarter was so slow for spot television that this year's second doesn't have to be too tremendous to produce better looking increases than first quarter. On the other hand, first quarter looked worse than it actually was because first quarter '86 was so strong, says Robert J. Coen, senior vice president, director of forecasting, McCann-Erickson, in explaining his forecast that comparisons for spot television for the remainder of 1987 are likely to be somewhat better than first quarter results, which were up only 3 per cent. And spot's fourth quarter, adds Coen "at least has a chance" of benefitting from at least some of the spill-over from the new season.

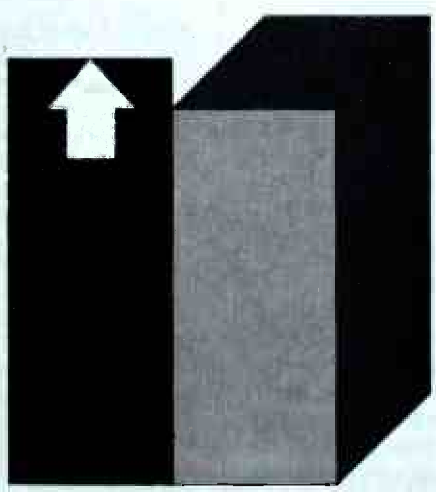
Coen's forecast for total year 1987 is for a total national advertising increase of 6.7 per cent over last year to $60.6 billion, of which television's cut will be $17.4 billion, 6 per cent ahead of '86.

Of that, Coen figures about $9 billion will go to network television and about $7 billion will be invested in spot TV, 6 per cent ahead of '86. He predicts a 10 per cent increase for cable to $830 million and a 14 per cent jump for syndication to $645 million. His forecast for local television is for an 8 per cent increase to about $7 billion.

March

National spot business

+7.5%



1987: $589.5 **1986: $548.4**

Complete TV Business Barometer details p. 20

Spot Report

Campaigns

General Mills, TV
DDB Needham Worldwide/Chicago
SELECTED FOOD BRANDS are sharing nine to 14 weeks of third quarter inventory in a good many television markets across the country. Media team lined up daytime, primetime and fringe positions to appeal to women 18 and up.

Heublein, Inc., RADIO
Young & Rubicam/New York
DOS EQUIS is being offered for 10 to 14 weeks that started on various May and June air dates in New England markets, plus a scattering of others in the midwest and southeast. Negotiators set their sights on young males.

Ralston Purina Co., TV
CPM, Inc./Chicago
NICEY is scheduled for three to 10 weeks of spot appearances that began on various June air dates in a long and coast-to-coast lineup of television markets. Buyers relied on daytime and kid inventory to appeal to children.

Torbet, Select to Interep

Fasolino

Interep has added Torbet Radio and Select Radio Representatives to its rep empire and combined them into a new company, Torbet/Select Radio Sales, headed by Torbet president Tony Fasolino as president. The companies were acquired through a stock purchase from Telemundo, formerly John Blair & Co., totaling $9.5 million.

Interep describes the new firm as "a $60 million full-service rep company." Torbet's Mike Bellantoni will be executive vice president of Torbet/Select, and Bill McHale, who has been president of Select, becomes senior vice president of the new combine. Interep, meanwhile, says the acquisition makes it "the largest radio-only rep company in the U.S.," with over 70 sales offices in 16 cities and estimated billings "in excess of $400 million."

Appointments

Agencies

Mindy Sherman has been promoted to vice president, broadcast media director at Geer, DuBois Inc. in New York. She joined the company in 1981 as a broadcast buyer from Lois, Pitts, Gershon, Pons/GGK, and she now steps up from associate media director-broadcast.

Stephanie Campbell has joined Elkman Advertising in Bala Cynwyd, Pa. as an associate media director. She returns to Elkman following posts with Ketchum Advertising, Group II Advertising, and with Aloysius, Butler & Clark.

Brenda A. Polivka has been promoted to senior buyer/planner in the media department of Lowe Marschalk in Houston. She came to the agency two and a half years ago and now moves up from buyer/planner.

Daniel Sciolto has been promoted to local spot broadcast buyer at BBDO/New York. He moves up from assistant spot buyer in the media department.

Amy L. LaBan has stepped up to research analyst at Ross Roy in Detroit. She was previously a research analyst with Brogan Kabot Advertising and has recently graduated from Ross Roy's management training program.

Paul Mihalek has advanced to media planner at Ketchum Advertising/San Francisco. He joined the agency last year as an assistant planner and is assigned to Hunt's Tomato Ingredients, DHL, Great America Theme Park and the National Potato Board accounts.

Kay Kowalski has joined William Cook Advertising in Jacksonville, Fla. as a media buyer. She moves in from a buying post at Luckie & Forney Advertising in Birmingham, Ala.

Representatives

Paul Arnzen has been promoted to senior vice president of the Katz Television Group. He came to Katz Television in 1984 as vice president, director of new business, and before that he had been vice president, general manager of WNYT-TV Albany, N.Y.

Alan Minetree has been named Houston sales manager for TeleRep. He moves in from the Kansas State Network where he had been local-regional sales manager, and before that he had been a regional sales rep for KTVK-TV Phoenix.

Laurie Meyer has been promoted to sales manager in the Los Angeles office of Independent Television Sales, reporting to vice president/West Coast manager **Martin Owens**. She came to ITS from Avery-Knodel Television and now steps up from account executive.

Herbert C. Fett III has been appointed sports sales manager with the marketing department of Blair Television. He joins Blair from Independent Television Sales and before that had held a research post with Seltel.

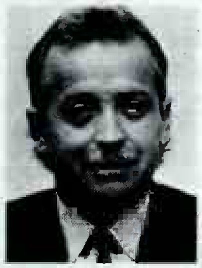
Edward Missavage has been named an account executive with the Houston sales office of McGavren Guild Radio. He was previously a buyer for Eisaman, Johns & Laws Advertising.

Eastman promotes

Dick Walker, who heads the Atlanta office of Eastman Radio, has been elected a senior vice president, leading the latest list of promotions at Eastman. Others moving up include research executive Charlie Sislen, who has been promoted to vice president/marketing services and Peter Remington and Cynthia Newlin, both sales managers in New York, who have been elected vice presidents. New West Coast vice presidents are Allen Gantman in San Francisco and Riki Pritchard in Seattle.

Stations

Neil Pugh has been promoted to vice president and general manager of Cox Enterprises' WHIO-TV Dayton, Ohio. He came to the station in 1970 as national sales manager and now moves up from station manager.



Lynn V. Fairbanks, general manager of WAWS-TV Jacksonville, Fla., has been elected vice president of the Malrite station. Before joining Malrite in 1985, Fairbanks had been a sales manager with WJXT(TV), also Jacksonville.

J. Daniel Sullivan has been appointed executive vice president/chief operating officer of Southwest Multimedia Corp. He had been executive vice president of Media Central Inc. SMC owns television stations in Shreveport, La. and in Brownsville, Waco and Midland-Odessa, Texas.

Stan Mak has been named vice president, radio for King Broadcasting Co. in Seattle. He has been with King for 14 years, most recently as vice president and general manager of KINK(FM) Portland, Ore.

Robert H. Levi has been named vice president and general manager of WTBS(TV) Atlanta. He joined Turner Broadcasting System in 1970 as an account executive for the station, and has most recently been vice president, general sales manager of TBS Sales.

William Hendrich is now vice president, general manager of WAVH(FM), formerly WLPR Mobile, Ala., recently acquired by TM Communications, Inc. Hendrich was formerly general

Retail Report

Broadcast's budding romance with retail

Since the early '70s, radio and television stations and station groups have romanced the retail dollar. The singular objective then, as now, was to affect a shift of traditional newspaper budgets into the broadcast media. Many forms of methodology were tried, from updated household penetration numbers to studies showing time spent viewing television or radio listenership numbers.

Gradually, the more sophisticated broadcasters realized retailers had to be convinced that their investment of advertising dollars into radio and television would produce a legitimate ROI (return on investment). Hard-nosed retail executives had to be convinced that this shift would actually bring more customers to their doors.

So, armed with a trunkful of developmental research strategies, broadcasters throughout the country called upon their retail neighbors, visiting department stores, specialty stores, malls and supermarkets. Early efforts to convince the retailer that "millions" of unspent co-op dollars were there for the taking fell upon deaf ears. But as the '70s rolled on, developmental strategies were fine-tuned to become more effective.

As broadcast coordinator of L. S. Ayres, a midwest department store chain, I was an early and successful recipient of local radio efforts. When an innovative Fairbanks radio rep explained how vendor support could triple departmental ad dollars, I listened and learned. I then carried the program to the key decision makers at the store. The energetic radio rep was allowed to present his station's story and vendor program directly to the merchants. They liked what they heard.

And by the mid-'70s, as mattress events and Oriental rug promotions became overnight television success stories, more retailers became believers. At the same time, forward-looking broadcasters shifted their retail developmental strategies to additudinal and behavioral studies, focus groups, and qualitative research.

As WBZ-TV's (Boston) first retail marketing manager, in the late '70s, I found an incredibly receptive climate to intelligent research data provided by the station and corporately by Westinghouse Broadcasting Co. Some of retailing's most illustrious names—Franklin Simon, then president of Filene's, Herb Zarkin of Zayre's and Don O'Brien of Jordan Marsh—all participated in various Westinghouse marketing research projects. These projects had but one goal—to provide information that would bring more customers to retail doors.

The early '80s ushered in the age of Prism, of cluster definition and marketing segmentation by lifestyle, of Donnelley's Cluster Plus Group and of Arbitron's Metro Market Profiles. CBS, ABC and NBC station groups, as well as Jefferson-Pilot, Post-Newsweek, Cox Broadcasting, Fisher Broadcasting and others, all devoted huge chunks of time, energy and company resources to providing customer tracking studies, vendor programs, production assistance, co-op development and marketing analyses.

So today, 15 years after a smart salesman from Fairbanks-owned WNAP-FM Indianapolis found the key to unlocking untapped retail ad dollars, the basics have not really changed. At our retail-oriented advertising agency in South Florida, our staff continually uses available research and marketing tools, a variety of ongoing data, all types of Television Bureau of Advertising and Radio Advertising Bureau research, and reports of retail success stories.

And do you know what? Last month we convinced a 14-store bedding chain, currently spending about a million dollars annually in print, to shift 40 per cent of its budget into broadcast. The president of the chain said, "Phyllis, you can spend my ad budget the best way that you know how. All I want you to do is to bring more customers to my door."—**Phyllis M. Green,** *president, Green Advertising Associates*

One Buyer's Opinion

More companies get results advertising nationally *and* locally

Summer

National advertisers are turning more and more to regional and local marketing—but without abandoning the cost efficiencies and image consistency of national campaigns. That's because in today's environment we need to differentiate and add value to our brands and maintain image, at the same time that we must be competitive all over the country by making the most of regional and local opportunities.

Many of the biggest companies are doing it: Pepsi and Coke and Anheuser-Busch, Campbell Soup, General Foods, Continental Baking Co., Lever Brothers and S. C. Johnson. They're doing it because regional competitors and franchise operations have created hugely different brand shares from one market to the next. Large revenues and marketing budgets have funded an incredible spectrum of solutions to regional and local marketing problems and opportunities, and these solutions are proof to the rest of us that local marketing works.

Another reason for the growth of this local marketing is media. Advertisers have found local media that deliver. They get broad household penetration through Sunday supplements and freestanding inserts. They get target audience reach with spot TV. And they get target reach, plus frequency and unparalleled ability to motivate with radio.

One of the most successful local campaigns in the last decade was the Pepsi Challenge. It started in Dallas 10 years ago, where Coke and Dr. Pepper were killing Pepsi. Yet, in blind taste tests, more people preferred Pepsi, so the brand had nothing to lose by challenging its competitors. The Challenge was so successful that it was rolled into some 60 or 70 per cent of the U.S. over a six or seven year period. And wherever Pepsi's market shares had been below par, those shares moved higher. Listeners in these markets were surprised to hear that more people preferred Pepsi's taste. So they tried it and liked it.

During those Challenge years, we developed a war chest of local-market radio promotions that served as prototypes for the extensive RadioActive promotion program now being conducted by Pepsi USA. The Pepsi Challenge brought the medium of radio right into the campaign. It got deejays to challenge each other. It got whole towns and cities involved. And it took Pepsi-Cola from underdog to equal player in the soft drink business.

During this Pepsi Challenge campaign, when listeners were challenged to vote for their favorite deejays, thousands of them mailed in their ballots with Pepsi bottle caps. When the station deejays challenged each other to mini-car races in shopping mall parking lots, tens of thousands of consumers came to watch the races and cheer their favorite air personality on to the finish line. And all those spectators took the Pepsi Challenge, too. They took it and switched from Coke to Pepsi.

And when these station air personalities challenged students in junior highs, high schools and colleges to compete with each other to collect Pepsi cans, hundreds of thousands of moms and dads and cousins and neighbors switched from Coke to Pepsi, and millions of cans were collected and redeemed.—**Gordon Summer,** *senior vice president/promotion development, Einson Freeman, Inc., before the ANA-RAB Radio Workshop*

sales manager and director of marketing at WKSJ AM-FM Mobile.

Lemuel E. Lewis has been appointed vice president, general manager of KLAS-TV Las Vegas. He had been vice president/administration of the station's parent company, Landmark Communications, Inc.

Alan B. Barrows has joined WDSI-TV Chattanooga, Tenn. as general manager. He moves in from the general manager's desk at KPEJ-TV Midland-Odessa, Texas, and before that he had been general sales manager at KTVV-TV Austin.

Peter H. Smyth, general manager of WMEX/WMJX(FM) Boston, has been elected a vice president of the Greater Media stations. Before joining the stations last year Smyth had been general sales manager at WOR New York.

Mark Biviano has been named vice president, general manager of Win Communications' WQAL(FM) Cleveland. He came to the station in 1985 as general sales manager and was promoted to station manager last year.

Lloyd Low has been named to the new post of Western regional sales manager for KCPQ(TV) Seattle-Tacoma. He is succeeded as general sales manager by **Jay Maxey** who had been general sales manager at KMTV(TV) Omaha.

Jim Wareham is now national sales manager for WHBF-TV Rock Island, Ill. He was formerly an account executive with Katz Continental Television in Chicago, and before that was with the sales staff of WTVO-TV Rockford, Ill.

Media Professionals

Promotion produces profit for client and charity

Joyce McDaniels

Media director
Madden & Goodrum & Associates
Nashville

Joyce McDaniels, media director at Madden & Goodrum, describes how her agency worked with Beaman Pepsi-Cola of Nashville "to promote the biggest giveaway in the bottler's history." The prize, which she says resulted in a record number of entries, was a $100,000 resort home in the mountains.

McDaniels says that, at the agency's suggestion, this "Dreamstakes" contest was tied into a charity. And WLAC(FM) Nashville tied into the promotion by developing and publicizing an aluminum can recycling project to raise funds for "DreamMakers," a volunteer group that makes wishes come true for children with life-threatening illnesses. She says that through extensive promotion by the station, funds were raised for DreamMakers, "while publicity to enter the Dreamstakes contest pulled a record number of entries. And as part of the advertising tradeout, WLAC contributed $128,000 of promotional air time to the DreamMakers project, with full-minute and 10 second live announcements."

McDaniels reports that more than 30 such celebrities as Pat Boone, The Oak Ridge Boys, Glenn Fry and Johnny Cash, donated time to record announcements for DreamMakers. "And the citizens of Nashville donated over 3,000 pounds of cans, or an estimated 100,000 individual aluminum cans during the drive. Along with the donation from Beaman Pepsi-Cola, DreamMakers received a check for approximately $8,000. The radio promotion, plus publicity orchestrated by the agency, generated almost 1.5 million entries. And sales volume for Beaman Pepsi increased over the previous summer of 1985, which at the time had set its own record for sales."

She adds, "Thanks to the creativity and enthusiasm of people like Joe Harber of Pepsi USA and John Cohea of Beaman Pepsi-Cola, who created 'Dreamstakes' and recognized the marketing wisdom of giving radio time to support a charitable organization, and to people like Carolyn McClain, who masterminded WLAC's participation, the entire project turned out to be an enormous financial success for the client as well as an effective fund raiser for the charity."

Albert J. Moll has joined Narragansett Broadcasting's KAYI(FM) Tulsa as general sales manager. He moves in from Streator, Ill. where he had been general manager of WIZZ/WSTQ(FM).

Martin R. Damin has been appointed an account executive for the ABC Radio Networks. He had been vice president/general manager of the Eastman Radio Network and the Supernet multi-rep unwired network group.

Buyer's Checklist

New Representatives

Blair Television has been appointed national sales representative for The Forward Communications Television Stations Group. The stations are WMTV(TV) Madison, Wisc.; KOSA-TV Odessa-Midland, Texas; WHOI-TV Peoria, Ill.; WSAW-TV Wausau, Wisc.; and WTRF(TV) Wheeling, W. Va.

Christal Radio is the new national sales representative for KQIZ(FM) Amarillo, Texas. The station offers contemporary hits.

Media marketing

MediaAmerica has been formed to develop demographically targeted advertising opportunities in network radio, print and video. Principals are Ron Martenbaum, formerly vice president, director of advertising sales for Westwood One/Mutual Radio Networks, and Gary Schonfeld who had been vice president, director, eastern sales for the networks. Schonfeld says the new media representation and marketing firm is a response to advertisers' need for integrated campaigns tailored to reach their target customers and prospects through a variety of complementary media. He adds that like some unwired rep network buys, the media list is open ended and not limited to the media clients the new company is signed to represent: "We'll go out and negotiate with whatever media can do the best job for the advertiser we're working for," he says.

CBS Radio Representatives is now selling nationally for WXRT(FM) Chicago and for WAVV(FM) Ft. Myers-Naples, Fla. WAVV airs a light contemporary sound and WXRT features adult rock.

Hillier, Newmark, Wechsler & Howard has assumed national sales representation of WAMO AM-FM Pittsburgh and WMKJ/WQUE(FM) New Orleans. Both New Orleans stations play contemporary hits, WAMO programs a black format and its FM sister is an urban contemporary station.

Kadetsky Broadcast Properties, Inc. has been selected as New England sales representative for WQMI(FM) York, Me., which bowed in June with its new adult contemporary-gold format.

Katz Radio is now national sales representative for WAYV(FM) Atlantic City, N.J. and for WQWM/WSBW(FM) Appleton, Wisc. Both WSBW and WAYV program adult contemporary formats and WQWM carries oldies.

Major Market Radio Expanol is now selling nationally for KFNA El Paso, Texas and for KDIF Riverside-San Bernardino, Calif. Both stations offer Spanish language programming.

Republic Radio has been named national sales representative for WIRE/WXTZ(FM) Indianapolis and for WLMX(FM) Chattanooga, Tenn. WLMX carries a light adult contemporary sound, WIRE offers a full service country format and WXTZ features easy listening.

Roslin Radio Sales has been appointed national sales representative for WILD Boston. The station airs an urban contemporary format.

New Facilities

WAVH, formerly WLPR(FM) Mobile, Ala., acquired in May by TM Communications, has switched to a soft hit format and increased its signal strength from 40,000 to 100,000 watts to reach Pensacola and the Gulf Coast.

New Format

WWRC Washington, D.C. will be switching to an all-talk format on August 3. The Greater Media property had been broadcasting a mixed schedule of MOR-nostalgia music and talk for the past three years.

New Affiliate

United Stations Programming Network has added WKGW(FM) Utica, N.Y. to the lineup for Dick Clark's *Rock, Roll and Remember*. That brings Clark back to the station that gave him his start in radio, then known as WRUN, back in 1947.

Transactions

JAG Communications, Inc. has agreed to sell WLKW(FM) Providence, R.I. and WROW AM-FM Albany, N.Y. to **New England Radio Corp.** for $15 million. John A. Gambling of WOR New York is chairman of JAG and the buying principals are Don Wilks and Mike Schwartz. Broker in the transaction is Americom.

Malrite Communications Group has sold KMVP/KRXY(FM) Denver to Capital Cities/ABC for $10.7 million. Broker in the transaction was Wertheim Schroder & Co.

The Victoria National Bank has sold KZEU(FM) Victoria, Texas to **Luc-San Broadcasting, Inc.** for $625,000. Luc-San is owned by George Santikos. Broker in the transaction was Norman Fischer & Associates of Austin, Texas.

Telemundo expands

Reliance Capital's Telemundo Group, Inc. has moved to bring over-the-air Spanish language television to Houston and San Jose, which also serves San Francisco's Hispanics. Sources close to the company estimate that Telemundo's investment in the two markets will total between $25 and $30 million. In San Jose, Telemundo has agreed to purchase the common stock of National Group Television, Inc. and convert its KSTS-TV into a Spanish-language station reaching some 321,000 Hispanic households. In Houston, Telemundo has agreed to finance construction of a new television station licensed to Galveston by Bluebonnet Broadcasting Co. The two stations are expected to boost Telemundo's coverage of Spanish speaking U.S. households by approximately 10 percentage points to 55 per cent. The new Spanish language format is expected to bow in San Jose in November, and the new Houston-Galveston station has a target air date of January 1988.

Viewpoints

Robert Wussler

Executive vice president, Turner Broadcasting System, in a speech before the recent Broadcast Promotion and Marketing Executives convention in Atlanta.

Ten Commandments for broadcast marketing

Broadcast marketing has to be sharper, more refined, more "audience driven" than ever before. In a word, it has to be "better." "Good" simply won't be good enough anymore. The question now is, "What do we do? Where do we go from here?"

Promotion is like programming. It is an art form all by itself; you can't set up hard and fast rules. Personal feel and instincts and audience sensitivity always come into play.

But there are certain principles which I believe apply across the board, regardless of the market or whether you're promoting a movie or a strip syndication or a sweep month news series. So here's Wussler's edict of promotion "do's and don'ts," my own version of the Ten Commandments.

Engraved in stone

1. "Honesty is the best policy." Don't let hype get in the way of truth. If you're honest with your audience, they'll keep believing you, and you'll be that much more effective. Marketing, as we move toward the 1990's doesn't mean "huckstering." It means communicating a real message—why the show is worth the audience's time and attention, why it's important, why it's entertaining. Answer those questions for yourself and you'll be answering them for your audience, too. Think of promotion as an extension of the journalistic enterprise, not a distortion.

2. Build personal, lasting relationships with your audience. Whatever you are promoting, your spot has to stand above the clutter. Remember that your spot is addressing viewers one at a time, as individuals—you need to strike a bond of personal connection with them. Your competition isn't just the other channels. You're competing for attention with Coke and Miller Lite and the other advertisers.

3. "Balance" is the operative word. Television is a very special medium, part entertainment and part information. The art of promotion is to straddle the narrow middle ground between the two. Don't push one element to the exclusion of the other. The information component lends credibility to your spot. The entertainment gives it impact.

4. Keep in touch with your product. Promotion strategies and tactics must mesh with your program. There is no substitute for pre-production research. Get your facts first! What distinguishes your movie—awards? Its director? Where it was shot? What about your programs. What is unique about them? What does research tell you? What is the news director trying to do with his news team? Why is a reporter going after a particular story, and what is the angle? Play "20 questions" like this before you even start to think about a storyboard.

5. Keep in touch with your people. What is the intent behind the scheduling of a certain program or series. You need to have a good feeling for the philosophy that is underlying the programming. You need to spend time with the people who are making those decisions so that you can understand their points of view and then communicate them to the viewer. Look how Lee Iaccoca was able to stamp his personality on the Chrysler commercials! You want to have a comparable "stamp of personal authenticity" running through your promotions. You want a strong, consistent, dynamic tone that reflects that of your organization.

6. Keep it simple. Be judicious and disciplined for the sake of impact. The worst thing you can do is confuse the reader with too many "subliminal" messages. Develop your strongest theme, reduce it to its essential elements and then deliver it directly.

7. Production values are the means to the end. The better your spot looks, the more people will look at it. When possible, use film—video has 33 gradations of contrast; film has infinite gradations. And make sure you've got the right "shooter" shooting.

8. Production values are not the ends themselves. Don't fall into the trap of "high production value bells-and-whistles." Remember, your goal is to deliver a message to a viewer that makes him or her want to watch your program—not to produce a 30 second version of *Star Wars*.

9. Don't be afraid to be daring. You have a whole arsenal of elements at your disposal: graphics, actors, symbols, voice-overs, man in the street shots. Don't restrict yourself to the tried-and-true formulae—your audience craves originality. Don't be afraid to have fun.

10. Appreciate your power. Ours is the most persuasive communication medium ever created. In most other countries, as you know, access to the medium is restricted to government controlled services. Here we have freedom of speech. But exercise your freedom with responsibility. When an audience watches your promotions something even more precious than ratings is at stake: people's minds. Like all of us in the business, you are the custodians of the public culture. In addition to everything else, you are communicating values and attitudes. Make your contributions on the side of a more humane, enlightened world.

Programming/Production

Access magazines next NATPE draw?

Magazine strip shows may become next year's hottest new access ticket at the 1988 NATPE International convention. The newest player entering the magazine arena, GTG Entertainment, which plans to develop an access magazine strip for launching in the fall, 1988, will add fuel to the already heated competition of projected new series that will be sold at the convention or before.

The new GTG show, called *USA Today*, is seen by several reps as facing an uphill fight, as will the others vying for an access spot. However, the reps are quick to point out that the credibility of those behind the GTG project is likely to help the strip get a green light and possibly gain good acceptance in the marketplace.

At least a half-dozen new magazine strips including GTG's are in various stages for access, which is already tight with *Entertainment Tonight* and *PM Magazine*, to say nothing of game shows such as *Wheel of Fortune* and *Jeopardy*! According to John von Soosten, Katz Television's vice president, director of programming, upcoming magazine strips set, in development, or being considered include a Buena Vista show with *People* magazine, called *Today's People*, planned for a fall, 1988, debut; a Lorimar Television magazine show with a "major" U.S. magazine; shows by Group W Productions and by Orion Television; 20th Century Fox Television's *A Current Affair*, which debuts this summer on the Fox stations and will probably go into syndication, if successful, for fall, 1988; plus, for late-night, a King World magazine strip.

Flurry. Von Soosten believes that one of the primary reasons for the flurry of magazine hopefuls is because the new-show syndicators see both *ET* and *PM* as vulnerable and possibly nearing the end of their life cycle. "They figure the time is ripe to replace the two shows as counterprogramming to the game shows, because if you don't have *Wheel* you don't want to be in the game show business. Counterprogramming, obviously, will be the pitch.

"*Wheel* still has some good years ahead, although by 1988 it may show some signs of wear. Even if it starts to fade, it still will be doing a better number than *Family Feud* did at its peak." In addition, points out von Soosten, competition will come from strong off-network sitcoms such as *The Cosby Show* and *Who's the Boss*? But, adds, von Soosten, the new magazine show that gets to the marketplace first will have an edge over the other projected new entries if it gets the clearances and is reasonably successful.

Steve Friedman

Steve Friedman, the former *Today* producer will join GTG Entertainment, a Grant Tinker-Gannett company formed in December, 1986, on Sept. 1 to develop the *USA Today* program as his first activity with GTG East. Von Soosten gives a plus mark to the potential of the show because of the Friedman participation. "Friedman has a good track record in doing the *Today* show, but it took a number of years to turn the show around. Whoever comes out with a new magazine show will face a tough battle. It won't be an overnight success because of the stiff access competition."

Potential. Dean McCarthy, Harrington, Righter & Parsons vice president, director of program services, sees the *USA Today* series as having potential, especially because of the principals involved. "Because of Friedman and a production company such as Grant Tinker's, attention must be paid to it, and with *USA Today* apparently capturing the fancy of the American reading audience, there's no reason why the newspaper can't assume some sort of prominence in the television field."

As for the competition, McCarthy says he's not certain how crowded the access slot will be with magazine shows. Some of the projected shows may not get off the ground, he says. "At this point, all that's certain is that there are two magazine shows on the air in access—*Entertainment Tonight* and *PM Magazine*." But, he continues, with the talent of those involved and their track records, he is optimistic that *USA Today* has a good chance of acceptance in the marketplace.

Optimism. Another rep interviewed, John Dorkin, associate director of programming at Petry Television, also views the new GTG show with a sense of optimism. "I think that in 1988 there will be room for a reality-based show, especially if *PM Magazine* and *ET* are gone. Stations have been pretty successful with magazine shows, and if *USA* is well-done it has a good shot. The biggest need for affiliates in the top 50 markets is to fill the access slot successfully. The GTG show is a good idea, and if it's well-executed it will work. They certainly have the resources to do that."

Meanwhile, in a phone interview, Friedman says that the cost of the strip is likely to run about $22 million the first year, not including the pilot. He expects to get a number of station groups signed for the show and go into the 1988 NATPE convention with a "full head of steam, taking it by storm." But still up in the air is the distribution of the upcomng series, he adds. There are two ways to go: Give away part of the upside of the show to an outside syndicator, or with us behind it, it may sell itself if the show is good, so what we may want to do is to syndicate it ourselves by hiring someone. But we won't announce syndication plans until August."

However, Friedman reveals that the series will probably go the cash-plus-barter route, in which GTG will retain one minute for national sale in each half-hour. The hour weekend edition most likely will be offered with GTG holding back 90 seconds in each hour episode, he says. "This is what we plan to do, but what we actually do, we'll have to wait and see."

While the working title of the new series is *USA Today*, Friedman indicates it may be called *USA Tomorrow* because the program will preview the following morning's paper.

The strip will be delivered via two satellite feeds. The East Coast will get the show at 6 p.m. and the West Coast at 9 p.m. "if feasible." The pilot will be produced in November, says Friedman. Although a host of the show has not yet been set, it's rumored that Brian Gumbel, co-host of the *Today* show, is being wooed. It's understood that Gumbel and Friedman became close friends on the set of the *Today* show.

As for the new reality-based strip's chances in syndication, Friedman obviously says they are very good for an access slot "I look at *Entertainment Tonight* and it's a very narrow program. Sometimes it doesn't really fill the needs of the audience." Also, he points out, *ET* has been on the air for six years and has gone from a 9 to a 6 in ratings. "*Entertainment Tonight* still has some time left. But who knows how long? Also, *Wheel of Fortune's* ratings are beginning to slip." **Robert Sobel**

Fries keeping ahead of the times

Charles W. Fries, chairman of the board and president of Fries Entertainment, is responding to labor uncertainties in Hollywood by speeding up his company's production of television movies.

"Very early on, because we knew it looked like a strike might happen, we brought pressure on the networks to choose between six projects that we had in various stages of development," he says. "After we heard from them, we filmed *Drop-Out Mother*, with Valerie Harper and Wayne Rogers; *Drivers Ed*, produced by Irv Wilson and starring Harvey Korman, Dick Butkus and Tina Yothers, and *Intimate Betrayal*, starring James Brolin, and Melody Anderson and produced by Marcy Gross and Ann Weston."

Drop-Out Mother and *Intimate Betrayal* were shot in Toronto and Vancouver, respectively, for reasons Fries emphasizes have as much to do with aesthetics and convenience as with economics.

"*Betrayal* normally would have taken place in the Napa countryside of Northern California, but in Vancouver there are crews and facilities already there, and we found a beautiful building, a public edifice that was a historical landmark that was perfect for us to adapt to our uses, just outside of town," Fries says. "And *Drop-Out Mother* was originally supposed to take place in Chicago or New York, but Toronto gave us a good eastern-midwestern feeling. Plus they have excellent crews, and the price is right."

Like most producers in his situation, Fries is concerned about the growing costs in the industry, including the residual demands that are part of the ongoing DGA negotiations, the networks' hard line on license fees, and the packaging fees that agents receive when they deliver their clients for television shows and miniseries.

Packaging. Fries, the former chairman of the Caucus of Producers, Writers and Directors, which has been looking into the packaging issue at its closed-session meetings recently, takes a moderate stance on the dispute, which has sparked some talk of legislative means to eliminate packaging fees.

"The impression I have is that there is a desire to establish a balance," he says. "I don't think there is a definite desire to abolish package fees, or that it is realistically possible for people to give up income they have historically received.

"But when you hear about the people meter saying network shares are smaller, and advertisers saying they are no longer going to pay the price as a result, the networks come back to the production community and say we should either deficit more or cut costs. So we have to look at this not as an issue of rollbacks, but as an issue of staying in business, and in that sense everyone at some point in the immediate future will be looking at cost issues in Hollywood.

"The Caucus has created a committee internally to study relations with the talent agencies because of deep concern on the part of caucus members that in a time when costs are becoming a major issue, substantial portions of money are being paid over to the agencies," he adds. "The industry realizes that the agencies have to live like all the rest of us, and they probably can't do it on just a straight 10 per cent basis, and that if they spend a substantial amount of time developing talent, they probably should be compensated on some other basis. And that's where the discussion begins—what constitutes a package to qualify for a package fee."

Rights. On the residual wrangle, Fries expresses equal concern about some of the concepts in the "creative bill of rights," which are also part of the DGA negotiation, which he thinks "step over the bounds of what might be considered a good, intelligent appraoch to this issue.

"Residuals have always been a serious consideration in subsequent distribution, and I think that residuals as a general rule have been expanding at too rapid a rate," he argues. "But it's very difficult to argue these issues. People always throw the '*Cosbys*' at you, and never bring up the series that cost a lot of money to develop and never got released."

Charles Fries

Closer to home, Fries, who was recently named 1987 Entertainment Industry Executive of the Year by the California Society of Certified Public Accountants, has been expanding his companies' traditional base in movies-of-the-week by hiring producers to get into series television more aggressively.

"We've been doing series on and off over the years, but this is probably the first time we're really taking a shot at it," he says. We have deals with two independent producer/writers: Nick Arnold, who's going to be working in comedy, and Steve DeSouza (*The Terminator*), who's going to be working primarily on the dramatic side."

Pilots. In addition, Fries has two pilots in development, including *SuperCarrier* (ABC), a one-hour series, and *Welcome to the Club* (HBO), a half-hour project.

"We hope that by the end of this year, we'll have at least a half-dozen development deals and make at least a half-hour or a one-hour pilot as a beginning," Fries says, adding that he has hired producers such as Arnold and DeSouza to address the issue of "producer-staff credibility," which he says has "become a major card in the network poker game."

In addition, because of the new opportunities spawned by privatization in the international marketplace, Fries expects to announce projects in Italy, France, the United Kingdom and Australia in the near future.

"Because of the reduced value of the dollar, there's been a tremendous amount of activity," he says. "Without giving out the figure, we did as much between the American Film Market, Mipcom and Cannes this year as we did in all of last year."

Fries says his company has traditionally gravitated to television movies because he was present when the genre was created. "It was the easiest and simplest area to enter when I first went into business," he says. "It has a quick start-up and generates immediate production and distribution capabilities," he says. "The whole thing didn't start until about 1968 on a volume basis. In 1965, NBC had their 'World Premieres' but by 1968, Barry Diller and ABC were setting up their Movie-of-the-Week program. I went with Metromedia Producers Corp. in 1970. The business is about 20 years old, and I've been in it 18 years.

Fries has deals with several independent production teams and has been acquiring features. "Basically, we just need one more element to make us the complete marketing company—we have everything but domestic theatrical distribution," he says. "We've opened a home video division, and in foreign markets, Larry Friedrichs sells theatrical television and home video.

"The whole area of marketing is very competitive at this point, because all kinds of companies have distribution organizations in place," he adds. "But the only thing that keeps them going is product selection and product flow."—**Paul Wilner**

Programming/Production

(*continued*)

Casablanca on a spree

Casablanca IV, entertainment and communications company formed in May, is on a $20 million co-venture and acquisition spree. The initial deals involve two with Ohlmeyer Communications whereby Ohlmeyer will produce *Fast Copy* and *Crimes of the Century* in association with Casablanca. *Fast Copy* will be the first-run syndicated strip version of the *Fast Copy* specials on NBC and is set for fall, 1988. *Copy* will go the cash/barter route, says Chuck Gerber, president, in an interview. One minute will be retained in each half-hour. *Copy* is an information/entertainment series which features video versions of stories from leading weekly and monthly periodicals. *Century*, a weekly series, will be offered for barter, on a four/three split and will focus on history's most intriguing or peculiar crimes, told in first-person "cinema verite" style.

Also upcoming is *The Hit Squad*, from Bob Booker Productions, in association with Casablanca, which features jokes and outtakes of a "hit squad team." *Squad* will also go barter, on a four/three split, says Gerber. Both *Century* and *Squad* will get January starts.

The initial acquisitions include eight off-network specials from Johnny Carson Productions and eight off-network specials from Dick Clark Productions. In addition, Casablanca IV has purchased worldwide rights to the forthcoming network television movies *Right to Die* (NBC) starring Raquel Welch and Michael Gross, and *Bluffin It* (ABC), a Nabisco Family Showcase, starring Dennis Weaver, both produced by Ohlmeyer Communications. The two movies will be offered as part of a major film package that Casablanca is looking to buy, says Gerber.

The Carson package includes eight NBC specials which averaged a 20 rating/30 share, including *TV's Greatest Commercials IV*, *The Johnny Carson Practical Joke Special*, *Johnny Carson Presents the Tonight Show Comedians* and the 90-minute *Johnny Goes Home*.

The Clark package includes eight hour specials, *TV's Censored Bloopers I–VII* and *All Time Greatest Censored Bloopers*. When these specials ran on NBC, they averaged a 20 rating/32 share, according to Casablanca.

Casablanca IV was formed by Richard Cohen, Richard Gold, Gerber and Jim McCallum. Its headquarters are in Beverly Hills.

Syndication shorts

Orbis Communications will distribute *Headlines on Trial*, weekly public affairs series produced by WRC-TV, NBC-owned station in Washington. The program, which goes into syndication in September, has been cleared on all the five NBC-owned outlets. *Trial* has aired weekly on WRC-TV since January and will continue to be produced at the station's studios. Thirty original half-hours and 22 repeats are offered for barter via a three-and-a-half minutes local and three minutes national split. Arthur Miller, Harvard Law School professor, hosts the series.

Access Syndication will distribute *I Love Liberty*, special created by Norman Lear. The two-hour special originally aired on ABC and features a number of Hollywood stars. *Liberty* will be available for two runs between Aug. 24 and Sept. 20.

The Spectacular World of Guinness Records, distributed by **Peregrine Film Production** and produced by Together Again Productions, has gotten a go for 26 weekly half-hours to debut in September. Among initial station clearances are WCBS-TV New York, WNBC-TV Los Angeles, KGO-TV San Francisco, WDIV-TV Detroit, KTVT-TV Dallas and WXIA-TV Atlanta.

Tonka Toys will sponsor *Spiral Zone*, new $15 million animated children's series of 65 half-hours which will debut on Sept. 21. Key markets signed to clear the barter show include WPIX(TV) New York, KCOP-TV Los Angeles, WGN-TV Chicago, WPHL-TV Philadelphia, KBHK-TV San Francisco and WSBK-TV Boston.

The Newsfeed Network, the satellite newsgathering service produced by **Group W Television,** has added four stations, bringing the total to 79 stations. The new outlets are WSLS-TV Roanoke, KSEE-TV Fresno. WOLO-TV Columbia and WHOI-TV Peoria. *Newsfeed* is distributed by **All American Television.**

Syndicast Services has cleared WWOR-TV New York and KABC-TV Los Angeles, for a lineup that now totals more than 50 per cent of the U.S. for *Slim Cooking*.

Hal Roach Studios has relocated. New offices are at 345 N. Maple Ave., Beverly Hills. New phone number is (213) 281-2600.

Fox top year abroad

Twentieth Century Fox Television's international syndication, is coming through a "banner year" in international sales, which is setting an "all-time record in international television syndication," according to Bill Saunders, vice president of the international division.

Saunders points to the increased competition created by privatization in the international marketplace as factors aiding that success, including the addition of more commercial stations in France and an exceptionally strong market in Scandinavia because of several new pay and satellite services.

Saunders says he did not attend MIP this year because Fox does most of its business at Monte Carlo and the fall schedules have not yet been set by the time MIP occurs. But he says there was strong response when the foreign buyers arrived in Los Angeles to look at product in May. "This year, we counted 293 reps of foreign television networks and markets coming through our gates," he says. Interest was particularly strong in *L.A. Law*, *Dynasty*, *Small Wonder*, FBC's *The Tracey Ullman Show*, and two new programs, *Hooperman* and *Leg Work*.

Zooming in on people

Randy Reiss, president and chief executive officer of ACT III Communications, Inc., is leaving the company. Reiss says that as ACT III experienced rapid growth through acquisitions and investments, he found himself involved in corporate management of a group of companies instead of daily operations of those companies which he prefers. Reiss and ACT III board chairman Norman Lear stress that the parting was amicable.

Robert M. Kreek has been named executive vice president of **Fox Inc.,** with responsibility for integrating Fox Television Stations Inc. and the company's first-run television production activities. Reporting to Kreek in the new position will be Derk Zimmerman, president and chief operating officer of the Fox Television Stations, and Jake Tauber, vice president for first-run programming. Kreek previously was senior vice president of Twentieth Century Fox Film Corp.

Paul Coss

Paul Coss has been named vice president of program development for **Coca-Cola Telecommunications Inc.**

For the past four years, Coss has been senior vice president of programming for the Hospital Satellite Network.

Mark Mascarenhas has been promoted to vice president, general manager at **LBS International,** a division of LBS Communications. He has been LBS International's director of international sales. Prior to joining LBS earlier this year, Mascarenhas was international programming executive at CBS International.

Bill Behrens has been named southeast division manager at **Access Syndication,** in conjunction with the opening of Access' Atlanta office. Behrens has been vice president of the Behrens Co. for the past eight years. Also at Access, **Marlin Brinsky** has been appointed chief financial officer at the Entertainment Group but will be responsible for both the syndication and the group entities' financial aspects.

Meryl Marshall has joined **Group W Productions** in the new position of vice president. Marshall has been with NBC for eight years as vice president of compliance and practices, west coast.

Meryl Marshall

Mary Ann Russo has been appointed manager, international sales service at **Viacom Enterprises.** Since 1985, Russo was assistant manager, international sales service. She joined Viacom in 1979 as international coordinator in the operations department. Also at Viacom, **Lynn Fero** has been appointed director, business affairs administration. She has been associate director, business affairs administration since 1986.

Malcolm "Mike" B. James has retired as manager of program sales at **SFM Entertainment.** His career in broadcasting spanned 38 years, including six years at SFM.

Ellen Kimmelman has been named director of distribution services at **Fries Distribution Co.** She was film and tape coordinator prior to the new appointment. Before joining Fries, Kimmelman was senior sales coordinator of on-air operations at the Disney Channel.

David Spiegelman has been named vice president, station sales at **Orbis Communications.** He has been with Orbis since its startup period in 1984. Also at Orbis, **Scott Gaulocher** has joined the company as station sales account executive. He comes to Orbis from LBS Communications where he has been an account executive for two years.

Rebekah W. Ingalls has been appointed director of publicity at **Worldvision Enterprises.** Prior to joining Worldvision, Ingalls was associate editor at *Showcase* magazine. Also, she has been a public relations rep for the Museum of American Folk Art.

Rebekah W. Ingalls

ITS Monitor winners

Twenty-nine entries have won I.T.S. Monitor awards in the broadcast categories including directors, editors, lighting directors, cameramen and other technical areas. In total, more than 100 awards were given out at a presentation held recently in New York. In addition to the awards for creative excellence, special awards were presented to Steve Allen and Lorne Michaels for their excellence in the development of TV comedy.

The broadcast winners are:

Designer, video special effects—entertainment, series: **VCA Teletronics,** *Alive From Off Center: Visual Shuffle.*

Designer, graphics effects—sports: **Compugraph Design/MTI,** *USA Sports Tennis Open.*

Lighting director—entertainment, specials: **London Weekend Television,** *Fire And Ice*; children's programming: **London Weekend Television,** *A Little Princess*; entertainment, series: **The Klages Group,** *Tall Tales & Legends—The Legend of Sleepy Hollow.*

Director—entertainment, series: **NBC,** *Late Night With David Letterman*; children's programming: **Children's Television Workshop,** *Square One TV*; sports: WNDU-TV South Bend, *Urban Whitewater '86*; news/documentaries: **TeleJapan USA,** *Faces of Japan—Story of Noriko*; entertainment, specials: **Tom Gutteridge,** *Fire and Ice* and **Moffit-Lee Productions,** *Not Necessarily Television.*

Audio mixer—entertainment, series: **Sync Sound,** *Pee Wee's Playhouse—The Gang's All Here*; entertainment, specials: **Editel/NY,** *Information Withheld*; musical performance: **Sync Sound,** *Miles Ahead.*

Camera—news/documentaries: **Turner Broadcasting System,** *Our Finite World: India*; entertainment, specials: Stockholm, *Los Angeles Now!*; children's programming: **M. J. Zink Productions** and **Nexus Productions:** *Terrific Trips: A Trip to the Amusement Park & A Trip to the Farm,* submitted by **Lancit Media Productions;** sports: *America's Downhill: Aspen, Colorado,* submitted by **Unitel Video.**

Editor—sports: **IPC,** *1986 National Oldtimers Baseball Game*; entertainment, specials: KARE-TV Minneapolis, *Limited Warranty*; children's programming: WCBS-TV New York, *America Is*; features: **NBC,** *NBC Nightly News With Tom Brokaw—Year in Review*; entertainment, series: **Image Mix,** *Pee Wee's Playhouse—Luau for Two.*

HBO Achievement–sports: KING-TV, *Ski to Sea*; computer animation: **HBO,** *Movie Open*; features: **ABC Good Morning America,** *Good Morning America—The Everglades*; entertainment, specials: **Mekano Film & Television,** *Los Angeles Now!*; children's programming: **Lancit Media Productions,** WNED-TV Buffalo, *Reading Rainbow: Animal Cafe*; news/documentaries: **Potter Productions,** *Our World, 1943*; and entertainment, series: **Witt-Thomas-Harris Productions,** *The Golden Girls—Vacation.*

Virgin TV here

British-based Virgin Television will open 525, a state-of-the-art post-production facility in Hollywood, by July 1. The name of the facility refers to the number of lines on a television picture in this country. Virgin's British counterpart is 625 Studios, opening this summer in London.

The new studio, headed by Kelvin Duckett, formerly of Visions Post Production in London, and Steven Hendricks, of the Post Group in Los Angeles, joins Virgin Vision, Inc., the film and video section, and Virgin Records-America, as part of the British company's burgeoning American operations on the West Coast.

Virgin Vision managing director, Robert Devereux, says that in addition to Virgin, 525 will be partnered with Limelight Productions, the music video facility that has worked with Duckett on the award-winning Dire Straits' video, "Money for Nothing."

Godfrey Pye has been named managing director of Virgin Television, which is a wholly-owned subsidiary of Virgin Vision. Also, Virgin has acquired Rushes, which Pye formerly headed.

Programming/Production

(*continued*)

WFMT airs DAT program

WFMT(FM), Chicago fine arts station, has become the first broadcast outlet to air digital audio tape. The one-hour program of music and commentary recently was aired from 7:30–8:30 p.m. (CDT). Sony Corp. of America provided the DAT protype record playback deck for broadcast along with experimental prerecorded music from state-of-the-art music labels, Telarc International and Digital Music Products. Host of the program was Jim Unrath, production director at WFMT.

In addition to WFMT's audience, the broadcast was heard in 362 communities in 42 states that receive WFMT on cable. The broadcast was digitally recorded for later distribution. WFMT has long been in the forefront of new technology. It was the first station in the world to broadcast a compact disc, says Ray Nordstrand, president of WFMT.

ACT award winners

Action for Children's Television presented eight programs from broadcast television, three cable shows and four home video offerings with achievement in children's TV awards. Public service campaigns also won awards. The winning list follows. Commercial network: NBC News, for *Main Street;* Local/ syndicated: Hallmark, for *Zoobilee Zoo; KING-TV* Seattle, for *Music Magic;* KPIX-TV Seattle, for *Music Magic;* KPIX-TV San Francisco, for *Mac and Mutley;* and WRC-TV Washington, for *Three Stories Tall.*

The Public Broadcasting Service awards went to Lancit Media Productions, for *Reading Rainbow,* and to WQED-TV Pittsburgh, for *Wonderworks.* The Stop, Look and Listen award, a special award, was won by Sheen/Greenblatt Productions, for the CBS Schoolbreak special, *Babies Having Babies.* In cable: The Disney Channel, for *The Wind in the Willows;* Nickelodeon, for *Zoo Family;* and Showtime/The Movie Channel, for *Shelley Duvall's Tall Tales and Legends.* Home Video: CC Studios, Hi-Tops Video; Random House and Whitman Golen Ltd. public service campaign; Westinghouse/Group W, for *Kids' Sake* and WNEV-TV Boston, for *We the People.*

Berle, Coca-Cola tie

Uncle Miltie is coming back via a one-hour special designed to kick off 130 half-hour episodes culled from material from Milton Berle's old programs that span the late '40s and '50s. The special, *Milton Berle: The Second Time Around,* will be produced by Berle's Sagebrush Enterprises and will be distributed by Coca-Cola Telecommunications, which will do likewise with the series.

Material for the series will be garnered from more than 300 one-hours of the Berle shows, which have been preserved in various vaults and archives. Although the material is in good shape, the kinescopes will be computer-enhanced and ultrasonically washed and the audio will be digitally remixed. Berle will host and provide introduction for the episodes.

CABLE

The **MTV** *Video Music Awards,* airing Sept. 11, will originate for the first time from the west coast—the Universal Amphitheater in Los Angeles. The special, produced in association with **Ohlmeyer Communications,** begins at 9 p.m. ET.

USA Network has begun stripping 115 reruns of **Barry & Enright Productions'** *Hot Potato* at 3 p.m. The game show originally aired on NBC in 1984.

Popular singing group Menudo sings a new theme song commissioned by **Nickelodeon** for *Spartakus and the Sun Beneath the Sea,* a 52-episode animated series airing weeknights at 7:30 p.m. and Saturdays at 6 p.m. The shows were acquired from France's **RMC Audiovisuel,** co-producer with Tele-Hachette, Antenne 2, Compagne Generale de Jouet, the Ministere de la Culture and France Media International. Nickelodeon has also started a 9:30 a.m. strip of *Adventures of the Little Koala,* a 26-episode animated series produced in Japan, distributed by Canada's **Cinar Films** and acquired by Nickelodeon's parent **Viacom.** *Little Koala* is preceded on Mondays, Tuesdays and Wednesdays by another new Nickelodeon cartoon, *Maple Town.* This 26-episode series, produced by **The Maltese Companies** and **Saban Productions,** was acquired by Nickelodeon through Maltese from Tonka Toys.

The Nashville Network goes live to the Ohio River in Louisville, Aug. 15 at 3 p.m. for coverage of the final weigh-in at the world championship of professional bass angling, The BASS Masters Classic XVII.

The Movie Channel's use of regular and guest hosts, launched a year ago, is paying off, according to recent studies. Nielsen found that 75 per cent of surveyed Movie Channel subscribers feel the hosts add value to the service, while R. H. Bruskin found that 68 per cent of the subscribers it surveyed feel the hosts are "good to excellent." Some 100 celebrities have guest-hosted so far, while "resident" hosts include columnists Joe Bob Briggs and Robert Osborne. Meanwhile, The Movie Channel celebrates **Paramount's** 75th anniversary in July with six films: *Alfie, Beverly Hills Cop, the Great Gatsby, Here Comes the Groom, Reds* and *Wings* (winner of the first Best Picture Oscar).

Summer movies on **Viewer's Choice,** Viacom's pay-per-view service, include *The Color of Money, The Golden Child, Hannah and Her Sisters,* and *Crimes of the Heart.*

HOME VIDEO

LBS Communications will produce a series of ad-supported health and beauty programs in association with Ford Models Inc. The series will be titled "Eileen Ford's Video Guide to Beauty" and will feature Ford and many of the Ford faces in a plan for a lean body. The initial title will be *How to Be Ford Model Thin.* Sponsors will have exclusivity within each program as well as in cassette packaging.

Lionheart Television will release *We Can Keep You Forever* on home video. The 75-minute documentary focuses on the fate of American MIA's in Southeast Asia.

Worldvision Home Video has set *Shark's Paradise* for release this month. Also scheduled is *No Prince for My Cinderella* a psychological drama, and *A Home of Our Own.*

Consumer demand has generated volumes three and four of *The Best of Bonanza,* western series, according to **Republic Pictures.** Volume three will include *Truckee Strip* and *Hoss and the Leprechauns.* Volume four includes *The Boss* and *To Own the World.* Both volumes are follow-ups to volumes one and two, released several months ago.

Jerry Gotlieb, the newly named chief executive officer at **Lorimar Home Video,** says his next order of business is to complete the assembly of LHV's management team, in conjunction with continuing to focus on the development and implementation of strategies. He adds, "Our goal is simple. We want to increase profitability by presenting quality product, anticipating consumer trends and being more responsive to distributor and retailer needs." He adds he is not looking to change the company, a subsidiary of Lorimar Telepictures Corp.

Commercials

By EDMOND M. ROSENTHAL

Production costs: tale of two surveys

Association of National Advertisers data on commercials production costs has been giving the industry a distorted picture, according to a new survey by Television Bureau of Advertising. While an ANA study released in 1986, covering 1984 and 1985, indicated the average production cost of a 30 is $124,930 for national or regional advertiser, a new TvB survey says the cost is less than 40 per cent of that amount. It also indicates that production costs are increasing at a rate less than one-third of the 36 per cent indicated by ANA for all areas of the country but the southeast, where rates are generally lower to begin with.

Why the big differences? For one thing, the ANA study was based on responses from only 17 advertisers, while the TvB study was based on responses from 60 member firms of the Association of Independent Commercial Producers, which represents some 80 per cent of the industry. One respondent to the TvB survey also sheds some light on the gap: "If an advertiser is not a national or major regional power, television budgets rarely ascend to the levels depicted in the ANA survey. In most of America, talented directors and production companies are producing excellent, highly creative, beautifully styled, photographed, directed and edited spots for one-third the so-called 'average' budget figure."

Costs. The TvB survey shows average production cost of a single 30-second spot, not including editorial or talent payments, varies widely by region. For all respondents, the range was $15,000 to $144,000 in 1986, compared with $13,500 to $135,000 in '85. By region: New York area, $55,000–$110,000, compared with $45,000–$100,000; southeast, $18,000–$80,000 vs. $15,000–$65,000; southwest, $15,000–$58,000 vs. $13,500–$53,000 and Los Angeles area, $27,000–$144,000 vs. $24,000–$135,000.

AICP members responding pointed to the leading elements contributing to cost increases. The percentages of those stating that specific elements affect cost increases "considerably" or "substantially" were: alternate versions of commercials such as lifts and varying lengths, 50 per cent; shooting crew labor, 47 per cent; shooting time required, 45; state of the art changes, 37; location and travel, 35 and indoor studio and set construction, 26.

They also were asked to determine the influence of decisions made by various people on production costs. Not listed on the survey form was "agency creative," and the fact that a quarter of all respondents wrote it in suggests that agency creatives would have shown up as particularly heavy influences if they had been listed on the survey form. Those others affecting costs "considerably" or "substantially" are: client, 75 per cent; agency producer, 73; director, 54 and production house, 35.

Ninety-eight per cent of respondents said pre-production elements were a significant factor in production costs. Percentages of respondents naming each element "considerably" or "substantially" were: specs changed after bid, 80 per cent; production demands exceed specs, 77; inadequate specs, 76; shortage of time from bid to production, 62; underspecing, 59 and past experience with agency, 46.

Suggestions. Three-quarters of respondents felt it important for a client representative to be present during production. The reasons given were to make approvals of changes, avoid reshoots or mistakes, understand the complexities of the shoot and the production values, and to help understand what the client wants to project.

Those not wanting the client representative present gave such reasons as, "Too many clients come along for the lunch. They are powerless to make a decision," and "Unknowledgeable clients often make production more difficult by asking for things on the set that were never discussed."

For the cost-conscious advertiser, producers' suggestions included, "Demand a price tag with every storyboard," "Conceive spots that can be shot for the budget," "Really understand their advertising objectives," "Set cost ceilings where they want them," "Make sure creative fits the budget before bidding," "Do not insist on certain 'special' directors," "Don't buy 'stars' when they are not necessary," "Bid a production company outside New York or Los Angeles on each job" and "Make sure production control rests with one person."

A number of the firms provided examples of how costs can increase substantially. Reported one producer, "Recently an agency shot a spot in Hawaii for a national advertiser. A total of

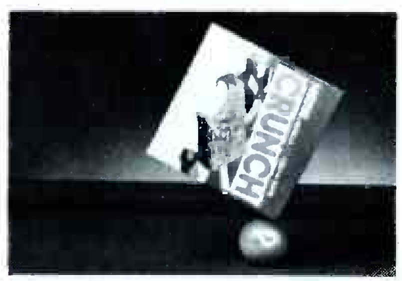
Advertising Directory of

Selling Commercials

AT&T • McCann Erickson

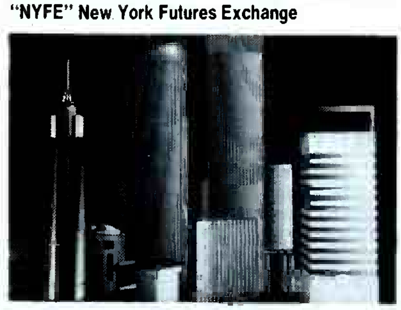
KCMP PRODUCTIONS, LTD., New York

Nestle Crunch Ice Cream Bars • JMCT&M



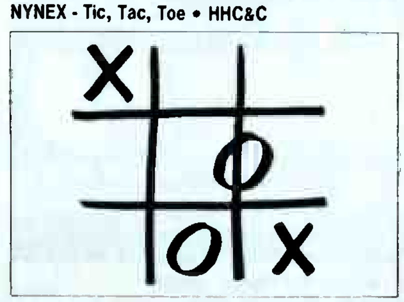
MARK ZANDER PRODUCTIONS, New York

"NYFE" New York Futures Exchange



SHADOW LIGHT PRODUCTIONS, New York

NYNEX - Tic, Tac, Toe • HHC&C



GIFFORD ANIMATION, Harwichport, MA

Commercials *(continued)*

25 people came for the shoot, and all stayed at the Kahala Hilton and at a room rental rate of more than $150 per room per person per night. Not to mention the costs of their meals at the most expensive restaurants in town. And the client was with them. So don't tell me clients are cost conscious. This one sure wasn't. And this was not an isolated case. It happens all the time."

Said another, "Many times with smaller budgeted clients the agency will put junior creative teams on broadcast projects. This can result in wasted money because the client actually pays for 'learning' time on these employees. The tighter the budget, the more important it is to have seasoned creatives involved."

Servicing Boston

Boston agencies, whose billings reportedly increased 22.5 per cent in 1986 over 1985, are primarily using homegrown production services, according to a survey by the Advertising Club of Greater Boston. Responding agencies represented approximately two-thirds of the Greater Boston area's ad billings. They reported handling a total of just over $1 billion in 1986.

The survey showed that 88 per cent of the responding agencies used local commercials designers and artists, 79 per cent local video production houses, 74 per cent sound production houses, 67 per cent film production houses and 56 per cent model and casting agencies. Meanwhile, 42 per cent said they never use local music composers and arrangers.

U.S. invades Cannes

U.S. agencies again dominated the International Advertising Film Festival, held in Cannes, walking away with 35 Lion awards. But Japan's Dentsu Tokyo took the Grand Prix with "The Illustrated Guide to Animals," created for Heibon-Sha.

BBDO was top U.S. performer with three Gold Lions—two for Pepsi-Cola and one for Apple Computer. The Palme D'or award for the best production company was won by Joe Pytka for the second year in a row. Pytka's credits include Perrier, Michelob and Bartles & James.

In total, the U.S. won seven Gold Lions, 13 Silver Lions and 14 Bronze Lions. There was a total of 2,895 TV commercials and cinema advertising films of which the U.S. entered a record 633. The festival is sponsored by the Screen Advertising World Association.

DuRona renamed

Firehouse Films is the new name for the commercials production firm known to date as DuRona Productions. Director John Sturner acquired DuRona in 1977. The company was founded by the late Andre DuRona. Other major players in the newly formed company are director Barry Abrams and vice president—executive producer Joe Mantegna.

Firehouse, so named because Sturner's home is a converted firehouse, is actually located in a New Rochelle, N.Y. building originally built as a Terrytoons studio.

A cookie scoop

Launching a new contender in the cookies-and-ice cream competition is a 30-second spot from Ketchum/Hicks & Greist of New York using doo-wop music and a '50s theme. The new product is Mother's Cookie Lovers ice cream, being launched in 10 western states through the combined efforts of Mother's Cake and Cookie Co., Oakland, Calif.; General Biscuit, Elizabeth, N.J. and Carnation Dairies, Los Angeles.

A nostalgia theme is used to tie into "the enduring popularity" of Mother's brands. "We chose a *Happy Days* look and a doo-wop theme song," says Ketchum's creative director John Lyons, "to remind consumers of the wonderful taste that has kept Mother's a top selling brand for decades. The chorus line tells the benefit: It's literally 'Mother's Cookies by the scoop.' "

The spots feature a '50s twosome with the message reinforced as cookies float off the screen and reappear as scoops of ice cream. A dish of cookies turns into a dish of ice cream and cookies fall onto the cones as scoops to the lyrics, "They all took a dip in ice cream; what a dream."

No-wait rebate

Why bother mailing in a 20-cent rebate if it costs 22 cents for a stamp? This question is asked in a new commercial out of Bozell, Jacobs, Kenyon & Eckhardt/Atlanta for Valvoline Motor Oil's "No Wait Rebate." The rebate offer positions itself against mail-in rebates by allowing the consumer to redeem the 20-cent coupon at the cash register.

This national campaign follows last year's Valvoline Oil Rush, which introduced a $5 per case rebate for the summer. This year's promotion was designed to give the retailers an opportunity to increase sales by allowing the consumer to save money without the hassle and cost of a mail-in coupon.

The commercials, airing on both network and spot TV, feature young comic Jeff Altman, who has been a regular on *Late Night With David Letterman.*

Meanwhile, out of New York, BJK&E has launched a campaign for New York Telephone which brands its network as "The power behind the phone." The objective is to build brand identity and establish NYT as *the* phone company of New York. One of the two spots, "Data," to the tune of the old song "Ja-Da" shows how the network of the phone company gathers, communications and delivers data, voice and video. A young computer whiz does homework, a broker trades shares, a city editor puts out an edition and residential customers make and receive calls on NYT lines.

Pa. in motion

The fact that today's telecommunications services give people more capabilities, more options and more power is the focus on a campaign by Ketchum Advertising/Washington for Bell of Pennsylvania. The campaign shows capabilities ranging from fiber optics to regional toll calling being put to work by real-life Pennsylvania.

According to Chuck Husak, Ketchum's creative director, the use of actual Bell of Pennsylvania customers gives the spots a realistic dimension that is critical to the campaign. He asserts, "Our target audience uses Bell of Pennsylvania products every day—to make a simple phone call or facilitate a complex data link. In every case, they gain a new capability, a convenience, a power—whenever they come in contact with one of these products. By using real people, we think each consumer will see a vivid, honest depiction of how much and how often they depend on Bell of Pennsylvania."

The campaign includes one 60-second spot and three 30-second spots. In the long version, residential services such as three-way calling and Yellow Pages are shown in use as well as such business-oriented products as Centrex, and advanced telecommunications system, and REACT, a security monitoring system.

Two of the shorter spots feature the services by category. One is focused on business and the other on home use. The fourth commercial takes a different tack. "Motion" opens on two businessmen dashing across Philadelphia's 30th Street Station. On the way to the train, one man remembers to send birthday flowers to his mother. In the process, he puts three Bell of Pennsylvania services to work—the public telephone, the Yellow Pages and a Bell Atlantic Calling Card.

Promos *(from page 46)*

Night Football, which don't need as much as a leg up.

"We have one overall 'Something's Happening' theme and that is in turn cut into 60-second, 30-second, 45-second, 20-second, and we have even got some 5-second a capella version spots, Brower says.

"As far as the music goes, you will never please everyone. People say it will or won't work in their particular market, and that's the way things go."

Not all negative

Not all of the affiliate response was negative.

Cathy O'Gorman, promotion manager of KATV Portland, Ore., thinks "ABC's campaign is easily the best of the three networks—and I don't say that every year."

O'Gorman also praises ABC's marketing and promotion team for not responding to the criticism of the graphics section of the campaign in a defensive or hostile way.

"As far as the music goes, you will never please everyone," she says. "Every year, people say it will or won't work for their particular market, and that's just the way things go. We're the 26th market, so our customized package will cost us under $4,000, which we regard as very reasonable, and we'll punch in our call letters and shoot a video up here in which local people will have five seconds to say anything they want."

But Greg Buisson, promotion director of WVUE New Orleans is dubious about whether his station will be using ABC's package. "In all probability, we'll be establishing our own identity," he says. "We're looking for an image that's similar to what we have here in New Orleans—not something that could be set in Anywhere, USA."

And Cathy Ward of WTVN Columbus, Ohio, says that ABC affiliate will be sticking with its "Spirit of Ohio" campaign, which already has an 83 per cent recognition rate.

Ward allows that the ABC campaign was "all right," but declines to get more specific, saying she already has communicated her concerns to the network's marketing team.

But she acknowledges that factors other than just the promotional effort itself may be affecting the way stations are looking at it.

"There was a level of frustration (about ABC's ratings performance) that was already there before we saw anything as far as the campaign," she says.

CBS-TV

Many different styles

Jerry Goldberg, vice president of on-air promotion at CBS, has masterminded the network's "CBS Spirit, Oh Yes" campaign, which was well-received both at this year's affiliates meeting and the BPME.

"We have three basic 30-second spots, 'The Men of CBS,' 'The Women of CBS' and a comedy spot," says Goldberg, adding that the campaign is adaptable to different musical styles, ranging from a jazzy, Randy Newmanesque score for the comedy spot, to rhythm and blues to illustrate the "Women of CBS" spot and bluesy rock for "The Men of CBS."

Goldberg stresses that the CBS campaign is aimed at appealing to the younger reader through a "tableau of images" with a "neon, multi-layered feel."

Using wooden sticks

He also says that the spots seek to show the CBS stars in different ways, by such devices as having Jane Curtin and Susan St. James singing the theme using wooden cooking spoons as microphones, and John Hillerman displaying a karate move.

Interestingly, the overall CBS promotion chief job remains unfilled, with Goldberg commanding on-air promotions, Doug Clemensen in New York heading advertising for CBS Network, and Casey Maxwell Clair, vice president of print advertising for CBS Entertainment in Los Angeles.

(continued on page 94)

Wall Street Report

'Colbys' cancellation slices revenue stream at Aaron Spelling Prods.

Aaron Spelling Productions, Inc., reflecting ABC's cancellation of *The Colbys* from next season's schedule, reported half as much revenue in its third quarter ending April 30 as during the same period a year earlier—$41.2 million compared with $82.7 million. The company noted in its 1986 annual report that "by far the largest source of revenues has been network broadcast licensing fees." These revenues have now been cut by a third, as two Spelling shows remain on ABC's schedule.

Net income was down 20 per cent, from $7 million, or 38 cents per share, to $5.6 million, or 30 cents per share. The 22-year-old company, which went public in August, 1986, also reported $39.7 million in cash and short-term investments at the end of the quarter, compared with $14.9 million at the end of its fiscal year last July. Such cash reserves, chairman of the board and chief executive officer Aaron Spelling has said, are being accumulated to create an in-house syndication arm and to acquire a complete production facility.

Dynasty continues

For the nine-month period ending April 30, revenues were down 35 per cent, from $187.8 million to $122 million, and net income was down 15 per cent, from $20.1 million or $1.09 per share to $17.2 million, or 93 cents per share. The earnings reflect a non-recurring charge of $750,000 of four cents a share from expenses related to the company's reorganization last August.

Spelling will continue producing *Dynasty* and *Hotel*, which are entering their eighth and fifth seasons respectively. ABC has ordered 22 episodes of each series, and *Hotel* will enter the syndication marketplace during the coming year, Spelling notes. Besides *Dynasty* from 20th Century Fox, other Spelling properties in syndication include Worldvision's *The Love Boat*, 20th Century Fox's *Vegas* and Warner Bros.' *Matt Houston*.

Spelling, which has generally produced four to seven series a season under an exclusive contract with ABC for the past 18 years, has hit a low point in that regard. Besides *The Colbys*, *Life with Lucy* was cancelled earlier in the 1986–87 season. The ABC contract expires in April, and Spelling is said to be examining opportunities with the other networks and in first-run syndication.

Theatrical features

Upcoming Spelling projects include an ABC-TV movie *Three Kings* and nine theatrical films budgeted at more than $90 million. Spelling, which entered theatrical production in 1983 with *Mr. Mom*, is working with several major studios; it does very little of its own financing for these films. This year's releases are scheduled to include: *Sweet Little Rock and Rollers*, a 20th Century Fox release financed by NBC and starring Justine Bateman from that network's *Family Ties; Surrender*, a Warner Bros. comedy starring Sally Field, Michael Caine, Steven Guttenberg and Peter Boyle; *Cross My Heart*, a Universal comedy starring Martin Short and produced by Lawrence Kasdan; and *One of Those Days*, a Universal youth comedy.

Spelling has also announced that, depending on market price, it may purchase up to $5 million of its 12¼ per cent subordinated notes due in 1993, as well as continuing to purchase its own common shares from time to time.

Aaron Spelling Productions, Inc.
Financial Highlights (Unaudited)

	For three months ended		For the nine months ended	
	4/30/87	4/30/86	4/30/87	4/30/86
Revenue	$41,170,000	$82,653,000	$122,050,000	$187,832,000
Operating income	12,923,000	11,363,000	35,260,000	34,651,000
Pre-tax income	9,348,000	10,115,000	28,269,000	28,799,000
Income taxes	3,770,000	3,119,000	11,100,000	8,668,000
Net income	5,578,000	6,996,000	17,169,000*	20,131,000
Net income per share	.30	.38	.93*	1.09
Average number of shares outstanding	18,519,242	18,532,142	18,519,242	18,532,142

* *Includes a non-recurring charge of $750,000, or four cents per share for expenses related to the company's reorganization in August, 1986.*

Promos (*from page 92*)

Clair says the print campaign will be "simpler," with "less clutter" than its neon, multi-layered broadcast equivalent.

"We're going to have a lot of white space," she says. "Jerry [Golberg] has characterized the broadcast campaign as a love-letter to our stars. The challenge for the print campaign was to go minimal, and make the campaign stand out through a campaign that has a sense of humor, but is sparce, realistically given budgets these days, and that we have as many as five new shows in one night."

The CBS print campaign will be simpler with less clutter than its neon TV equivalent. There's going to be a lot more white space in the print ads. It will be sort of "A love letter to our stars."

Clair cites one print ad that shows a surfer with the legend, "at 9 a.m. he catches a wave," and then another shot of him in a Hawaiian shirt, saying "at 9 p.m., he catches a thief" to promote *Magnum, P.I.*

The search is on

But the overall bifurcation of duties in the marketing and promotion areas has sparked some industry speculation that the print advertising functions may be contracted to an outside advertising agent—not because of any dissatisfaction with Clair's team, but because of internecine power struggles.

There also have been persistent reports that an executive search firm has been looking for a marketing/promotion director to take overall control of the network's campaigns.

That decision in turn also is linked to the success of the new fall schedule, according to the reports, with overall control of advertising and promotion remaining in-house if Bud Grant's new shows are more successful than last season, or print advertising farmed out to the agency, according to a plan reportedly backed by CBS Television Network president Tom Leahy, if the schedule does less well than hoped for.

Whatever the truth, affiliates express general support for the campaign.

Tobi Pate, marketing director of KPIX-TV in San Francisco, says she is using the overall generic piece, "CBS Spirit, Oh Yes," which can be used in conjunction with such specific station projects as promoting their Golden Gate Bridge special, and athletic specials featuring the Oakland A's and San Francisco '49ers. KPIX will also use the CBS spots to showcase talent on its *Evening Magazine* and *People Are Talking* programs.

Whatever the complaints, or the praise, the success of any of the three networks' marketing and promotional campaigns are inextricably linked with the success of the network shows, particularly their primetime schedule. □

Lottery (*from page 39*)

cinnati, WTOL-TV Toledo and WHIZ-TV Zanesville. The other stations on the network are WTVN Columbus, WHIO-TV Dayton, WTOV Steubenville, WFMJ Youngstown and WOWK-TV Charleston-Huntington, W. Va.

Ad agency role

Acting as producer and distributor of the six-night-a-week drawing and a 30-minute Saturday night game show is Marcus Advertising, Cleveland. James Reed, vice president of the agency and account supervisor for the Ohio Lottery, points out that the state lottery has been in existence since August, 1974 and has been on the air with WEWS as anchor since January, 1975.

Each year, Reed discloses, the lottery franchise is opened up to interested stations, which are selected based on their willingness to provide the time at no charge, the strength of their lead-in programming and the kind of deal they want in guaranteed placement of lottery advertising with the station.

Most of the markets are three-station markets, and Marcus deals primarily with network affiliates, giving the cooperating station half of the TV advertising budget and the two other affiliates 25 per cent each, Reed notes. A factor in selecting the lottery station is "the dollars they want from use in paid advertising over a 12-month period." He adds that five of the current nine stations are tops in the 7–7:30 p.m. time period in their markets.

While the stations lose the revenues from two or three spots they would be selling during the 7:30 break, Reed observers, "Because of the large audience the lottery brings, some of them can charge a premium for the spot before and after the lottery." He adds that the lottery has over $3 million in sales for each nightly drawing and that a survey showed that 65 per cent of the people who had played the lottery listed TV as their first source of information. "TV keeps the skeptics away," he holds. "If they see it, they can believe it."

Cash placement

Reed believes states, like Missouri, that pay stations to carry the lottery are making a big mistake: "When you choose a station on the basis of who will accept the least cash, you're going to get the lowest rated station."

In Ohio, at 7:30 p.m. on Saturdays, its time for the half-hour *Cash Explosion* game show, which Bush reports is actually taped on Friday afternoons but has two live segments inserted. Reed says the show features seven qualifying contestants vying for $100,000 in prizes. It works somewhat similarly to other game shows but has to be based on sheer luck to satisfy state lottery requirements. Each contestant has a deck of 12 cards that are drawn to assist in a race to the top of a pyramid.

Contestants who fall out of the game win $1,000 and have the opportunity to risk it on a spinning wheel for cash or merchandise ranging from $500 to $15,000.

Jane Temple, WEWS director of creative services, reports in April 30–May 31 NSI rating and share for the show of 13/26. This compares with a 5/16 a year earlier when the local public affairs program, Edition 5, was in the time period. With six minutes of advertising in the show, she reports, it has been sold out to automotive, furniture, fast food, soft drink and supermarket accounts.

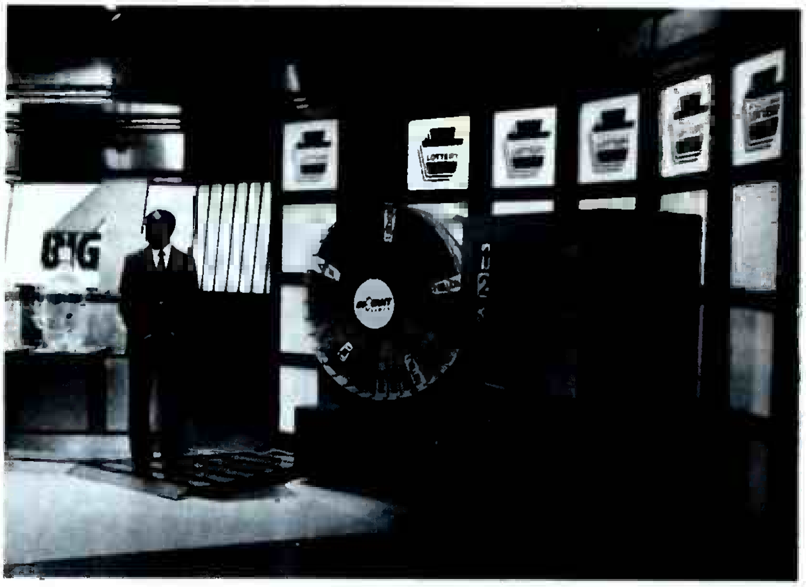
In Pennsylvania, there are six stations on the lottery network, but strangely enough the two separate stations that respectively produce the show and uplink it out of Harrisburg are not on the network. The uplinking is handled by WITS, a public broadcast station, and the programming is produced by WHP-TV.

Satisfied dropout

Donald C. Yeiser, vice president and general manager of WHP-TV, notes that his station carried the lottery from its inception in 1976 until 1980 while WTAE-TV Pittsburgh produced the show, but the latter station had problems handling the production and the state was shooting for the top-rated station in each market to air the lottery drawing. WHP-TV, a UHF station, couldn't compete with WGAL-TV, the only VHFer in the Harrisburg-Lancas-

Marcus Advertising wheels and deals with Ohio stations for lottery participation. Participants get the lion's share of ad dollars in their markets, but their rates are considered first.

Ohio's half-hour extravaganza



Pennsylvania Lottery emanates from Harrisburg

Philadelphia-based ad agency Lewis, Gilman, & Kynett selects participating stations on the basis of target audience numbers and promotional support offered.

ter-Lebanon-York market, in terms of audience, so it went for the production work.

Yeiser declines to state what his station is paid for production but says, "Production is more important to us." The 90-second drawing has been running six nights a week at the 7 p.m. break for 90 seconds and was recently expanded to 120 seconds on Saturday nights, with a new spin-the-wheel consolation feature. With his production deal on an annual basis, Yeiser was confident of a renewal this month based on his station's ability to provide the best facilities.

Coordinating role

Coordinating the entire proposition is Philadelphia-based ad agency Lewis, Gilman & Kynett. Aside from WGAL-TV, stations in the network are WPVI-TV Philadelphia, WNEP-TV Wilkes Barre-Scranton, WICU-TV Erie, WJAC-TV Johnstown-Altoona and KDKA-TV Pittsburgh. According to Pamela James, account executive at the agency, KDKA-TV campaigned for three or four years in a row before it finally wrested the franchise away from WTAE-TV.

James says stations are selected on the basis of target audience numbers and promotional support offered. Stations divide up production, transmission and such miscellaneous costs as transportation and meals for senior citizens who witness the drawings—paying on the basis of their share of the state's audience. And, although participating stations are not favored when ad time is bought for the lottery, stations more than cover their costs when they apply advertising buys against their expenses, James notes. Current airtime value for the programming is more than $6 million a year, she says. □

Rep switches *(from page 36)*

markets, which had been at Seltel. The quintet are WSAW-TV Wausau, Wisc., WMTV(TV) Madison, WTRF-TV Wheeling, WHOI(TV) Peoria and KOSA-TV Odessa.

Blair's McAuliff points out that during 1984, 1985 and 1986 the rep company had record billings, revenues and profits. While there will be no record profits this year, he admits, because of the loss of the ABC stations, the rep company is already a third of the way toward its target of an additional $100 million in spot billings.

Further turmoil ahead

There is a widespread impression that when the dust has settled on the current batch of switches—there are still questions about the Chris-Craft/

It's believed that when the dust has settled on the current batch of switches, there will be some changes in rep rankings.

United station group, for example, now at TeleRep—there will be some changes in the rankings among the reps, not to mention the expectation of further turmoil in the rep business during the remainder of this year.

There also is the expectation that one or more TV rep firms will change hands within the next 12 months.

Says Pete Goulazian, president of Katz Television: "There will be more changes coming in the rep business. Some reps will be sold. One of the reasons is that some of the principals are getting along in years and want to cash in their chips."

McAuliff puts it in even stronger terms. "Our advantage is that Blair is not for sale. We're the only one among the major independent reps who is not for sale." McAuliff also believes that a number of ageing owners want to sell out and he also feels that this could take the form of a merger. The rep business "may be on the verge" of something happening along these lines, says the rep executive. Those looking for stability in station representation are in the wrong business. □

In the Picture

Gene Willhoft

New director of media services at Grace & Rothschild points to some holes in the spot broadcast buying system. These are the level of "quality control" in expected commercial rotation, lapses in station and/or rep communication to agencies about spot preemptions, and running the wrong commercials.

Missed spots or wrong spots can confuse direct response and test results

Gene Willhoft, new director of media services at Grace & Rothschild, figures that, if asked, most of those involved on both the buying and sales side "would probably say that our current system of negotiating, trafficking and accounting used for spot television schedules works about as well as it can.

"The system seems to be working," he adds, "but I have my doubts."

One of Willhoft's doubts concerns station performance: For instance, he asks, "I wonder if each station gives fair treatment to every advertiser, and if all stations provide a high level of quality control to the scheduling and stewardship of each media buy? In fact I see at least four areas that I feel need greater attention by station management."

One such area, he notes, is equal rotation. He points out that many advertisers buy spot television time on a broad daypart or run-of-station basis. "The agreement is that a fair spot rotation will be given by the stations. They are supposed to make sure that your commercials are placed throughout the day in high, medium and low-rated programs. This kind of buy makes sense only if the spots are rotated fairly."

Waiting for truth

But Willhoft observes that equal rotation doesn't always occur and that it's very hard to monitor just exactly when a client's spots do run: "To get the true picture, the buyer or accounting people have to wait for the station invoice. And only after that invoice is checked, and the spots are lined up by hour, can unfair rotations be noticed and acted upon. And if the spots weren't run properly the agency is entitled to

Willhoft adds that all this can become a very time-consuming policing process and that "Unfair rotations can hurt the advertiser, the agency and the stations. The client loses because his brand may not get the desired media weight and awareness, and sales may not turn out as high as expected. The agency can lose because if it won't take makegoods and wants credits instead, it will not get commissions on the credited spots. The stations lose because they lose revenue if agencies take credits."

Another area Willhoft thinks calls for improvement is station/rep communication to agencies about preempted spots and uncleared buy orders. He notes that such a communication problem "can lie only in one of two areas: either the station is not constantly updating the rep of the exact buy situation, or the rep isn't properly informing the agency."

Confused test results

He points out that buyers frequently don't find out whether all spots ran as ordered until after the station invoices are checked and emphasizes that missed spots are "no small matter. For one thing, knowing the exact status of a buy can be critical to interpretation of media or creative tests. It can be a nightmare to direct response advertisers who are forced into lengthy investigations to determine why response has dropped off if spots are missed, or why response has picked up if spots were bunched up. Both stations and reps should make a greater effort to transmit accurate buy information to us as soon as possible."

In many cases, adds Willhoft, "We know that the wrong creative was aired by many stations. I suspect that agency traffic instructions are either misread or ignored by many station traffic departments. This is also a tough one for agencies to monitor. It's impossible to have agency or client personnel physically located in every spot market. The best way for agencies to determine if copy has aired correctly is to examine the commercial codes on station affidavits. But even then you can't be sure the creative hasn't been tampered with. We once ran into a situation where a major city station had, unknown to us, added a super that stated, 'Only available in certain areas.' The spot ran for six months before anyone realized this unplanned insertion, but the end result included a $250,000 makegood."

Willhoft sees competitive separation as "a concept that seems to be completely ignored by some stations. On New York outlets, especially during early and late local news, I've seen as many as six automobile ads in a single half hour newscast. Too much is too much. Most stations have guidelines for competitive separation, but I suspect these guidelines are quickly forgotten as buy order follows buy order. Asking stations to turn away ad dollars is an idea that meets with much resistance, so I believe stations should concentrate on better informing buyers when programs are saturated with competitive spots. Then it would be up to the buyer to decide if they still want to buy the program or not.

"It's true that it's not in the station's short term interest to do this, but in the long run, they'll benefit. This is an era when more and more local broadcast advertising opportunities are being created—on local cable, on low power television, and even on public television stations. The spot television people could learn from the networks. As soon as alternative media to network matured, like syndication and cable, a lot of advertiser dollars were redirected elsewhere."

Channel shifts *(from page 44)*

cil meeting planned to discuss [the situation] and they cancelled the meeting to watch an Indiana University basketball game—on channel 4."

But other cable systems representing 72,600 viewers have indeed shifted WTTV from channel 4. "We've pretty much given up on those," reports Moore. He notes, however, that in the two ratings books since the channel changes, there haven't been any noticeable effects in the station's showing.

Bad assumption in L.A.

While most UHF stations have become resigned to losing their VHF cable positions, two major stations have caused quite a stir by fighting back: public broadcaster KCET(TV) Los Angeles and independent KBHK-TV San Francisco.

KCET found itself in a rather unique situation, explains NAPTS' Futa, because of the unique situation in Los Angeles—the only top five market whose top PBS station is on UHF, and the only market so far in which a local cable growth has recommended a common cable channel lineup. This channel lineup, devised last fall by the Southern California Cable Television Marketing Council, suggests that cable systems put KCET on channel 28—its over-the-air channel number.

ESPN, USA, CNN and MTV were selected to be placed in four available VHF positions. These choices were based on "viewership and local ad revenues," according to George Douglas, the cable council president as well as vice president of marketing for American Cablesystems of California. "We thought increased viewership is good for retention and also good for advertising, Douglas explained to a session of the recent Broadcast Promotion & Marketing Executives convention in Atlanta.

"We recommended maintaining the broadcast channels on their actual over-the-air numbers," Douglas continued. Noting that cable operators in some markets had talked about moving VHF broadcasters to higher numbers, he said, "We really didn't want to get in a fight with all the broadcasters in the Los Angeles market. We'd really rather

the marketplace

work together with them."

The council, however, was so sure that all broadcasters would prefer being on their over-the-air channel numbers that they never discussed the proposed channel lineup with KCET, which had been seen on VHF for years via many area cable systems. According to Tony Farwell, executive director of the cable council, "We thought we were doing KCET a favor. We wanted to be very cable-friendly to the broadcasters."

Jim Bequette, Comcast vice president, western region and president of the Southern California Cable Association, says there are a lot of multi-set households in the market. Since only one set is connected to cable in many instances, he says having different channel numbers on broadcast and cable causes confusion; people receive KCET on 28 in one room and on a different number in the next room, he explains.

Farwell says the channel positioning plan only became public last winter because of a press leak. At that point, he notes, "KCET contacted us. We said, 'Why don't you make a presentation to our board of directors, and we'll see if there's a compelling reason to change our plans.' " KCET made its presentation, but none of the directors "was convinced of their position," Farwell relates.

"About half of their subscribers watch on cable," Douglas told the BPME session, "and we felt this [repositioning] would enable them to have a single number throughout the market that they could promote. They didn't see it that way."

"We think it's disadvantageous to them," Farwell explains. "For the life of me, I can't figure out why they wouldn't want to be on one channel. We offered to help promote where they were [on cable] and to assist in fund-raising."

KCET on the attack

KCET was unimpressed. In late May, it launched an on-air campaign urging viewers to contact their cable companies and city council members to object to cable channel realignment. "The cable companies are bumping your local community station to increase the au-

the marketplace

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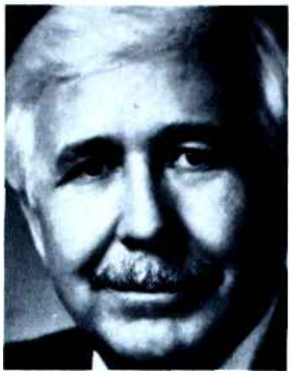
"KCET is ridiculous. Anyone getting to maintain their own channel number should welcome the news. Not a single person from KCET has contacted me. They elected to pressure with ads."



Jim Bequette
President
Southern California Cable Association

dience for their national commercial cable services," proclaimed KCET president William Kobin. "Being on cable channel 3 or 6 or 10 has been a tremendous asset to our ability to attract viewers and raise critical subscriber dollars. With cable, our viewers have had the same easy access to UHF channel 28 that viewers in New York, Chicago and San Francisco have had to their VHF public television channels.

"The cable companies' own research tells us that we could sacrifice 30–50 per cent of our viewership by being moved to a higher channel. For a station whose income is derived 65 per cent from viewer support, this channel realignment is an extremely frightening thought." KCET noted that cable systems weren't only moving the station to channel 28, but also to other higher channel positions.

Two weeks later, KCET ended its campaign, with Kobin noting that 17 area cable operators and MSOs had pledged to keep the station on lower numbers.

But the cable council principals remain as convinced as ever that putting KCET on channel 28 is a better idea for the station. "I think KCET is ridiculous," says Bequette, who complains, "Not a single person from KCET has contacted me. They elected to put pressure on by running those ads." As for his own system, he says he's received maybe "two to three letters from viewers" in response to the ads.

"They're very preoccupied with getting a lower channel position," says Farwell, who complains that KCET's public campaign only talked about the station being moved to higher numbers without mentioning that this move was to KCET's own channel 28. He says that viewers who called in response to the campaign had no problem with the channel change proposal "once it was explained that we were putting them on channel 28."

Bequette says that "anyone getting to maintain their own channel number" should have welcomed the news. Indeed, several Los Angeles commercial stations did not get recommended for their over-the-air channel numbers—or any channel number at all, for that matter.

Elsewhere in town

"Some of the other stations, like 56 and 22 and others, were booted up higher," Douglas said at BPME. "None of the others really seemed to object to it. We put the Spanish station [KMEX-TV], which had been on channel 10 or 12 in many cases, on channel 34 [its over-the-air number], which made it easier for the Hispanic community, and the station agreed with that. We took channel 52 [KVEA(TV)], which is also a Spanish station that had only been in the market for about a year and put that on channel 32. And we put Galavision, a premium service that has gone to basic on most systems in our market, on 33. So we have a Spanish cluster together."

KWHY-TV, channel 22, did not actually receive any specific channel recommendation, but promotion director Jeanne Reader says cable systems that run the station on channel 22 are likely to receive special promotion and marketing help from KWHY-TV in the future.

Unlike KWHY-TV, KSCI(TV), channel 18 in Los Angeles—which bills itself as "The International Channel" because of its ethnic programming—does not particularly care where cable systems place it. "Our audience is very loyal and will find us," says cable relations director Eileen Becker Salmas.

KBHK fights Viacom

Since most cable systems still don't exceed 36 channels, the very concept of a common broadcast/cable channel number doesn't hold for UHF broadcasters with channel designations higher than 36.

That's the case with KBHK-TV San Francisco, channel 44, which nonetheless thought it had solved the cable channel problem a long time ago. Now owned by United Television, the station was founded in 1968 by Kaiser Broadcasting and then bought by Field Communications in the '70s. Way ahead of its time, KBHK-TV fought for a common cable channel position starting back in the '70s.

KBHK-TV bought equipment and paid for promotion as incentives to systems for placement on channel 12. One station employee worked fulltime on cable unification. And KBHK-TV was eventually carried on channel 12 by some 80–90 per cent of cable systems.

KBHK-TV has reportedly spent millions of dollars promoting itself as "Cable 12" along with its off-air channel number. But when the station learned recently that Viacom Cable and other operators were planning to shift it off the VHF band, it decided to take legal action.

KBHK-TV, which has the support of INTV in its lawsuit, has charged Viacom and others with violating antitrust and consumer protection statutes by engaging in unfair business competition. Viacom, on the other hand, is likely to argue that shifting KBHK-TV's channel number is within its first amendment rights. Although not admitting it had plans to shift KBHK-TV, the cable operator feels such actions should be allowed.

Tempest in a teapot?

The KBHK-TV case raises some fundamental constitutional issues, so some observers expect it may drag on for years as it goes all the way to the Supreme Court. If so, the whole channel shifting controversy may be moot by the time it gets there.

"All of this is a tempest in a teapot in the long run," claims KOFY-TV's Gabbert. With the advent of digital sets, he explains, it will be "no harder to find channel 20 than it is to find channel 2."

Southern California Cable's Farwell adds, "Part of our strategy is to spread out widely viewed channels so cable becomes like the radio band."

To which INTV's Padden might reply, "AM or FM?" Padden sees a different kind of solution to the problem: elimination of cable's compulsory license. "If we really had a competitive environment, and each cable system had to come to us and get our service," he says, "local stations would then be in a competitive position." □

Inside the FCC

By HOWARD FIELDS

Smoke clears over syndicated exclusivity, but after-shocks remain

Eddie Fritts

Preston Padden

Listening to the leadership of the National Association of Broadcasters after its semi-annual Joint Board meeting, one would think there never was any doubt about the association's stand on the issue of syndicated exclusivity. To be sure, the vote by those among the 19 Television Board members who attended was unanimous in favor of fighting for a return to the FCC regulation.

The board members pretended there never was a controversy when they sat down after the three-day meeting adjourned and discussed their actions taken in closed sessions.

Wallace Jorgenson, elected at the meeting to be NAB chairman for the coming year, said there was no dispute which way the organization should go. "There was a very, very strong feeling that syndicated exclusivity is an extremely important thing. The NAB's position on supporting the FCC on reinstituting the syndicated exclusivity rule is extremely important."

In 1980 the FCC repealed its rule that allowed television stations to enforce rights they bought to show particular programs in a market area. The FCC now feels that was a mistake, because stations not affiliated with networks are finding that even though they buy "exclusive rights," they receive competition in the same market from the same program being carried by cable system distant signals. Affiliates have retained the protection of the network nonduplication rules which bar a cable system from importing the signal of another affiliate of the same network.

The resolution adopted by the board left no doubt about its stance:

"Be it resolved by the television board of the NAB, that the association reaffirms its strong support for restoration of FCC rules which will restore to television broadcasters the ability to purchase and perfect exclusive broadcast rights to syndicated programming.

"Be it further resolved that the television board is sensitive to the many issues surrounding syndicated exclusivity suggested by NAB's president and again voices its strong support for the maintenance of mandatory carriage rules for local television broadcast stations by cable systems pursuant to a compulsory license. To this end, the board supports full participation by NAB in any FCC proceeding or any proposed legislation which would jeopardize the mandatory carriage rules."

A hint of controversy

Ordinarily, a mention of "must-carry" rules would not need to be mentioned in such a resolution. It revealed a hint of the controversy that had begun two weeks earlier with a letter by NAB president Eddie Fritts to the 19 television board members in anticipation of the issue being considered at the meeting.

The board members and Fritts contended that his letter had been "misinterpreted," that he had never intended that the NAB go soft on the syndicated exclusivity issue. One member even suggested that the controversy arose because parts of the Fritts letter were taken out of context.

If the letter was "misinterpreted," it apparently was nearly unanimously misinterpreted. Preston Padden, president of the Association of Independent Television Stations (INTV), was incensed. Fritts admits that FCC chairman Dennis Patrick was angry in a meeting Fritts had with him just before the board meeting. After all, Patrick had made the return to syndicated exclusivity a top priority for his embryonic chairmanship.

Encountered just after his meeting with Patrick, Fritts himself suggested that perhaps the letter was not so badly misinterpreted. It was suggested to him that the letter said, in effect, "We've got bigger fish to fry, let's not make any unnecessary enemies." He said he would not disagree with that characterization.

Fritts' background letter

The Fritts later stated:

"At our upcoming board meeting we will be discussing a number of important television issues, including must carry, syndicated exclusivity, copyright and a wide range of other matters. This letter is to provide background information on must carry and syndicated exclusivity.

"Since July 1985, we have worked very hard with other groups to reinstitute a sensible form of must carry. We have established a new working relationship with the NCTA which, as you know, recently supported the broadcasters' opposition to a stay of the new must carry rules.

"That filing in itself was termed quite remarkable by the legal community in Washington.

"Assuming the Court of Appeals does not grant a stay of must carry (it did not and the new rule took effect June 10), we expect the next big fight to be the court challenge to the constitutionality of those rules. Cable's help and assistance before the Court of Appeals at that stage could prove to be invaluable in sustaining the must carry package.

"Neither must carry nor syndicated exclusivity can be viewed in isolation. We have recently uncovered new information inside the FCC and from industry sources which leads us to believe that this proceeding will not result in the reinstitution of syndicated exclusivity. Rather, it is part of a Hollywood master strategy to force cable to bargain with them over changing the law to eliminate the compulsory license. Any such agreement would automatically supersede any syndicated exclusivity rules contemplated by the FCC.

"Regardless of what the FCC would say in a syndicated exclusivity proceeding, that action would be trumped by Hollywood-cable negotiations sunsetting the compulsory license and elminating syndicated exclusivity.

"If compulsory licensing should sunset it will be more vital than ever to maintain must carry, and to assure that cable systems can carry local must carry signals without having to pay for them.

"We must take care that our enthusiasm to reinstate syndicated exclusivity does not undermine the cooperative spirit which will be needed between broadcasting and cable to sustain the new must carry rules in court. Remember, syndicated exclusivity is but a chit in the master plan which is designed to be traded.

"The board should consider the relative merits and demerits of syndicated exclusivity in the context of the compulsory license and must carry prior to the FCC filing date on syndicated exclusivity. Therefore, we have joined with others to ask the FCC to extend the deadline from June 22 for 45 days (it was granted). I encourage you to talk to your constituents on these subjects before our meeting later this month, as they will most certainly be important discussion topics."

The motion picture industry, represented by the Motion Picture Association of America (MPAA), and the cable industry are involved in a fight over an effort by Hollywood to get the compulsory license section of the 1976 Copyright Act repealed. That is something Patrick also wants. After all, he was appointed to his position by and once worked for President Reagan, whose pro-Hollywood positions have not been kept secret. But Patrick can do nothing at the commission about the compulsory license.

Taking a big risk

To most who read the letter, Fritts was risking alienation of his industry colleagues in exchange for getting along better with previous enemies. And he was seen to be snubbing the FCC chairman, who is now heading up whatever regulation is left of his industry.

At least a couple of members of the board were outraged by the letter and promise to work to try to defeat the perceived Fritts stand when the board met. (By the time the board had met, however, the issue had been diffused.)

Padden was livid. He began a campaign for members to send telegrams to the NAB protesting the Fritts proposal.

INTV has received assurances from the MPAA that it will have a seat at any table where there "is going to be a deal on cable copyright legislation regarding the carriage of broadcast signals," Padden says.

"So rather than sending out a letter accusing the FCC of being in a master strategy with Hollywood," INTV has made sure it will be a party to any deal, he said. "The prospect that some day there might be a change in the compulsory license is no reason to not give independent stations the same protection that network affiliates currently enjoy."

Padden says INTV is working on legislation it will ask from Congress to amend the compulsory license section of the Copyright Act "to limit the application of compulsory license to an expanded universe of local signals."

He says that under the proposal, "The compulsory license would no longer cover distant signals, but it would permit the cable people to retransmit for free all of the local signals within an entire ADI so that a cable system in the Baltimore-Washington ADI would have a free compulsory license to carry all of the signals in the Baltimore ADI. As a quid pro quo for that . . . we would propose to insert right into the Copyright Act a must-carry obligation that would be a condition attached to the exercise of the compulsory license."

In other words, he says, the cable system would no longer have a compulsory license for distant signals, but would have one for the local market as long as it agreed to carry all local signals.

Now listen, guys

Fritts now contends that nothing has changed and is not likely to change, despite the board's strong indication that it wants the staff headed by Fritts to fight hard for restoration of the syndicated exclusivity, and regardless of whatever harm Fritts may see to the broadcasting industry in other arenas.

Asked if he feared that as a result of the board's action, cable might abandon agreements it has made with broadcasting to support the current must-carry arrangement in the courts and elsewhere, Fritts said he was not. He added, "I wouldn't be surprised, although I have no assurances, that cable, the NCTA, would not file in the proceeding" on syndicated exclusivity.

He adds, "We have a deal with the NCTA. It's in writing, it's on paper and it's still holding, so far as we're concerned, and that is to support the package. I would not be surprised if some cable companies do file in favor of broadcasters in the proceeding."

Whatever the board's instructions to the NAB staff, Washington pros know there is a great deal of difference between saying one is for something and actually fighting strongly for it. That much was clear when the issue of codification of the fairness doctrine was being considered.

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