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Television/RadioAge

May 29, 1989 *Volume XXXVI, No. 22*

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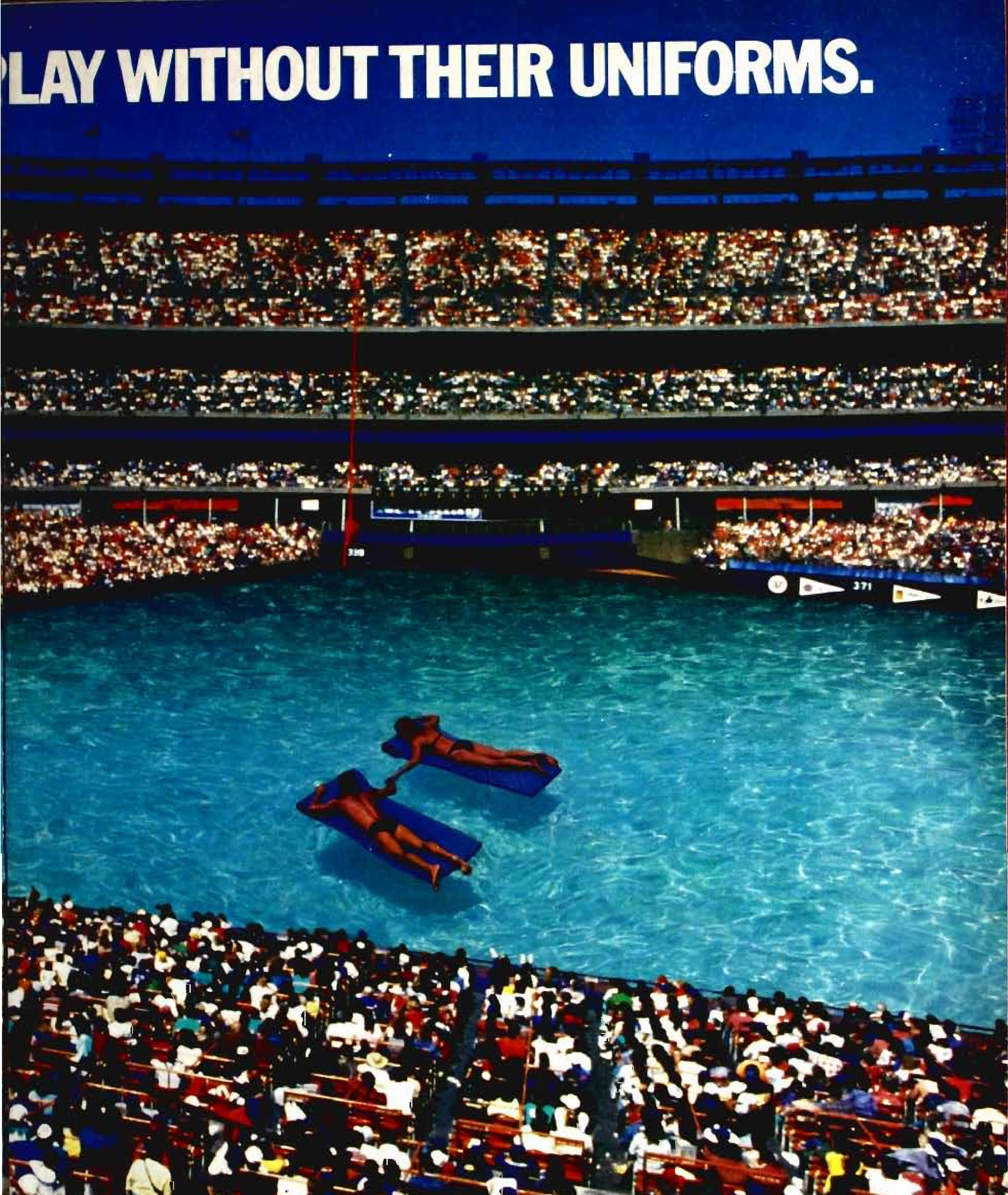
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Why Some High-Flying Sitcoms Crash In Syndication.

Publisher's Letter

Spring planting of fall TV crop starts a new survival-of-fittest round

Since it's springtime, fall must be just around the corner, at least in the network TV business.

The Big 3 networks have unveiled their fall primetime schedules over the last few days. Interestingly enough, their announcement dates reflected the 1988–89 Nielsen ratings order of finish, with NBC leading off, CBS following and ABC third.

Not surprisingly, NBC is playing it safest and focusing most of its schedule changes on repairing its Friday night woes. ABC is most concerned about Thursday and Saturday, while CBS remains preoccupied with its perennial "8 o'clock problem."

Coming off a season thrown awry by the lengthy writers' strike, the networks are eagerly awaiting next September's "premiere week" festivities. All three intend to revert to the hoopla of yesteryear to draw viewers back into the network tent and increase series sampling right from the start. Already, CBS has signed a deal with K mart that will significantly bolster the exposure of its new-for-fall series, and NBC has linked with Sears. ABC, meanwhile, is eyeing new promo tie-ins of its own.

Consciousness-raising. So viewer awareness of the fall schedule will undoubtedly be at an all-time high. More crucial than that is: Will the viewers then act on that awareness or continue to be lured by the siren songs of cable, home video and independent stations?

Some industry observers contend that this intensifying competition contributed to the hot issue of last season—racy programming on the networks. In any case, the unusually vocal protests from the advertising community, viewers and pressure groups now has many major agency executives hinting that program content, a non-issue a year ago, could figure prominently in this summer's upfront negotiations (See story, page 31). Still, the issue will not cool entirely. Some non-series programs on the horizon could cause new protests, such as NBC's *Roxanne: The Prize Pulitzer*, a TV movie with a potentially sordid storyline.

But broad-based series remain this industry's backbone. Looking ahead, our next issue will again focus on the "Hits & Misses" predictions of major ad agency execs. Checking to see how accurate these experts' selections were a year ago, we found that all the execs polled chose NBC's *Empty Nest* and *Dear John* and ABC's *Roseanne* as hits—though none had expected the latter to top the others.

Most of the buyers' votes for misses also were on the money, with the notable exception of NBC's *Magical World of Disney*. Of the maybes, as picked by the agency people, three are regarded as successful by the networks: NBC's *Unsolved Mysteries* and *Midnight Caller* and CBS' *Murphy Brown*.

Even now, one almost certain prediction we can make is that the 1989–90 primetime season will yield its own share of surprises.

Sol J. Paul

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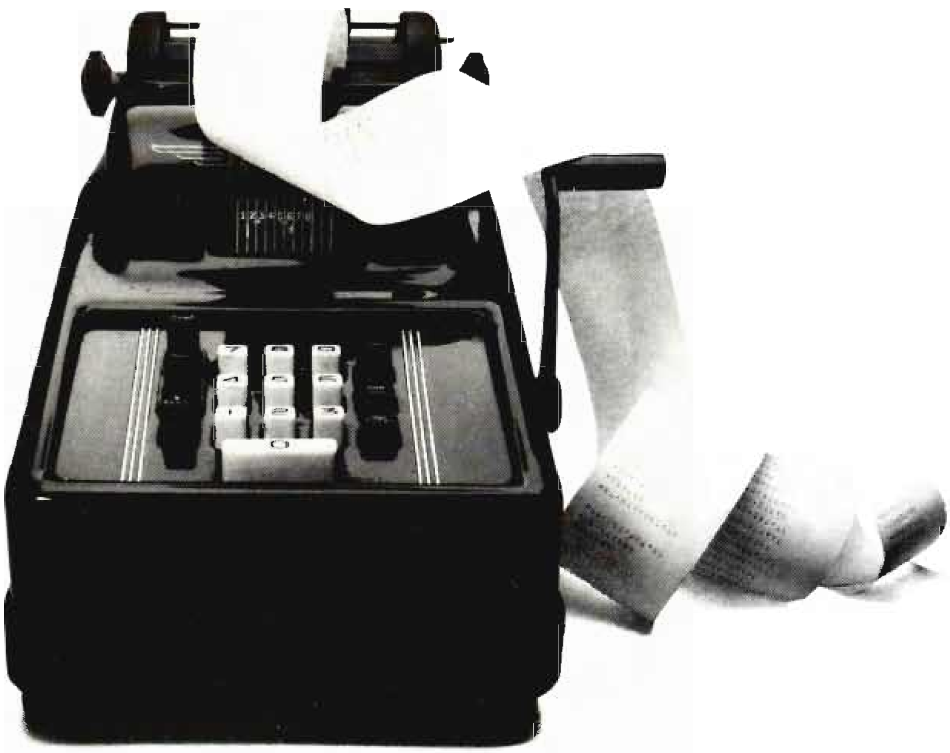

Final Edition

Unwired kidvid network of independent stations set up

A new unwired TV network of independent stations has been established with the aim of delivering children's audiences in midafternoon and early morning.

The new network, NIB Inc., headquartered in Los Angeles, has inventory agreements with 101 indies covering 85% of the U.S., according to Kerry Andrews, vice president, eastern sales. Andrews expects the company to wrap up pacts with another 20-odd stations for 90%-plus coverage.

Andrews, together with Sam Ashenofsky, vice president, western sales, are spearheading the acquisition of affiliates and are expected to begin shortly the chore of pitching the major ad shops.

Station deals, to be updated quarterly, provide for specific percentages of inventory in the 3–5 p.m. and 7–9 a.m. periods Monday-through-Friday, plus some Sunday morning time.

NIB will be using NTI data for guarantees, including people meter numbers for kids 2–11. The company is tying its fortunes to people meters because it is seeking credibility with buyers, despite some of the low kids' numbers, says Andrews. Since time will be sold on a rotation basis, NIB will be getting daypart averages from Nielsen once the rating service is given the roster of affiliate call letters.

Ashenofsky explains that the NIB pitch emphasizes reach and the cost-per-1,000 is competitive with the Big Three networks. However NIB is not planning any direct CPM confrontation with the cable and barter networks.

At this point, NIB is sticking to one affiliate per market, except in cases of major markets where one indie does not have kids' blocks in both early morning and midafternoon. In New York, NIB has signed WNYW(TV) and WOR-TV and in Dallas-Ft. Worth, it's KDAF(TV) and KTXA(TV).

Payment to NIB for selling time is based on a fixed percentage of the total rates of all affiliates, set to achieve a competitive CPM. However, if the CPM goes higher because of high demand, NIB does not get any more money; the increment goes to the stations.

President of NIB is Jack Samuels, a lawyer. A key figure in advising the company on day-to-day operations is Jerry Sachs, president of Sachs Finley, a Los Angeles ad agency. Ashenofsky estimates that about $500 million a year is invested in ads on network TV kids programming, including cable and barter webs. "We think we can generate new funds. There's an alternative to Saturday morning kids' programming." Ashenofsky says there were previous efforts to set up unwired networks to reach children, but they weren't successful.

Modest rise in web TV March $$

A modest increase in network TV billings in March reflected double-digit percentage rises in primetime and weekday daytime business. But it was not enough to offset a drop in first quarter revenues.

BAR figures for the final month of the first quarter show a 5.6% increase in overall network billings to $791.1 million. Primetime business was up 13.9% to $478.2 million, while Monday–Friday daytime (10 a.m.–4 p.m.) climbed 18.4% to $93.6 million. The only negative daypart was weekend daytime (sign-on-6 p.m.), down 1.0% to $102.7 million.

For the quarter, network revenues dropped 7.7% to $2,266.8 million. This reflects the lush revenues that ABC collected from Olympics business in 1988. First quarter '88 billings for the networks were up 17.3% over the previous year, bolstered especially by the winter Olympics billings on ABC in February.

Network TV revenue estimates—March

Dayparts	*Estimated $ (000)*	*% change*
Prime	$478,203.2	+13.9%
Mon–Fri daytime	93,564.8	+18.4
Mon–Sun late night	47,154.3	+8.1
Sat/Sun daytime	102,685.0	−1.0
Mon–Fri early morning	22,896.0	+4.4
Mon–Fri early fringe	39,006.9	+2.9
Sat/Sun early fringe	7,593.2	+1.1
Subtotal early fringe	46,600.1	+2.6
Totals	$791,103.4	+5.6

Source: BAR. Copyright 1989 Arbitron Ratings Co.

Top 10 network TV clients—February

Parent company	*February expenditures*	*Year-to-date expenditures*
Philip Morris Cos.	$29,190,400	$56,917,400
Procter & Gamble	29,166,100	67,896,800
General Motors	28,289,800	65,173,600
Chrysler	23,882,100	41,311,800
Kellogg	23,197,000	44,469,800
McDonalds	19,384,300	37,702,800
Johnson & Johnson	16,305,600	32,487,700
Ford	15,978,100	35,368,300
American Home Pdts.	15,462,000	29,363,400
Pepsico	15,199,300	31,425,200

Source: BAR. Copyright 1989 Arbitron Ratings Co.

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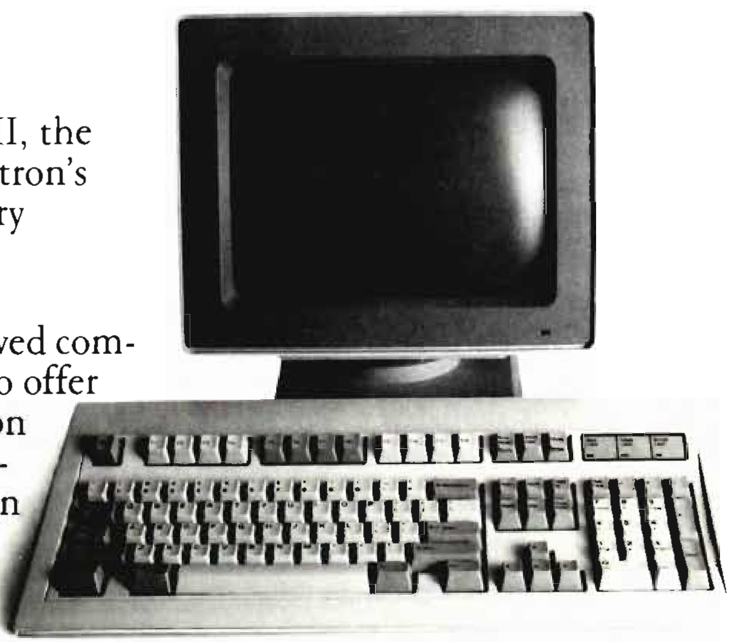


ARBITRON

Calnet, fueled by major grant, now on nine radio stations

Calnet, the California news network serving public radio stations across the state since late November, now has nine station subscribers.

One is KLON-FM Long Beach, Calif., owned by Pacific Public Radio, which produces Calnet with USC Radio, Los Angeles. Having begun with about a half dozen stations, Calnet now has "achieved the comprehensive statewide coverage that no one else offers," claims PPR president Rick Lewis.

Calnet also is the only fulltime broadcast outlet covering the state legislature from Sacramento, he adds. The radio stations had not had a presence there for several years, a spokeswoman notes. In recent years, commercial television stations in the state also have been cutting back there, helping the Northern California News Satellite service draw 13 commercial station subscribers (TV/RADIO AGE, Jan. 9).

Besides its Sacramento office, Calnet operates news bureaus in Los Angeles and San Francisco and has six fulltime staffers. In addition, the network draws upon the reporting and production resources of its nine participating FM stations—which include KPCC Pasadena, KCHO Chico, KQED San Francisco, KALW San Francisco, KVPR Fresno, KPRX Bakersfield, KCBX San Luis Obispo and KVCR San Bernadino.

These broadcasters contribute news and analysis to Calnet's half-hour statewide newscast every weeknight. The broadcast airs at 4:30 p.m. on five of the outlets and as late as 7 p.m. on one, KALW. The stations also run excerpts the following mornings.

The subscriber stations do not pay a fee to Calnet as its costs are absorbed by a hefty longterm grant from El Paso Natural Gas, via the Burlington Northern Foundation, and from the James Irving Foundation. The grant for $1,250,000 covers 2½ years.

Calnet's stories are "a reflection of what California is about," says Rich Dietman, the network's managing editor. "We get stories from up in Mendocino County all the way down to the U.S.-Mexican border." Among Calnet's recent stories have been coverage of the Stockton elementary school children massacre and, as a followup, California gun bills introduced since then; an earthquake preparedness series; and a feature on the 50th anniversary of the film *The Grapes of Wrath*, which segued into a report on California labor unions.

Radio stations airing TV news

It's free newscasts for four North Carolina AM stations so far—and for NBC-TV affiliate WPTF-TV, it's a matter of getting the station's name and personalities in front of the public. Starting this month, the four radio stations began simulcasting the 6–6:30 p.m. news audio from WPTF, allowing the newscast to reach drivetime commuters who are still on the road.

Except for the exposure that the TV station gets, the AMers get all the benefits. Robert B. Butler, vice president—general manager of WPTF, says receivers and antennas were installed at the TV station's expense and the radio stations insert their own commercials.

The participating stations, each with home-county exclusivity, are WXKL Sanford, WCBQ Oxford, WLLN Lillington and WBZB Selma, all in central and eastern North Carolina. Butler says he hopes to add other stations and has given the stations the option to also carry the 11–11:30 p.m. newscast, although none is doing so yet.

"We hope this partnership will last for years," Butler says, while declining to give details of the agreements signed with the stations. The stations' formats range from adult contemporary to country & western, and what they most have in common is the lack of a staff to cover local news, weather and sports. The station has news bureaus in Raleigh, Durham, Fayetteville and Wilson, N.C.

"We'll work with the radio stations on cross-promotion campaigns," Butler notes. "We're providing them with custom promotional announcements that they can air, and we're talking about cooperative print and outdoor advertising."

Radio meets TV *as WPTF-TV's Robert B. Butler, r., hosts, l. to r., Gerald Waters, pres., WBZB Selma; Randy Denton, g.m., WBZB; Betty Ciliberto, g.m., WXKL Sanford; Mary Bullard, asst. g.m., WXKL and Randy Wood, g.m., WLLN Lillington.*

Interep readies for radio electronic invoice test as TV trial gets boost

With a major test of a station-to-agency TV electronic invoice in the offing this year (see story on page 34), Interep, one of radio's two "megareps," is gearing up for a widescale electronic invoice (EI) test in the audio medium. The EI is being pushed as a means of reducing discrepancies between agency and station spot paperwork and, possibly, speeding up payments to stations.

Ralph Guild, Interep CEO, says he hopes to set up a companywide EI test next year. Guild's plans differ significantly from the TV scenario in that his rep company would play a middleman's role in conforming station invoice formats to those of the agencies and their service bureaus. The TV plans call for service bureaus—in particular, Donovan Data Service—and agencies to do the conforming.

Rep support. The TV test received an important boost of support from the rep community on May 17, but official approval was put off until next month. Peter Ryan, executive vice president of Harrington, Righter & Parsons and chairman of TvB's National Sales Advisory Committee, told TV/RADIO AGE that the National Sales Executive Committee of NSAC had drafted a statement in support of the test, but had left final approval of the language to the full NSAC meeting next month.

The radio test would involve DDS.

(At presstime, a problem involving station and agency codes used in spot paperwork held up a mailing by Jefferson-Pilot Data Services asking station co-operation in the TV test.)

The radio test would involve DDS, the key agency service bureau for broadcast spot and which is already servicing two Interep companies—Torbet Radio and Major Market Radio—with its Reppak system.

Some initial testing has already been going on with DDS, since Torbet has been wired into DDS going back to the time when it was part of John Blair & Co.; MMR has been tied into DDS since the first of the year.

Guild says his company has set up a series of meetings with agencies to determine what their needs are. In the meantime, the programming for interfacing station and agency spot paperwork is being written by DDS.

NBC sells specials

K mart may have joined forces with CBS-TV for a promotional effort to bolster awareness of that network's new fall series, but it will continue to advertise on ABC and NBC.

Besides running commercials throughout the fall on the Big 3, K mart will fully sponsor NBC's *Christmas in America*, a one-hour special inspired by singer Kenny Rogers' book of the same title.

Meanwhile, NBC also has sold *From the Heart*, a one-hour special honoring physically and mentally handicapped artists, to ITT Corp.

Affils 'concerned' re NBC comp plan

"There was lots of concern" after NBC-TV Network president Pier Mapes unveiled a new "pay-for-performance" compensation plan at the NBC affiliates convention in San Francisco last week.

So says one affiliate exec who requested anonymity. James Sefert, president, Cosmos Broadcasting, Greenville, S.C., chairman of the NBC affiliates board, agrees but blames that partly on the explanation being unclear on some points. There was less concern after a second meeting, on May 22, he noted.

"I can't speak for everyone," Sefert says, "but I sensed the mood is, 'Well, let's wait and see the [initial] computer printouts,'' on affiliates' performance through the May sweeps. The stations' actual performance measurement will be based on three sweeps books, November '88, February and May '89, an NBC spokesman notes.

Asked if the NBC comp payment revamp might spark a similar move by CBS, an executive with a company that has affiliations with both networks says, "CBS is not thinking in terms of compensation but how to reduce compensation."

New approach. In contrast to the previous comp fee structure, which was adjusted only for inflation, NBC's new approach will increase comp for stations that improve performance and reduce payments for those that decline. NBC will arrive at its payment figures by averaging local ratings for the 4 p.m. to 8 p.m. time span in each market, excluding the NBC evening newscast data, and also by averaging the local numbers for all the network dayparts from early morning through late night. NBC then will factor in certain so-called "intangibles," such as whether an affiliate's actions indicate it is trying to improve its position by running network promos, improving its broadcast signal and the like.

Mapes promised that NBC would come up with new comp fee figures for each affiliate by mid-July. According to NBC's projections, the comp dollar outlay may not change appreciably, since 35% of its stations are likely to improve in the three rating books while 35% probably will decline and the rest will hold even. NBC, he emphasized, is not embarking on this plan to save money but to provide incentives to its stations. However, Sefert speaks for many affiliates when he observes, "Discouraging preemptions is part of [the reason for NBC's adopting this new system]."

Sefert also praised the NBC/Sears promotional tie-in unveiled at the meeting on May 23.

TV Business Barometer

March increase in local biz: 2.7%

The March returns from the *TV Business Barometer* sample of stations confirm a definite slowdown in the growth of local TV ad sales during the first quarter.

The March increase in local business came to only 2.7%, the lowest percentage rise of any month since mid-'87. While '89 started off humming with a 13.3% hike in January, the growth rate dropped off in February to 5.5% and, as noted, to an even smaller increase in March.

The year-to-year increases during the first quarter of 1989 are not subject to adjustment because of differences in the lengths of the Standard Broadcast Month (SBM) during the preceding year. Both Januarys were five weeks and the remaining months were all four weeks.

Local's percentage increase in March was less than that of spot, an unusual occurrence. Spot was up 3.2% following a drop of 1.2% in February and a rise of 1.8% in January. Despite the low percentage increase for local time sales in March, the total for the quarter jumped ahead of spot for the first time in '89, a seeming anomaly caused by the fact that March is historically a big month for local business.

Local billings in March came to $546.4 million vs. $532.0 million the year before. This was a big jump over February, which brought in $366.6 million, as well as January, which accounted for $409.9 million.

Total local billings for the first quarter came to $1,322.9 million, compared with $1,241.3 million for the corresponding period in '88. That represents an increase of 6.6%.

The first quarter total for spot was $1,285.2 million, $37.7 million less than the local total. In February, spot was ahead for the two-month period, $789.7 million as against local's $776.5 million.

Another point worth noting about March is that it was the second month in a row that the percentage increase for network compensation was greater than that for either spot or local time sales.

The March increase for network comp was 5.1%, as against 2.7% for local and 3.2% for spot. In February, the network comp rise was a vigorous 9.7%, compared with 5.5% for local and minus 1.2% for spot.

Network comp

Network comp's volume for March was $41.1 million vs. $39.1 million for March '88. For the first quarter, network comp totaled $116.4 million, compared with $110.5 million last year. The increase amounts to 5.3%, bigger than spot's.

Summing up the March picture: The total of spot and local time sales plus network comp was $1,083.4 million, up 3.0% over '88. For the first quarter, the combination of the three factors was $2,618.9 million in '88 and $2,724.5 million in '89, a rise of 4.0%.

March

Local business +2.7%

(*millions*)

1988: $532.0 **1989: $546.4**

Changes by annual station revenue

Under $7 million	+9.0%
$7–15 million	+5.8%
$15 million up	+1.2%

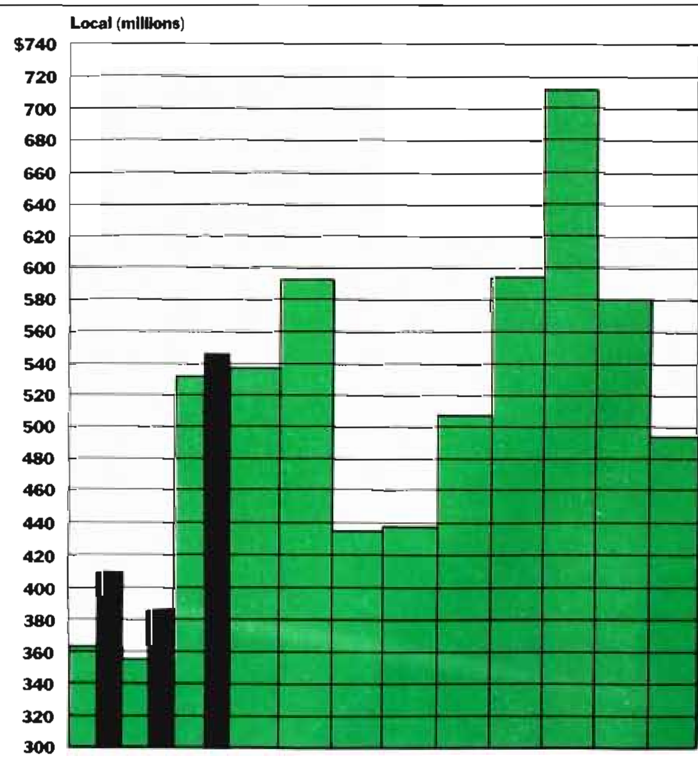
Network compensation +5.1%

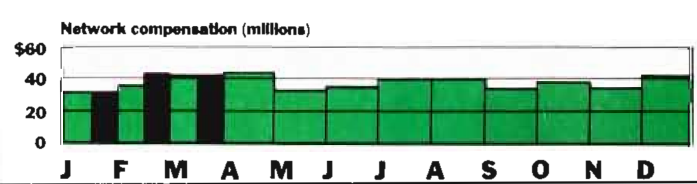
(*millions*)

1988: $39.1 **1989: $41.1**

Changes by annual station revenue

Under $7 million	+2.6%
$7–15 million	+9.9%
$15 million up	+4.1%





Dychtwald: 'Boomers' next will swell ranks of middle age, mature markets

Forget about the youth market. The 45-plus categories will be what's happening in the 1990s and beyond.

That's some of the advice given by Ken Dychtwald at "The Shifting American Marketplace," a research presentation cosponsored by CBS Inc. and Time Inc. Magazine Co. The three-hour multimedia production was offered during May in New York, Chicago and Detroit (TV/RADIO AGE, April 17).

Urging his audience of advertising and marketing people to "be a futurist—find out where the market's going" rather than where it's been, Dychtwald warned his audiences that the youth-oriented culture of the U.S. during the past three decades or so is "coming to an end" and that population data now point to "the aging of America." The middle-aged marketplace will be of particular interest, he said, followed by the mature market.

Looking beyond age, Dychtwald—the 39-year-old head of the Emeryville, Calif.-based Age Wave Inc. consultancy—noted that there will be "a simultaneous change in the locus of spending power from the young to the middle-aged and mature markets." Consequently, he told his listeners that, although they have long been accustomed to focusing on the youth and young adult groups, and built their careers on that expertise, from now on they will find their marketing strategies "forced into a dramatic redirection of focus and resources."

Spending shift seen. Dychtwald—whose presentation has been in the works for about a year, since CBS and Time commissioned him to create "a roadmap to the immediate future"—observed, "The financial power of youth is shrinking, while the financial clout of the middle-aged and mature population is expanding dramatically."

Consumer spending, for instance, will decline in the younger demos while rising among the older, he added. Those 18–24 will spend $3 billion less in the marketplace over the next decade, and those 25–34 will spend $38 billion less and 35–44 $134 billion less than in the 1980s, he continued. By contrast, the 1990s will find those aged 45–54 spending $150 billion more in the marketplace and 55–64 $42 billion more.

Mature market's clout. The senior-citizen or mature market "has never really been tapped" in his opinion, and could even be described as having been "fairly aggressively ignored in the marketplace," he said. Yet the 50-plus segment already controls 50% of discretionary income in this country and accounts for 80% of money now in savings banks. About 77% of those older adults own their own homes, and 48% of this group also owns new luxury cars, not to mention spending the most per capita on groceries, he added.

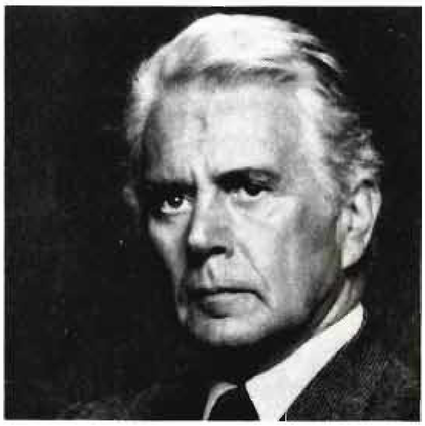
That potential is not being lost on the financial community. Already the Mature Market Institute plans a seminar June 8–9 in New York, "Banking on Mature Market Customers."

The reason behind the imminent change in demographic emphasis, Dychtwald explained, is that the "baby boomer" generation—born between 1946 and 1964 and accounting for one-third of the population, or 76 million people—is growing older. This is the same group that created upsurges in demand for diapers and baby products in their infancy, then sparked booms in school construction, TV viewing and record buying as they moved through the system. Actually, he observed in an aside, the people slightly older than the boomers started most of the trends, particularly in TV and music, that are credited to the boomers themselves.

The 1990s will find those aged 45–54 spending $150 billion more in the marketplace.

This upcoming "senior boom," coupled with a "birth dearth," he pointed out, will mean there are fewer teens and young adults entering the work force of the '90s. Already, he added, schools are closing down or being replaced by senior citizen residences.

Citing statistics to illustrate this graying of America, Dychtwald said Americans aged five–17 will grow "a little bit" while those under five will shrink in number by 2 million. Those 18–34—the previous "darlings of the marketplace"—will decrease in number by 9 million in the '90s, with 7 million of those in the 25–34 age bracket.



Fiftysomething *Tina Turner remains a hit with '60s music fans, and 70-plus actor John Forsythe illustrates that oldsters can remain vital, according to Age Wave Inc. consultant Ken Dychtwald.*

International Report

Satellite programming problems: a Mickey Mouse deal, dish dearth

For the time being there seems to be only two real axioms which apply to the development of satellite television in Europe: one, the hyping, backtracking and political and commercial to-ing and fro-ing are probably far more interesting than what's actually on the air, and two, the "latest" development may not always be the latest.

For the moment at least, Disney and Rupert's Murdoch's Sky Channel are embroiled in a $1.5 billion law suit filed by Sky in Los Angeles. Sky accuses Disney of breaking a number of agreements and not giving up to some of its financial obligations in connection with the launching of The Disney Channel on Sky, originally scheduled for later this year. A Disney official dismissed Sky's contention, maintaining the suit had no merit.

Plans dropped. Whatever the upshot of the court case, if it gets that far, plans for a Disney channel as a sixth Sky channel now have been dropped. As a consequence, Sky will charge viewers less for its pay-TV movie channel than it had planned to charge collectively for the two channels which, in any event, could not have been bought separately.

Although at the moment Sky does not seem to have any immediate plans for utilizing the sixth transponder, an ASTRA spokesperson says that under its deal, Sky must continue to pay for it.

The spokesperson also says that, while ASTRA still hopes to lease transponders at some point to German broadcasters, she admits there was nothing really definite to report. At the same time she says that ASTRA expects to replace two of its leading dish marketing people, Robin Crossley and David Chance, both whom have joined Sky in an attempt to stimulate dish sales.

On the plus side, Sky has made a deal with Robert Maxwell, giving it access to approximately 50,000 homes on Maxwell's cable systems throughout the U.K. While neither side would divulge how much Murdoch paid Maxwell to carry the Sky programming, the more interesting unanswered question may well be whether it was enough to change Maxwell's mind about selling the systems. In plans to rationalize what he was doing in the television/cable/production fields, Maxwell had said he was trying to sell the systems.

Dish buyer survey. The new cable deal comes after two new surveys, one rather alarming, about prospects for future satellite dish sales. The disconcerting one, conducted by Market Directions, reveals that far fewer people now intend to buy dishes than said they expected to in a similar survey conducted a few months ago.

Although John Clemens, whose Kennington Research firm conducted the less worrisome survey, says he hasn't found any appreciable growth in the number of people intending to buy dishes, he hasn't noticed any downward trend either. According to Clemens, 60% of those people who say they don't intend to buy dishes, cite high cost as the factor, while most of the remaining 40% say they are satisfied with the four terrestrial channels they already receive.

Clemens' consistent prediction of 600,000 homes capable of receiving Sky by the end of January 1990, its first year of operation, now roughly coincides with a new Sky estimate. Executives of the satellite channels concede their initial overenthusiasm about prospects led to about a 100% overestimation of the number of households which would be able to receive the channels by the end of the first year. They now acknowledge there only will be between 500,000–750,000 homes capable of receiving their programs.

BSB's problems. Of course, even if the competitor, British Satellite Broadcasting, is pleased by the series of problems befalling Sky, it has little to crow about itself. It is now more than just a little bit likely that BSB's planned launch in September will be pushed back. Whether slightly, however, or greatly, is the tantilizing question.

Observers note that no one ever overstates delays. BSB executives admit there's a holdup but still say they will get on the air before the anticipated Christmas dish buying spree. Nevertheless, the experts speculate the dish chip problem they face is not likely to be quickly resolved. As a result, they say, "the before Christmas" hope may be a prayer rather than a fact.

They contend it is now highly possible BSB may not get on the air until the new year. Should that actually happen. The experts say, Sky and not BSB might be better placed to benefit from all the dish promotion planned by the broadcasters for Christmas.

BSB also is faced with the necessity of raising a considerable amount of additional money this summer. As it is almost certain that one of the major shareholders, Australian Alan Bond, who is having financial problems of his own, is unlikely to be able to chip in more and the idea of going into the market appears less attractive, the burden of additional revenue will almost certainly have to fall on the other BSB shareholders, perhaps much to their chagrin.

Cool on China, Latin America

International TV distributors, who are virtually unanimous in their bullishness about the European and Pacific rim's business opportunities, seem most bearish about Latin America and China.

The sluggish economy in Latin America is affecting sales as well as swiftness of payments, according to some U.S.-based overseas program distributors who choose to remain anonymous.

As for mainland China, some companies have sold product there, such as Fremantle International with *USA Today*. However, one distributor maintains that the cash value of most sales there is quite small thus far. "It's a giant throwing us pennies," as he describes it. He notes that such sales do tend to be "good for a splash of publicity in the trade press."


F INFLUENCE

Radio Report

Aging 'boomers,' 'affluents' targeted by CBS, Simmons

CBS Radio Representatives is among media companies not only aware of the aging-of-America trend but about to work that into future sales efforts.

The representative has commissioned InfoRadio-Plus as a comparative, multimedia research study from Simmons Market Research. This project, due later this year, will analyze the reach of two specific radio station lists within the top 25 markets, in terms of the 25–44 and 45–64 demographic groups. Those consumers represent "the most fertile prospects for virtually every product marketed to adults," the rep says.

The study's so-called "A-list," geared toward the 25–64 demo, consists of 37 AM and 13 FM stations—24 of them represented by CBS—while the "B-list" covers 38 AM and 22 FM outlets focusing on 25–44 listeners—with 26 of those stations repped by CBS.

According to CBS Radio Representatives, "the performance of these elite groups of radio stations—just two to three stations in a market—is dramatic, their reach exceeding in most cases individual radio formats, big television programs and major magazines and newspapers."

Earlier data. The original Info-Radio reports from CBS and Simmons, released from 1985 to '87, measured only AM stations offering news and information. Those data too indicated that "a small group of carefully selected radio stations could outperform prestigious TV programs, major magazines and leading newspapers," the rep said.

InfoRadio-Plus was undertaken to prepare for the shift in U.S. population emphasis during the '90s to 25–64-year-old consumers. In the 1980s, by contrast, the focus was on 25–54, and in the '70s on 18–49, CBS noted. The 25–44 breakout encompasses 76 million of the "baby boom generation," who are "nontraditional and willing to explore new ideas, products and services," CBS Radio Representatives says, adding that they also "grew up on rock music on FM stations." The 45–64 "affluents" demo, meanwhile, "grew up on *Time* and *Life*, black-and-white television and AM radio."

Another view of over-50s: Banner touts radio's edge

Banner Radio's new presentation, *The New and Improved 50-Plus*, shows why radio is a good way to reach those 62 million Americans 50 and up who control $130 billion of U.S. discretionary income and who own 77% of U.S. financial assets. Banner research manager Linda Lorenzo says the reason she pulled the information together was because "We want more agencies and advertisers to be aware there's a prime market out there that's not being wooed to the extent that its growing buying power and active lifestyle warrants."

Lorenzo says people 50-plus listen to news and news/talk formats, to MOR and AM country music stations, to full service radio and to nostalgia, classical music, big band and AC formats. "And because of all its discretionary income, this is a market that offers excellent prospects for everything from top-of-the-line luxury cars and second homes to travel and resort accounts, major appliances, credit cards and financial services, from banking to insurance and investment services."

The report itself includes results of Radio Advertising Bureau-commissioned research by R. H. Bruskin that shows radio's advantage in time over TV, newspapers, magazines and billboards between last media exposure and actual brand purchase. It also shows radio's advantage over other media in percentage of 50-plus shoppers reached within one hour of actual purchase. And she adds Arbitron numbers comparing time spent with radio by men and by women in each age bracket from 25–34 through 65-plus. But most of the data point to the growing affluence, growing life expectancy and better health of a growing and more active 50-plus population segment, many of whose mortgages have already been paid off and who are no longer stuck with kids and their college bills.

Sheridan's new season for urban and sports fans

Top 30 USA is the latest new programming product for urban contemporary formats out of Sheridan Broadcasting's STRZ Entertainment Network. The new show is set to debut July 14, hosted by Donnie Simpson, top rated morning air personality at WKYS Washington and host of Black Entertainment Television's daily music video show, *Video Soul*. Each week, *Top 30 USA* will offer three hours of America's 30 hottest singles as reported by *R&B Report Magazine*, plus interviews with, and anecdotes about, today's top recording artists.

Why Simpson? Chuck Woodson, Sheridan's director of entertainment programming, points to Simpson's "natural, personal style, 21 years of broadcast experience and tremendous popularity."

Flamberg in for Warwick on RAB's ad account

Only two weeks after announcement of the Radio Advertising Bureau's upcoming $100-million "all-industry" ad campaign asking, "Radio. What would life be without it?" Warwick Advertising, the agency on the project, has been replaced by Morgan, Rothschild & Co. That's not an investment banking firm, but a brand new advertising, marketing and public relations house that has no partners named Morgan or Rothschild. Its founder and so-far only partner is Daniel Flamberg, most recently RAB's senior vice president

A whole lot more than Muppets coming out of Henson International

"We are stretching the definition of what constitutes a Jim Henson project," observes Henson International Television director of international production Duncan Kenworthy during a discussion of future Henson projects.

He says that the company has never been involved in more productions: "We were literally run off our feet last year; we are just as busy this year and will probably be even busier next year."

Duncan Kenworthy

Kenworthy is particularly pleased about a forthcoming theatrical with the working title, *The Italian Film*. It's a love story about an Italian girl who witnesses a miracle, which, according to Kenworthy, "will not have any puppets, animatronics or anything else which would identify it with Jim Henson."

"If *The Italian Film* is as big a success as I think it will be," predicts Kenworthy, "our potential to diversify may become unlimited." Henson has produced feature films in the past with a varying degree of box office success. "*Dark Crystal*, notes Kenworthy, "was a flawed masterpiece. It broke new ground, but the script was weak." He says the company has learned from that mistake and has taken definite steps to ensure that the episode is not repeated. The organization now has access to a whole range of writers, he states: "Agents are sending us their best talent."

Despite what might be fairly characterized as some careful tightrope walking, Kenworthy points out that the general character of the company has remained unchanged from its inception and is unlikely ever to change. Nevertheless, he does acknowledge that the company is diversifying more now than in the past and admits to being interested in spreading the risk.

Under closer scrutiny, though, for Henson, both diversifying and spreading the risk may, as Kenworthy insists, mean doing more productions rather than clearly deviating from the basic Henson tenet of essentially only doing things which interest founder Jim Henson at the time. It all may be a matter of interpretation.

"There may be much better ways of making money in mass production," Kenworthy agrees, "but Jim has never wandered from his basic purpose." While obviously, as in all organizations, the company has various parts with programs snuggling into one area or another. Kenworthy is adamant that he does not want clearly delineated and inmovable sections. "It would ghettoize the creators and be counterproductive," he claims.

Kenworthy also makes it clear that, while some lack of consistency could conceivably be a problem for other companies, Henson International does not suffer any ill health from the whims of its leader. "What interested Jim 10 years ago does not necessarily interest him today because he's done it," he comments, citing an overseas research trip as an illustration. "Jim went to Japan last year just to investigate HDTV," he says, "but that's what's exciting about him."

More than creative. Furthermore Kenworthy explains that Henson's creative ability is complemented by his ability to put resources together in a way others have not been able to: "Jim is fortunate in being able to raise money on what, after all, is seen as minority programming."

Whether it's merely reinterpretation of the original premise or actually an alteration probably is irrelevant. However, there are strong indications the company is expanding its interests.

Joni Mitchell with "The Wild Impresario" in "The Ghost of Faffner Hall"

Among the new programs selling well is a series of 13 half hours, *The Ghost of Faffner Hall*, which HBO will air later this year. Each program deals with an aspect of music, such as the voice or a musical instrument.—**Irv Margolis**

Globalization outlook said not all rosy

"Globalization" has become "the rallying cry to justify the massive [Time and Warner Communications] merger," says Dennis McAlpine, analyst at Oppenheimer & Co., New York. "Certainly if the marriage goes through, they will become the largest global entertainment company, surpassing by far their current rivals, Hachette, Bertelsman, News Corp. and Sony." Still, McAlpine wonders "if the combine is nothing more than a method of self-preservation for the two companies."

The term to follow globalization into prominence "may be 'nationalization,' " McAlpine continues. "Already, the European Economic Committee has indicated that TV stations that want to provide service throughout the united Europe of 1992 will have to produce at least half of the programming locally. Today, about 70% of the entertainment programming is from the U.S. Thus, the current euphoria may be shortlived."

Radio Business Barometer

Spot biz up 23.9% (adjusted) in April

Well, it finally happened. It wasn't the first double-digit month this year, but it was the biggest. April's spot radio increase, after adjustment for the length of the Standard Broadcast Month (SBM), zoomed up to 23.9%, opening the strong possibility of a double-digit increase for the year.

April billings, according to Radio Expenditure Reports, based upon rep business, came to $110,112,400, compared with $71,108,800 for April of '88. But this April was a five-week SBM and the broadcast month last year was four weeks. So last year's April figure is boosted 25% by RER to $89,111,000. (The unadjusted increase was 54.9%.)

Examination of the data by market groups shows that the bigger the market group, the bigger the percentage increase for spot radio in April. It seemed to work the other way during the first quarter.

The top 10 markets were up 34.9% (adjusted) during April, reaching $44,709,300. Markets 11 to 25 rose 23.9% to $23,449,400, while markets 26 to 50 climbed 18.4% to $16,733,700. As for the 51-plus market group, it was up 10.1% to $25,220,000.

For the four months to date, spot radio increased 14.2% (adjusted) in billings. The adjustment is necessary because the Standard Broadcast Calendar shows 18 weeks through April '89, but only 17 weeks through April '88.

Applying the same adjustment to the market groups: The top 10 markets were up 16.8% to $120,443,700 for the four months, markets 11 to 25 climbed 14.4% to $67,064,000, markets 26 to 50 rose 11.9% to $48,608,500 and the 51-plus markets increased 11.7% to $75,235,900.

The reps, of course, are ecstatic about April and bullish about the second quarter in general. Ken Swetz, Katz Radio Group president, called April "unbelievable." Without adjustment for the broadcast calendar and the number of stations represented this year and last, Swetz put the radio group increase at about 60% in April. May was running about even with last year, but May '89 was one week shorter than May '88, Swetz pointed out, so that May adjusted was a pretty good month. As for June, the month so far (last week) was running about 25% ahead with comparable SBMs.

Why the surge?

Ralph Guild, CEO of Interep, says that current business for his rep companies is "outstanding." Spot business started rolling in March and April, he recalls. He described May as "strong" and says '89 could be a double-digit year for spot.

Guild, as did Swetz, ascribed the surge in second quarter billings in part to the fruition of missionary activity by the reps and the Radio Advertising Bureau. Guild also feels that advertisers were uncertain about business conditions earlier in the year, changed their minds later and stepped up radio buying as a consequence. But neither rep chief was really sure about what's been happening.

The two rep chiefs speak for about 2,600 stations, with Guild estimating that his companies add up to, roughly, 1,200 and Swetz putting the total for the Katz Radio Group at about 1,400.

April

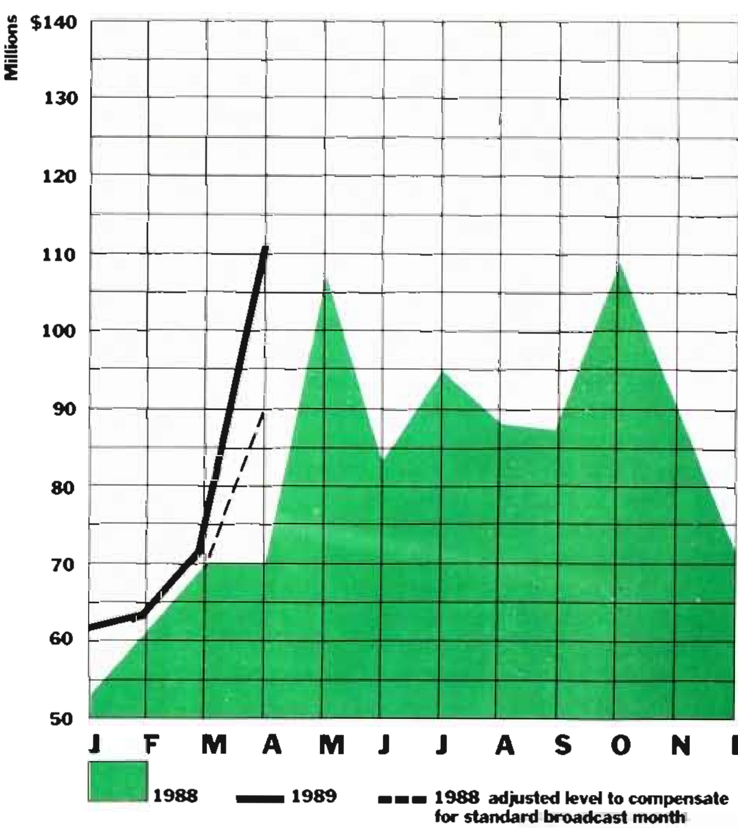
National spot +23.9%*

(millions) **1988: $71.1 1989: $110.1**
1988 adjusted: $89.1

Changes by market group

Market group	Billings (mils.)	% chg.* 89–88
1–10	$44.7	+34.9%
11–25	23.4	+23.9
26–50	16.7	+18.4
51+	25.2	+10.1

Source: Radio Expenditure Reports
* Adjusted



for marketing and communications.

But RAB isn't Flamberg's only new client. He says he's already also working for the Brazilian Radio Network, Radio Globo, an investment bank he "can't name yet," and "the lumber yard my uncle owns." And he says he's also "talking to a number of radio syndication and radio promotion companies."

He's offering to do PR, advertising and promotion, including key market promotions, "for not only any kind of vendor to radio stations and networks, but also for a video production company" he says he's also talking to.

And where did the name Morgan, Rothschild come from? Says Flamberg: "I just made it up. I wanted something that sounds respectable. Flamberg, Inc. sounds like one guy operating out of a phone booth. Maybe Morgan, Rothschild reflects my aspiration to make enough money to keep up with the Morgans and Rothschilds."

Meanwhile (see *Radio Report* May 15, page 34), RAB's planned "silent treatment" calls for 30 seconds of silence with, it's hoped, every station in every market shutting up simultaneously at 7:42 a.m. (local time), on May 26, in a mass demonstration of what life would be without radio.

But there's already dissent in the ranks. Bill Figenshu, president, Viacom Radio Group, says his stations "won't run dead air: Our air time to too valuable. However, we do have some special plans that are very supportive of RA's goals. We'll be doing it in our own way, but we can't tell the details because they aren't set in stone yet. But we will be running RAB's spots with James Earl Jones. We think they're great. But without the 30 seconds of silence."

Networks have another good month in April

Network radio keeps right on rolling along. In April, for the third straight month, the percentage increase in revenues was in the double digits. The Radio Network Assn. reported that April billings came to $32,539,837, up 10.2% over the previous year. February was up 10.7% and March, 19.6%. For the four months to date, the webs are 11.8% ahead of last year, with revenues of $123,172,072.

Among the four sales territories, New York showed up best in April, confirming its turnabout after a weak beginning this year, partly due to shifting of web buying chores from New York to Chicago by Ogilvy & Mather. New York April revenues were up 26.2% to $19,540,174, its best month in dollar terms this year.

On the other hand, April in Detroit was disasterville. The Motor City territory was down 51.7% to $1,911,943, though sales are still ahead for the year to date. Also down was Los Angeles, dipping 5.4% to $1,858,734. On the upbeat side was Chicago, with a rise of 13.8% to $9,228,986.

All four territories are ahead of last year, January to April, all but New York comfortably ahead. New York is up 4.4%, but Chicago's rise is 25.0%, Detroit's, 14.0%, and that of Los Angeles, 23.6%.

Westwood One comes out swingin' with 900 sports line

Westwood One's Audiotex division, formed early this year, has just introduced its first major consumer product—Scores Plus, an interactive 900 sports telephone service.

Scores Plus currently is being advertised on the Westwood One radio networks, a spokeswoman says.

Callers, who pay 95 cents a minute, can get instantaneous sports scores as well as the latest sports-news updates, such as trades and team standings in everything from baseball and basketball to football and golf. Unlike other sports lines, Scores Plus' interactive technology enables callers to choose from a menu of scores and reports, including sports-related commentaries by Mutual Broadcasting System's Larry King and Sugar Ray Leonard. The phone service also calls upon the expertise and resources of the Mutual and NBC Radio Networks sports departments, according to Richard Bonn, a nine-year veteran of NBC Radio's sports staff who has now become Scores Plus project manager.

Chrysler lands in second place in web February $$

Chrysler surged ahead in network ad billings during February, landing in second place for the month. Broadcast Advertisers Reports for February show the automaker, which was 15th in spending last year, with expenditures of $2.5 million, compared with just a little under $1 million for the previous February. For the first two months of the year, Chrysler was up 294.6% in network radio spending and ranks fourth.

Sears remained comfortably in first place in February and for the first two months of the year, though its February spending this year was just about the same as last year. However, Sears had a $6 million month in January, so for the two months of '89, it was 67.5% ahead of last year, The January surge was part of its campaign to announce a new discount policy.

Top 10 network clients—February

Parent company	February expenditures	Year-to-date expenditures
Sears Roebuck	$2,985,555	$9,080,235
Chrysler	2,464,980	3,722,680
Procter & Gamble	2,180,030	5,817,750
General Motors	1,997,785	6,052,445
Campbell Soup	1,538,150	3,541,870
Hershey Foods	1,498,900	2,437,950
Motel 6	1,462,570	3,511,300
U.S. Armed Forces	1,373,950	3,616,000
CBS Inc.	1,300,650	1,605,850
Nestle	1,111,450	2,948,500

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At NBC, Robert Blackmore, executive vice president of sales, was unreachable for comment. However, Brandon Tartikoff, NBC Entertainment president, conceded in a March appearance that "problem shows are going to be the first to feel the squeeze" from all the pressure.

NBC has been hit with the most flak due to sadomasochistic sex scenes in *Favorite Son* and *Full Exposure: The Sex Tapes Scandal*; a touch of nudity and a gay storyline in *Dear John*; and *L.A. Law*'s frequent use of once verboten words.

In addition, NBC's *Nightingales* series and producer Aaron Spelling were lambasted by the American Nurses Assn. for frequent scenes of the nurses in various stages of undress. Spelling promised to upgrade the show, and the ANA offered to urge sponsors to return—assuming NBC renews the series.

The networks also were faulted by some agencies for having leeringly promoted some programming, such as NBC's *Nightingales*, the TV movie *Swimsuit* and ABC's *Ladykillers*, about the murders of male strippers.

With heavy hitters from Campbell Soup Co., Coca-Cola Co. and Procter & Gamble to Ralston Purina and Buick having expressed concerns that some TV programming may have gone too far, it is not surprising to find the ad agency sector increasingly vocal about spicy program content.

Among those who think this uproar could affect the upfront-buy talks are: Richard Kostyra, J. Walter Thompson USA's executive vice president, U.S. director of media services; Paul Schulman, president, Paul Schulman Co.; Grey Advertising's Jon Mandel, vice president, director of national broadcast; and John O'Toole, chairman, American Assn. of Advertising Agencies. Those who seem less concerned about that eventuality include Paul Isacsson, executive vice president, broadcast programming and purchasing, and Tom Winner, executive vice president, media director, Campbell-Mithun-Esty.

Says Kostyra, "I think definitely it will add additional pressure [to the negotiations]. Advertisers will certainly want greater assurances that the programming they purchase will be acceptable to their standards. They'll probably preselect and choose to be in known, safe programs as opposed to uncertain, risque ones." As for the impact on pricing, he notes, "As soon as there is greater demand for certain, programming, cost increases—usually offset somewhat by decreases for others. Overall, advertisers shouldn't be penalized unless they are heavily skewed to that type of programming."

Schulman agrees that all the furor "could have an impact" on the upcoming negotiations. "There will be advertiser concern about the climate of shows, including some attractive shows that may seem less so now." Turning to pricing, he says, "Advertisers willing to back every program, including the controversial, may be offered a better CPM that those who reserve the right to withdraw at the last minute."

Other agency sources speculate that the safer, family-appeal series may be bumped up in price and the less acceptable fare discounted.

O'Toole of 4A's predicts, "I think you'll see less of that type of program proposed for next season." Betsy Frank, senior vice president, associate director of media research, Saatchi & Saatchi Advertising, says, "Perhaps the most pivotal issue of the 1988–89 season was program content." The Big 3, having now been made aware of the growing sensitivity over increasingly racy fare, likely will move away from "the more suggestive type of programming that has created the storm" and shift toward more family comedies and "a lot of '60's and '70's-style action," Frank forecasts.

"Nightingales": fully clad, professional here

Hits' pricing unscathed?

When it comes to established hits like NBC's *L.A. Law*, *Cheers* and *Night Court*, their pricing probably will not be hurt, despite all the raw nerves about racy fare, most agency execs feel. But they do expect that such returnees will be monitored more closely in the season ahead. Clients want fewer "gratuitious scenes," says JWT's Kostyra, and they want to be assured that such series "don't move forward...and do maintain certain taste levels." Schulman agrees that there will "positively" be more scrutiny of such hits but adds that the networks "aren't looking to soften an *L.A. Law* or a *Cheers* because this country loves them."

Adds Mandel, "With an *L.A. Law*, you know what you're getting, so it probably won't affect its pricing. But an *L.A. Law*-type segment with a lot of sexual innuendo within a *Matlock*, to pick an absurd example—that'd be a problem for advertisers.

Amid reports that NBC's TV drama *Roe vs. Wade*, about the Supreme Court case that legalized abortion, had sparked several sponsor pullouts, Schulman stated that TV should not always avoid controversy. "Sure *Roe vs. Wade* is about abortion, but it's also a part of the history of our country. This

Angered by last season's sex & violence, admen say risque business is out this fall

Sponsor pressure pushes back TV nets' taste frontiers

By JAMES P. FORKAN

Television/RadioAge

May 29, 1989

After two seasons of pushing the bounds of taste in their programming, the TV networks, particularly NBC, have run into more ongoing pressure from advertisers, agencies, viewers and activist groups than they've encountered in many years.

Advertisers have been making their presence—or lack of it—felt at the networks, and to a lesser degree in syndication where the so-called "tabloid" or "trash TV" trend has been raising hackles since last year.

Moreover, a number of agencies claim that all the pressure could affect fall series and movie selections and could even have a negative impact on this summer's upfront-buy negotiations for the 1989–90 season. As a result, the networks appear to be pulling back from the notion of "pushing the envelope"—TV jargon for forcing programming beyond present boundaries of acceptability. In doing so, however, they prefer to see themselves as responding to the viewing public rather than caving in to pressure groups like Rev. Donald Wildmon's American Family Assn. and Christian Leaders for Responsible Television and the U.S. Catholic Conference's Office for Film and Broadcasting.

At the same time, network executives profess not to be overly concerned that the program content furor could have an impact on upfront pricing. Thomas Leahy, CBS Marketing division president, doubts that such pressures will distort the upfront climate. "Clients have always had criteria," he says. "But I don't think there'll be a revolution one way or another." He adds that "some excesses by unnamed networks were missteps" unlikely to be repeated to that degree.

At ABC, however, H. Weller "Jake" Keever, executive vice president of sales, acknowledges that the sensitive-programming issue will be "more important this year" in upfront talks. "Advertisers have told us it's an important consideration." Moreover, he adds, shows with racy contents will "certainly" be "under a lot of pressure," so there could be an impact on their

A number of agencies see all the pressure on series and movie selections having an impact on the next round of upfront buying.

Kink of the miniseries: "Favorite Son"

Year of the electronic invoice?

Issue of TV station-to-agency bill is coming to a head

BY ALFRED J. JAFFE

The issue of sending electronic invoices from TV stations to agencies for national spot buys is coming to a head this year. A lot of people are saying it's about time.

This year seems to be a period of decision for the electronic invoice. Ad hoc committees from the 4As and TvB have been set up and are pursuing the matter, and the former organization has taken a position favoring an electronic standard broadcast invoice. Also, a major test of the electronic invoice involving two key service bureaus is being planned.

The idea behind electronic invoices is fairly straightforward. Most TV stations already generate a computerized invoice, sometimes referred to as an affidavit, which provides details of the charges. This bill is mailed to the agency, which must then input the details (number of spots, time of day, program, commercial length, costs, etc.) *manually* into its computer or that of its service company. How much simpler it would be if the computerized information could flow directly from the station's computer into the agency's (or service bureau's) computer. According to one hopeful view, speeding up invoice entry would result in quicker payments to stations and simplifying spot paperwork would attract more business to spot TV.

But putting the procedure into effect is not so straightforward. If the electronic invoice, or EI, is to be transmitted on an industrywide basis, there has to be an interface standard so all station computers can talk to all agency computers. There have to be benefits, preferably equal benefits, to both station and agency, or else why go to the trouble? The costs should be reasonable and equitable. There has to be coordination among the various parties affected: the stations, their service bureaus, the agencies, their service bureaus and the reps (the latter because the current EI issue revolves around spot), not to mention the relevant industry associations—the 4A's, TvB and the Station Representatives Assn.

There is more at stake here than just EI. Parties interested in resolving the EI issue, particularly the service companies, point to the broad movement known as EDI (electronic data interchange), a development to make U.S. industry more efficient. In the spot broadcast medium alone, the EI could lead to electronic transmission of copy instructions as well as the contract/confirmation form.

The EI issue has been hanging fire for a number of years. Data Communications Corp., since taken over by Jefferson-Pilot Data Services, Charlotte, has been transmitting invoices electronically from some of its BIAS stations to a few agencies employing DCC's Spotline system for as long as five years, according to Mike Jones, president of JDS. Donald Crabtree, vice president and general manager of agency and rep services for JDS, reports that, currently, 35 BIAS stations out of about 220 are now sending EIs to six Spotline agencies. But the "critical mass" needed for an industry standard was never achieved.

A couple of years ago, Donovan Data Systems, the leading agency service bureau, which represents about 70% of spot TV billings, came up with a "universal" format called EASI (electronic affidavit Spotpak input), which was designed to receive a station's invoice/affidavit, translate the station's codes to agency codes and match the listing of spots on the invoice with the agency's buy list to catch discrepancies. JDS, which has about 330 station clients, representing about half of the spot business, has agreed to supply invoices to DDS in a test, which is planned to be comprehensive as to the volume of invoices and to provide the critical mass for an industry standard.

While JDS and DDS are the indispensable service bureaus in any EI system, representing the lion's share of the spot television business, others are also being involved or have been asked to cooperate. This includes the Columbine and Enterprise traffic systems and individual station groups and ad agencies which have in-house computer systems.

Approval needed

Before the test gets underway. JDS must get the approval of its station clients. At this point, the test will be confined to BIAS stations, excluding the 110-odd outlets that use the JDS-2000 traffic system. The latter is an on-premises, "standalone" system, as contrasted with BIAS, which employs a central mainframe in Memphis.

The station invoices will be mailed to at least two Donovan agencies on tapes, which will be generated in Memphis by JDS. This is no problem for BIAS stations, which are linked to the Memphis mainframe. The standalone

Jefferson-Pilot Data Services is key station service bureau in planned test of electronic invoices this year.

is not fiction, and it's well done. This is not trash TV, thrown on just to get ratings—it's not a *Sex Tapes* we're talking about. Why should the American public be sheltered from these things?"

"There are three entities involved: the advertisers, the agencies and the networks," observes O'Toole. "The networks obviously felt the need to broaden their standards as a result of increased competition from cable and probably VCRs as well." Saatchi & Saatchi's Frank agrees. NBC's Tartikoff, however, has dismissed that premise. "It's erroneous to think we're studying charts of audience dropoffs and say that the way to bring that audience back is by getting more lurid, by having more violence, by having more sex," he said at the January press tour. "No one is consciously doing that."

"Clearly the thrust, the impetus is coming from the advertisers insisting on much more scrupulous screening of programming and being much more selective regarding programs in which their commercials appear," says O'Toole. However, he stresses, "I don't think [the furor] has anything to do with Rev. Wildmon. He's a paper tiger." Adds Schulman, "If Rev. Wildmon has his way and the primetime schedule is all *Highway to Heavens*, that would boost the VCR rentals of films."

"Swimsuit" promoted with a leer?

Increased concern

Meanwhile, Winner maintains there is not "a trend" toward racier programming, but rather "there's an increase in concern over program content" as the ad community casts an eye toward "potential interest group eruptions." Program content "always was an issue," in his view, but it became more pronounced last season. "Most of us have been prescreening [series as well as movies]," he observes. "We'll just tighten the criteria."

When asked if the controversy may become part of the upfront process, Y&R's Isacsson doubts it. "No, I don't think so, because the message has been sent—loud and clear." Instead, he notes, it will affect the series selections for 1989–90. Indeed, he observes, the Big 3 seem to be retreating already on racy content. "ABC pulled two specials they weren't proud of, or couldn't sell—or a little of both," he says, pointing to *Crimes of Passion 2* and *Scandals II*.

In FCB/Telecom's pilot analysis, Sherman McQueen, senior vice president-general manager, reported that Tartikoff "went to great lengths [in his March pilot presentation] to assure advertisers that NBC is not going to be in the pushing-the-boundaries business." BBDO quoted the NBC exec as saying NBC was "beefing up" its broadcast standards operation.

Interestingly, last December the Big 3's "censors" were maintaining that viewers' tastes were becoming more liberal and that their own standards were not being compromised by budget cutbacks. In January, Tartikoff, while calling some criticism of Rivera's satanism show "probably appropriate" and some aimed at *Favorite Son* as unfair, conceded that some shows, such as "occasional" episodes of *L.A. Law* and *Saturday Night Live*, "necessarily need to be policed." He added, "There may have been things that have gotten through" but "we're learning from this." By late March, he was telling agencies, "I do think there is a shift in audience taste, and we'd be foolish not to listen to that feedback."

While the heat from the program standards issue seems to have caught the networks somewhat off guard, their affiliates had expressed concern over the Big 3's cutbacks in the so-called "censor" departments as long ago as last fall (TV/RADIO AGE, Sept. 19).

Meanwhile, syndication too is coming under closer scrutiny by agencies and their clients. Michigan housewife Terry Rakolta's letter campaign to sponsors of the Fox Network's *Married... With Children* became public in March. Criticizing that sitcom for sexual innuendo within the family-oriented Sunday 8 to 9 p.m. (ET) span, she caused accounts like Coca-Cola Co. and McDonald's to reconsider their buys.

Elsewhere, the so-called "tabloid" or "trash TV" trend may be hit hard by all the sponsor unrest over content, many agencies feel. "I think absolutely that the more sensational shows' pricing will be hurt" in the syndie upfront talks, says Grey's Mandel. "It may get so that some shows that are out there now may not be there when October or November rolls around." Distributors of such shows, he notes, are "caught in the middle. If they don't tone down, they'll lose advertisers. If they do tone down, they may lose viewers." One show that is about to find out where its future lies is MCA's *The Morton Downey Jr. Show*. Downey himself has lately said he will cool down his confrontational talk show, a move seen by some industry sources as due to general sponsor reluctance to buy such fare. □

FCB's J. Walter Reed has been pushing electronic invoice

of anything that will improve the value of spot TV, but the benefit has to be defined. The group has not come to any conclusions yet, but it is very much aware that the agencies would save money with EI and feels that saving should be reflected somehow in funding the cost of EI.

"There are a lot of unanswered questions," says Stecker. "We need a concrete definition of what will take place. For example, the agencies haven't said that X% of discrepancies are due to agencies or that electronic invoices will speed up payments X%." Stecker also maintains that stations need a more detailed proposal from both JDS and DDS. And, "Even if the [EI] idea has merit, there still remains the question of who will pay for it."

It isn't likely that agencies will commit themselves in advance to speed up payments because of time saved by electronic transmission of invoices. Nor are they likely to commit themselves to buy more spot TV because the paperwork is simpler. The agency position has always been that the choices of media should depend on the need of the product advertised, not the cost of processing the buy. Nevertheless, the possibility of faster payments and more use of spot TV exists because of EI.

There is still another angle to the cost and benefit issue. And that is electronic transmission of ad instructions. "One thing we do foresee," says DDS' Solomon. "Several agencies have indicated they are interested in sending electronic [commercials] instructions. Agencies will be talking to stations about this."

JDS' Jones indicates the stations would have a positive response. "The major beneficiary of electronic copy is the station. It explains how to rotate spots, it means timely instructions and it helps avoid discrepancies."

JDS' Crabtree sheds some light on how integrating electronic instructions into the spot paperwork system could help resolve the dispute about who pays for what. He says there was some sort of verbal agreement between JDS and DDS that JDS would not charge DDS and its agencies for electronic invoices in exchange for DDS not charging JDS and its stations for electronic copy instructions.

Charges possible

This would not necessarily wipe out additional charges by computer services. Donovan could still charge its agency clients and likewise for Jefferson and its station clients.

Added services may mean added costs, Solomon points out. "We have to do more processing with electronic invoices. We have to process the tapes and return them. The software [for EASI] didn't come cheap. It was more than $275,000. And it will require more development and maintenance." At this point, however, Solomon says he cannot be specific about costs. "There might be more cost to the agencies," was all he would say.

Larry Tobin, senior vice president for marketing at DDS, argues that savings will come in the future. "There is a potential savings of millions [of dollars] on both sides."

Solomon also stresses the long view: "You have to spend some to save some." And he refers to the broad subject of Electronic Document Interchange. "U.S. industry is making big strides in this area. About 50% of General Motors bills are paid electronically. In the past five years major cash parts of the economy have been made electronic. Of course, in the case of GM, they can dictate. In broadcast there is a peer relationship." So far, Solomon laments, neither side has been able to convince the other on the subject of funding and handling electronic invoices. "We were technically prepared 18 months ago."

Meanwhile, JDS has been sending letters to its BIAS stations and Jones believes the test will be completed this year. He also makes the point that "these things take time." He notes that it took about five years for the agencies, through the 4A's, and the stations and through the TvB and SRA, to agree on the standard spot broadcast [paper] invoice and put it into practice during the late '60s.

So far there have been no formal discussions between stations and agencies regarding EIs. Ron Collins, president and general manager of KAKE-TV Wichita, who is chairman of the TvB's Sales Advisory Committee, says a broad panel may be set up under TvB's auspices to work with the 4A's on the subject of EIs.

Collins admits there has been "a tremendous amount of foot-dragging" and says he would like to see the EI matter move forward. The EI, as a topic, he notes, is at least four years old. But he adds that there are some excuses for the delay.

'More pressing matters'

"Our business is complicated and a lot of things have been happening. There have been more pressing matters. There have been a lot of acquisitions and new onwers. Station audiences have been fractionalized."

Basically, says Collins, there is no question about the EI being a help. "If it would help spot, it would help stations. But there are still questions: How would it be done and how would it be funded?"

Hovering in the background, according to some sources, is the fear among reps of "electronic buying" which would outflank the rep function. Reps would also be affected by another piece of the paperwork jigsaw—the electronic contract/ confirmation form—though how is not clear at this point. This piece of "paper" impinges on all three participants in spot, agencies, stations and reps.

Also off in the future is the role further computerization would play for spot radio. Reed would like to see the electronic invoice extended to spot radio, though he doesn't expect it to happen automatically as a result of an electronic invoice for spot TV. In any case, he reports he already has a letter of support from Interep. □

clients would have transmitted their invoices to Memphis by telephone line, but because of the expense it was decided to exclude them from the test. "This is a purely economic decision," says Jones. As for the BIAS stations, the JDS president comments, "I would hope that most of them would go along. I don't see why they wouldn't."

BIAS stations will be asked by letter to sign an approval for the test. It would be with the understanding that, for the time being, the paper form of the invoice would continue to be mailed to the agencies. The eventual goal is to drop the paper invoice, says Jones, "but agencies may have to revise their internal procedures first, and we have no control over that."

Standard invoice

Of the two main forces involved in the electronic standard broadcast invoice—the stations and agencies—there is little doubt that the latter regard the issue with more urgency. A final position paper from the 4A's came out last month stating that "in recent years, a serious 'paperwork bottleneck' in the processing of spot broadcast invoices has arisen among its member agencies. The association strongly believes that the adoption of the *electronic transmission* of the standard broadcast invoice will alleviate this bottleneck."

The position paper states that the association intends to "promulgate" an electronic standard broadcast invoice (ESBI) by consulting with TvB and other industry associations and computer vendors interested in its development.

The paper recommends that 4A's members "implement the ESBI as soon as it is feasible" and notes that while the ESBI will initially supplement the mailed invoice, the ESBI will "ultimately replace the mailed version of that form in all but a few special cases.

"The adoption of the ESBI should eliminate manual input and its accompaying inevitable errors that prevent successful invoice matching and significantly reduce the time devoted to handling and processing spot broadcast invoices—from receipt to completion of entry. Reducing or completely eliminating the time taken for these steps should lead to agencies processing invoices more quickly."

The position paper follows the setting up last January of a joint 4A's committee representing the association's Spot Broadcast and Fiscal Control Committees. The spot broadcast members are J. Walter Reed, senior vice president and corporate director of spot broadcast, Foote, Cone & Belding and Barbara Hughley, senior vice president and associate director of local broadcast, Ogilvy & Mather, U.S. The fiscal control members are Craig Brown, executive vice president and chief financial officer, D'Arcy Masius Benton & Bowles, and William Overlock, executive vice president, administration and finance, Lintas: New York. Both FCB and O&M have agreed to participate in the JDS-DDS test.

Reed has been in the forefront of the effort to bring about an electronic invoice. He explains the agency interest: "It takes two to three weeks to get an invoice into our system and processed. Most of that time would be eliminated since [the electronic invoice] would go into our system as soon as it was received."

Discrepancies cut

Even more important, says Reed, is the elimination of discrepancies caused by manual computer input of station invoices at the agency. There are many chances for errors considering the huge volume of numbers involved in spot paperwork, he points out. Reed figures that his agency places well over a million spots a year on individual stations.

Obviously, there would be manpower savings to agencies once the EI was ensconced into the system. But how much? No one knows for sure. Reed roughly estimates that the saving would amount to 0.1 to 0.2% of the agency's gross spot billings, which doesn't sound like much. But the percentage would be much greater when carried down to the bottom line.

David Solomon, executive vice president of DDS, points out that when the spot TV total is considered—and he puts it at about $7 billion this year—small percentage savings can add up. A 0.1% saving on $7 billion is $7 million; 0.2% is $14 million.

JDS' Don Crabtree oversees firm's station-agency link

Small or large, the savings and the costs associated with EIs are major issues and the controversy about who should bear them has arisen more than once. At one point early in the discussions, JDS was arguing for agency payments on the ground that agencies were benefiting from eliminating the costs of manual input of EIs. But the argument was later dropped.

A Donovan presentation on EASI noted that Jefferson has proposed a charge to stations and agencies involving a $120 monthly "connect fee" plus 60 cents per invoice and five cents per spot. "DDS thinks this is nuts!" the presentation said bluntly. "We believe stations and agencies should be responsible for their own costs."

The issue of EI costs and benefits is occupying the attention of a small, informal subcommittee of the TvB's National Sales Advisory Committee, the bureau's rep arm. The three-member group, which has been charted to examine the broad subject of electronic document exchange, was set up in March. It consists of Harry Stecker, senior vice president and director of marketing for Petry; John Poor, Jr., senior vice president and director of support services for Blair Television and James Joyella, senior vice president for national sales at TvB. While the reps are not directly involved in the transmission or reception of electronic invoices, their input is welcomed by the agencies because of their influence on station policies and attitudes.

Stecker says the group is in favor

Don Russell

You can buy a radio station, turn it around rapidly and make a 2 share an 8. If you buy a TV affiliate with a 25 share, it's hard to turn it around. And in radio, you don't need the heavy financing you do in TV. If you buy a radio station for $8 million and throw in $3 million of equity, raising $5 million of senior debt is a little different than raising $30 million of cash equity for a TV station."

The high prices that have to be paid for TV stations are discouraging all but TV operators, who are buying for the long haul, observes James Blackburn, chairman, Blackburn & Co., Washington. He notes that new venturers like I. Martin Pompadur of ML Media Partners are "mostly insiders using outsiders' money."

Even in radio, Blackburn says, the prices are so high that "the buyer has to know what he's going to do with the station. Even the lenders today tend to be more sophisticated outfits. Whether they're commercial credit companies or banks, it's narrowing down to those that have experience in lending to the industry."

Commenting on the price tug-of-war between buyers and sellers, Blackburn asserts, "If an experienced buyer is not going to pay the higher price, an inexperienced one won't be able to either, especially since they'll have more trouble getting the financing."

He notes that FM stations are at 10–13 times cash flow in the larger markets and at least at 10 in the smaller ones. "With AM," he adds, "it's impossible to tell because the market is so thin. AMs tend to sell on their franchise value and would represent a higher multiple of cash flow on the best facilities. The worst ones just go begging."

When the best AMs in the country are sold, says Blackburn, they go to big station groups. The others are attractive primarily to specialty buyers—as religious, ethnic or foreign language stations, he adds.

From cable to radio

Some of those interviewed observe an intensive interest among former and current cable operators in getting into radio stations. BIA's Intrater describes them as "cash-rich people who have cashed out of cable and look at radio as a management intensive business."

One example that he gives is Atlantic Ventures Corp., Manchester, Mass., run by Steven Dodge, who had owned the majority of American Cablevision and sold it to Continental Cablevision. His group has acquired WRKO/WROR Boston, WEZO/WRMM (formerly WNYR/WEZO) Rochester, N.Y., WAQX-FM Syracuse and is closing on WXXX(FM) Burlington, Vt.—all of this activity within the last 12 months.

Another example is Helicon Cable, Englewood Cliffs, N.J., which is buying WONP(FM) Wheeling, W.Va. and has hired Dick Rackovan, a radio veteran from The Outlet Co.

CEA's Russell also sees a number of cable executives getting into radio, such as Cablevision Systems Development Co.'s Chuck Dolan and Century Communications' Leonard Tow. He adds that a number of people who had worked for Steven Dodge are also starting their own radio ventures.

"For the larger companies," Russell explains, "they see it as an interesting opportunity for cross-promotion and a synergistic product. Others see it as another form of marketing-based communications product that they can take advantage of."

He notes that buying a cable system means paying for the future, but with radio, more can be done with it in the immediate term. Radio's cash flow multiples of about 10, he observes, are significantly lower than the 13s for cable.

As for new entries into the cable world, all eyes are on Chicago, where Pacific Telesis, has worked out a deal to take over from Transamerica Corp. the interest it hopes to buy in the Group W Cable system along with Prime Cable. To get in the door, though, it will need a waiver of a U.S. District Court judgement that otherwise bars telco entry into cable.

"This could have very significant ramifications for the whole industry," observes CEA's Russell. "If Pactel gets approval, it wouldn't surprise me if this translates into other phone companies coming in. I also see foreign companies taking an interest in cable; there are such prohibitions in broadcast that they can't get a sizeable stake there." He notes that a recent bid for Jack Kent Cooke's Cooke Cable that recently fell through involved a consortium including a Japanese company as a significant partner.

Intrater discloses that other Bell operating companies now strongly considering cable are Bell South, Southwest Bell and U.S. West. But aside from the telcos, he says, newcomers are too put off by the expense, coupled with the possiblity of rate regulation.

Dean Meiszer is president of a new joint venture owned 50–50 by Cincinnati's R. C. Crisler & Co., a brokerage firm, and the same city's Society National Bank. It has applied for the name of Crisler Capital Co. Meiszer, who had been a senior vice president at the bank, says, "In cable, most of the deals are megadeals, and the very large cable companies are making those acquisitions. They're able to pay the multiples that sellers are look-

First quarter station sales

Type	*1989*	*1988*
Television		
Independents	26	4
ABC affils	6	0
CBS affils	6	2
NBC affils	4	3
Radio		
FM	90	48
AM	73	69

Source: BIA Publications Inc.

Station trades insider game

New buyers discouraged; cablers move into radio

By EDMOND M. ROSENTHAL

TV and radio station and cable system ownership is increasingly becoming an insider's game. With trading in properties finally beginning to perk up some after a lag for the past couple of years, a number of factors are still discouraging those not already grounded in the industry.

- The gap between asking prices and what buyers are willing to pay has not yet closed in general.
- Financing has become tighter for those without current cash flow.
- TV stations' declining shares have put a damper on the old "license to steal" philosophy.
- While radio is recognized as having a greater upside potential than TV, the increased competition in many markets, particularly with new FM frequencies having been shoehorned in, makes it a more management-intensive business.
- The high prices of cable systems are making them grist only for major MSOs that can put synergism to work—although the telephone companies are anxiously waiting for doors to open. Meanwhile, many cable operators are moving into radio.

Production companies

Both Don Russell, president of CEA Inc., the New York company of Communications Equity Associates, and Ted Hepburn of Ted Hepburn Co., Cincinnati, see the most significant "outsiders" coming into TV station ownership as being the studios. Russell notes that it made sense for Gulf + Western, with its Paramount a significant producer of programs, to buy five independent TVX stations, and Hepburn sees Disney's move into station ownership as also making sense.

"There are some new players moving in slowly," Hepburn adds, "but most of the trading is incestuous. The newcomers coming in in terms of actual trades are few, but in terms of actual size, they're big."

Charles Giddens, partner in Media Venture Partners, Washington, comments, "It's hard generally for outsiders to get up to speed in financing, but it's still more likely for them to get into TV because it has a more historical cash flow record while radio is more management intensive. But overall the risk factor has slowed down outsiders, who find other types of business where the risk is less and the return greater.

"Some, though, will look at radio as less of a risk, because a $3 million station can fail and not ruin their company. In television, more of the money that's coming in is from a financing point of view—institutional dollars."

New York-based broker Howard Stark says some of those looking to get into the industry for the first time want highly leveraged financial deals: "The amount of equity required is more than they want to put up, and they want the banks and insurance companies to finance 90%. I tell them that, if they want to invest in broadcasting, they should go buy Capital Cities/ABC stock." There are more outside investors in radio, he notes, because the expense is lower.

One of the key openings for outsiders, Stark comments, is for minority groups, "where the seller can get a tax certificate—but the minority groups are asking for huge discounts on the basis that the seller saves on tax. But the seller just defers the tax and has two years to invest in another medium—broadcast or cable." He notes the investment can also be in a publicly owned stock where the direct business is broadcasting, but the shelter is only until the time the subsequent investment is sold.

"I don't pay too much attention to people who say they have a syndicate and want to invest in TV," Stark concludes.

James Blackburn

Outsiders with equity

Involved in acquisition consulting, Jonathan Intrater, vice president, BIA Financial, Broadcast Investment Analysts, Washington, has observed the entrance of some well capitalized nonbroadcasters recently. He notes the newly formed Oak Broadcasting out of Chicago is headed by Michael Mater, who launched the heavily advertised Rusty Jones line of undercoating for cars 12 years ago and sold the operation to Beatrice Foods. Promotion-orientation is the key to this group's move into radio station ownership, Intrater indicates.

Intrater is talking about "people who have a lot of equity. In turnarounds, they can throw in a lot of cash, or they can afford to buy into a heavy cash flow operation." Another example is Richard Cole, who had started up and sold an insurance company and more recently founded Cole Media, which bought an FM station in Flint, Mich. for $5.2 million.

"These guys aren't buying standalone AM stations," Intrater points out. "That's out of the question. They're either coming in as good businessmen with strong communications experience or hiring radio people to manage their properties.

"There are very few outsiders in TV because it's not as volatile as radio. Radio has a better upside.

CBS affil chief sees quiet optimism at meeting

Although the affiliates are not content with their network's rank in primetime and other dayparts, they are more optimistic than last year, so CBS-TV's June 3–6 affiliates convention in Los Angeles should be "a quiet meeting."

With no initiatives likely on cutting compensation fees and with CBS' promotional efforts having improved over the past year, Ben Tucker, chairman of the CBS affiliates board and executive vice president of Retlaw Broadcasting, Monterey, Calif., predicts, "Actually, it's going to be a quiet meeting." For the more than 200 CBS affiliates, he says, "The big issue will be to look at the Stringer/LeMasters/Corday team and whether things are going to start to turn around in prime." That team is Howard Stringer, CBS/Broadcast Group president; Kim LeMasters, CBS Entertainment president; and Barbara Corday, executive vice president—primetime programs, CBS Entertainment.

Improved ratings?

"The affiliates expect improvement" in the 1989–90 season ratings, Tucker continues, so the pilots for the fall lineup will be "of great interest to them." Though CBS finished the 1989–90 season again as an also-ran in the Nielsen ratings, David Poltrack, senior vice president, planning and research, CBS/Broadcast Group, points out that CBS did close the gap between it and No. 2 ABC significantly just since January. For the 25 weeks through April 17, the margin between CBS and ABC was just two-tenths of a household rating point (12.9 for ABC versus 12.7 for CBS)—compared to a full point at the end of 1988. The two networks tied in regular series ratings (excluding movie nights and *Monday Night Football*) at 12.5, he adds.

The affiliates "feel very good about the George Schweitzer/Michael Mischler promotion team" and their efforts since last year, Tucker observes, "but promotion can only get the people into the theater. It can't make them watch the movie." Programming is the key, particularly in the leadoff 8 p.m. to 9 p.m. (ET) time span, as CBS affiliate and ad agency sources point out. "The question is how patient will the affiliates be?" says Tucker. "It's easy to talk about, but when it affects the way they do business, it's not easy for the stations to stay patient."

Pointing to the recently unveiled CBS/K mart joint fall promotional tie-in campaign, Tucker calls that plan "terrific—a great way to launch the season. That says we're going to get a lot of sampling [of new series]. And there will be a lot of tie-in possibilities for the affiliates on the local level. That's the wave of what we're going to do in the future." Moreover, Tucker finds it a "positive" development that CBS competed with NBC for that multimedia campaign "and we walked away with it." Jerry Habeck, K mart's director of advertising, says the chain brought the promotion concept, created by its agency Ross Roy Inc., to all three networks months ago, but "CBS had the most interest."

The issue of compensation fee reductions had been a hot topic last winter at all three networks but has since cooled down, following word that no cuts were imminent (TV/RADIO AGE, Jan. 23). When asked if comp cuts might be a subject for discussion and debate at this year's CBS convention, Tucker responds, "I really don't think so. It still is a concern, but CBS told the affiliate board it will deal with affiliates one by one. Every station has a very unique position in its market. That's where those negotiations belong—between the network and the station. I don't see any wholesale change in current practices."

The subject of racy program content has lately been given considerable coverage in the consumer and trade press, but Tucker does not anticipate that it will be a thorny issue at the annual Century Plaza gathering. "Stringer talked a lot about this at our regional meetings," Tucker says. "He assured us that CBS has no intention of getting into sensitive programming and lowering our standards. That sent an important message to the affiliates and the Hollywood community. Over the long run, that's not where we're going to attract and sustain viewership. We want comedies that make us laugh ... We don't want something we'd be ashamed to watch as a family."

Tucker calls for "patience" on the part of affiliates in at least two non-primetime dayparts. "Almost everyone is comfortable with *CBS This Morning* and *Sajak*," he feels, "but they're anxious for them to grow." Such growth will "not be sudden" but, hopefully, "consistent," he says. Keeping in mind that CBS' entries in those areas are opposite "institutions," Tucker emphasizes, "It's going to take some time. The affiliates are not going to fight the network's commitment [to those shows] as long as the quality is there." Then he adds after a pause, "That too is easy to say and tough to practice for those in tough markets."

CBS says that a CBS Marketing division presentation will be among the events on the convention agenda. Focusing on the sales outlook, Tucker says, "National spot still isn't terrific. Overall spot is up 4% to 6%," with medium and smaller market stations hurting most. □

Ben Tucker, r., with CBS affiliate relations head Tony Malara

Station sales, 1986-88

Type	*1988*	*1987*	*1986*
Television			
Independents	30	36	40
ABC affils	9	20	17
CBS affils	9	17	18
NBC affils	13	14	19
Radio			
FM	281	265	277
AM	301	289	249

Source: BIA Publications Inc.

ing for at this time."

Clyde Haehnle, senior vice president at Crisler, says the new venture will operate as a capital funding arm and, "We hope to encourage new sources of capital to come in on a subordinated level. We'll use the same sources of senior lending as before and expect to do total deals between $3 million and $50 million.

"This will be a one-stop situation, covering senior, subordinated and venture capital, and we're not obligated to place the senior debt with Society. There have been numerous people who had hesitated entering the business because of lack of knowledge of the industry. If they have confidence in our ability to judge what's a good investment, we can get them in."

But Meiszer cautions that the likelihood of someone not currently an operator getting financing is very slim: "If you're operating three radio stations, the chances are better than if you're someone selling satellite dishes. One way for a new player to come in is to take on an operator as a partner—or hire someone who has been an operator on a longterm contract. And that would probably mean giving him a piece of the equity."

As for new sources of subordinated debt, he says, "State pension funds have so much liquidity that they're looking for investments—so they're a good source of subordinated debt if you're incorporated in that state." He notes that state teachers' retirement funds and public employees' funds are key examples.

Meanwhile, the big swapmeet in radio stations is still on, according to Hepburn: "A lot of these trades are being made because a station has 'maxed out' or the owners just aren't able to make it work. They'll say they've tried to be competitive for two years or four years or whatever and it hasn't worked. Then, very often they'll turn around and buy another station."

To Hepburn, this isn't inconsistent: "People can get burned out in a market after several format changes, and it's not unusual for them to buy another station and make it successful—and for someone else to make their failure successful."

While most brokers speak in terms of multiples of cash flow in pricing a station, Hepburn claims, "There's no such thing. In radio, there have been no real multiples for some time because of the diversity of stations and what a new owner perceives he can do with a station over the next few years."

As for TV, "When Knight-Ridder sold its TV stations [all affiliates], they went as low as 10 times cash flow and as high as 30. TV stations perform much more erratically than they used to because of the number of independents in a lot of markets and the erosion of viewing to cable.

"A multiple is still a guideline. If you want to pick a multiple, an affiliated TV station or an FM station will sell in the neighborhood of 10 times cash flow—but in radio, you're more likely to go below 10 in a very mature station. An independent TV station is more likely to go for eight or nine.

"But how can you put a multiple of cash flow on a radio station that lost $600,000 last year—or on a station where you're going to change the format. You also have to look at how many dollars there are in the market, the opportunity for growth there, how many dollars it's actually garnering and the opportunities for expense control. Of course, it's easier to find a TV station's rightful share of the market than a radio station's.

"All that tells you that there are no instant formulas. And announced prices aren't always what they seem. I know a buyer who paid $2 million for an independent station, and the seller announced $8½ million in the press. This is because the buyer assumed $6½ million of program debt. But also the buyer knew he'd be able to negotiate with program suppliers and cut that indebtedness in half. He had a lot of leverage because he had some other stations."

Stark, noting TV stations are ranging currently from 10 to 12½ times cash flow, says that compares with 12 to 15 a year ago. He says it's largely been caused by the higher cost of money and talk about the networks losing viewers to cable and home video.

Blackburn sees affiliates trading at 11–13 times cash flow. As for independents, "When they sell, it's more on potential than past performance. The profitable independents are not for sale."

CEA's Russell observes that trading for both radio and TV stations has picked up recently. He adds, "There's a lot more interest in independent TV than there was a year ago because of the shakeout in the business. Programming is becoming more amortized. And there is still plenty of money available to buy affiliates. Prices are down from the incredible multiples of 14–15 times cash flow that they were at three years ago."

Concludes Giddens of Media Venture Partners, "The market usually picks up this time of the year. There won't be much change in the multiples, but there will be a little more financing." □

Jonathan Intrater

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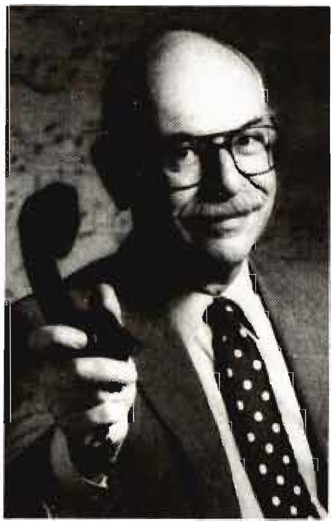

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Business Week
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First Vice President
Director of Marketing

WQXR 96.3 FM 1560 AM

The Classical Music Stations of The New York Times

Television/Radio Age

CLASSICAL RADIO

Demographics, psychographics deemed more important than 'image'

Agencies find medium well worth the higher cost

By ROBERT SOBEL
and GEORGE SWISSHELM

Most buys are based on specific needs of the client, tied often to specific sales or promotions.

Agency buyers are learning, albeit slowly, that it pays to advertise on classical music radio. Most agree that what classical's audiences lack in quantity are made up in quality. Further, many point out, their clients say the audience quality delivered is worth the higher cost-per-point shelled out.

Highlights of reports from buyers of classical music time indicate:

■ Most buys are based on specific needs of the client, tied often to specific sales or promotions. Surprisingly, image is not the overwhelming reason for buying.

■ Classical budgets may range from 15% to as high as 45% of an advertiser's total radio budget.

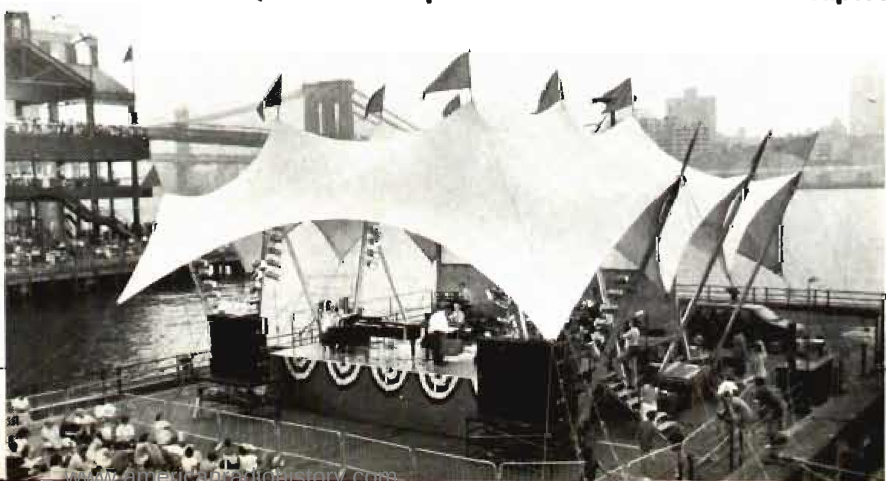
■ Research, while a valuable tool for some buyers, is far from the sole criterion for evaluating a purchase in classical.

At Saatchi & Saatchi, Sondra "Sam" Michaelson, vice president/radio, says that at present the agency buys classical radio for two clients, Paine Webber and Northwest Airlines. "Psychographically, their listeners fit our consumers in money, education, where the listeners live, and so forth. All this is very important because the audience is very small and very highly definable."

As an overall policy, Saatchi tries to buy on most classical stations, clients' budgets permitting. This blanket endorsement is based primarily on the agency's faith in classical. "I have never heard of a dog of a classical music station," notes Michaelson. "Take a look at the one in Philadelphia, for example [WFLN(FM)], and the ratings it's getting."

Marine Midland Bank, Cadillac cars and The Food Emporium are

Prudential Bache/WQXR "Summerpier" at New York's South St. Seaport



Chicago-area Pontiac Dealer. Says Pickett: "Classical stations have a somewhat unique audience that can't be reached on radio with a good many other formats. One of the main reasons clients use classical stations is to widen their audience spectrum and extend the reach of the total radio buy. There's also a feeling that classical music is not just background sound—that classical music listeners are more attentive, and this may tend to make the commercials stand out better."

At Ketchum Advertising/Pittsburgh, senior vice president, media director Michael Walsh says he's "encouraged by the growth of the classical format. Until recently the only classical music we could hear on Pittsburgh radio was on the public station here. But now a commercial station has adopted the format."

Networks help

Walsh notes that today's availability of classical music networks makes it easier for a station to carry classical, since it doesn't have to do all its programming itself. He adds that adopting classical "also seems to be a logical extension of the growing trend to niche marketing—the attempt by station operators to fill a need that no one else in the market is supplying."

Walsh explains that the reason he's "encouraged" is that the availability of commercial classical formats "enables us to reduce waste circulation when we're looking not for big ratings, but for qualitydemos for clients that have a corporate or image message to put across to opinion leaders."

Grey's Taub says, "Depending on the package the station offers, we'll buy spot. Or we'll pick up a sponsorship as Canada Dry is doing in WQXR's *Memorial Day Musicfest*."

This is limited to six sponsors for a "radio event" that starts on a Saturday morning at 8 a.m. and continues through Monday until 8 p.m. "during a weekend when a lot of people are on the road on the way to a picnic or doing a cookout in the back yard—and they need a beverage to go with the cookout or picnic food."

She adds that besides the upscale radio environment, *Memorial Day* sponsors also get an ad in *The New York Times*, listing them as sponsors of the fine music event.

June Wohlhorn, Homer & Durham's vice president, media, and classical music station buyer for The Boston Co.—private banking group, the Scandinavian Tourist Board and the American Savings Bank, says that the three clients use classical in different ways. The Boston Co. utilizes both WQXR and WNCN plus WCRB(FM) Waltham, Mass., and WGBH, the FM public radio station in Boston, in sponsoring various programs. The American Savings Bank currently sponsors *Wall Street Journal* and news reports, while the Tourist Board does run-of-station.

The Boston Co. has a long association with classical, points out Wohlhorn, which amounts to a cultural community tie. The company deals with the top 1% of wealth, she says, and "wherever possible they try to foster that cultural tie because of the individuals who are involved." The banking company, therefore, is looking at classical primarily as an image-builder, rather than for direct response. "Although we do run commercials that can be responded to, we are not looking for a direct cost-per-inquiry." Regarding Scandinavia, she adds, the radio it is doing now is

Neil Faber: Points to success stories in medium.

Susan Gershon: Tuned in for martinis and men's wear.

the three local classical music buyers in New York handled at D'Arcy, Masius, Benton & Bowles. And, according to Janet Milone, assistant broadcast manager, the buy depends on the account's needs. "Cadillac comes in for four or five weeks at a time, while Marine Midland has regular sponsorships. On WNCN we have sponsorships of news and on the *Wall Street Journal* reports." Regarding Emporium, Milone says the food chain's advertising is "flighted in and out," depending on the weeks.

A lot of this judgment comes from what the client is pushing at the time, she continues, and what is appropriate. "For Food Emporium, we use all dayparts and a combination of spots, put together. Sometimes, in Cadillac we will pick some specific programs. Sometimes we may only buy news sponsorships. It depends on what we are trying to do with the campaign."

Both Food Emporium and Marine Midland have venues in New York, so that's where the classical station advertising is concentrated. But Cadillac gets a run on stations in other markets as well, depending on rates, ratings, cost-per-point, quality and status of the station in the market, says Milone.

Joanne Taub, vice president, assistant media director at Grey Advertising, observes that Pan Am's logo for its air shuttle is "The Corporate Jet," which makes image "an important aspect of reaching the upscale business traveler we're targeting. A well-programmed classical music station can help provide that image."

Taub says WQXR AM-FM is the only New York classical music station Pan Am has a 52-week commitment with. She says Pan Am sponsors the 6:27 *Business Preview* on WQXR: "Pan Am gets an opening and closing billboard as well as our message. And the timing is as important as the environment because at 6:27 a.m. it's early enough to catch many business flyers on their way to the airport, at a time when they may be making that final decision about which shuttle to fly."

Taub adds that besides *Business Preview*, Pan Am has additional morning-drive spots on classical music stations and that in New York Grey also buys both WQXR and WNCN for Canada Dry seltzer, "which is looking for the same upscale listeners who use bottled water."

Upscale spot

Susan Gershon, senior vice president, account supervisor at Kal Liebowitz's KSL Media, Inc., reports having placed spot, mostly in morning and afternoon drive, on classical music stations in several markets for a dry vermouth and for a leading clothing manufacturer. The latter, she says, has a line that "includes $500 and $600 suits, which explains why he needed upscale listeners."

Gershon adds that both clients used classical stations in New York, Los Angeles, Boston and Washington, D.C. and that the clothing client was also on the air in Dallas-Fort Worth. Both were looking for audience quality and image, "and were willing to pay the premium to reach the more specialized audience they wanted."

Gershon notes that in both these cases "It was difficult to attribute their sales increases to any one station because classical was one of two or three formats we used. But I know of a case—not our client—that made a one-station classical music buy here in New York. It was a restaurant, and their clientele jumped so dramatically they still wine and dine that station's sales person, who was responsible for their sudden good fortune."

Neil Faber, president of the media consulting firm, Neil Faber Media, Inc. adds, "Classical music stations can point to all kinds of success stories. Even before classical music stations started to promote like top-40s, though geared of course to their own special listeners, Campbell Soup's frozen foods were using classical formats with great success. So was Kretschmer's wheat germ, going after that health-conscious listener. Today half the population is into nutrition or exercise or both, but when Kretschmer started on radio, 'health-conscious' correlated more closely with most other upscale characteristics. Einstein-Moomjy, the New York area carpet retail chain, is still another advertiser that has used classical music along with other formats with very good results. And remember Blue Nun wine? Classical wasn't the only format Blue Nun used, but it was one of those we included in their spectrum buy. Radio worked so well for Blue Nun it made them rich enough to afford television."

In Chicago, Dick Pickett, chairman of The Media Bureau International, reports using Chicago's two classical music stations locally for an upscale furniture chain and for a

Michael Walsh: Classical radio's growth means less waste.

Sondra "Sam" Michaelson: Doesn't buy the "buying for image" bit.

a test. In addition to classical, the company is trying adult contemporary and beautiful music stations, "which definitely will be judged on a cost-per-inquiry basis." American's goals are somewhere in between, according to Wohlhorn, because responses are received regarding the ads that are run. "The fact that American has maintained a longterm presence in classical is not based solely on that. It's also because of the image they want to maintain in ways that the advertising doesn't necessarily show."

The Saatchi clients have advertised in classical for a number of years, says Michaelson. "The longevity speaks for itself as far as results are concerned," she notes.

Paine Webber has used the Concert Music Network on a 52-week basis, for many years, producing its own program, *Paine Webber Presents: Tradition*, an hour weekly show. Both the brokerage house and Northwest advertise on WQXR and on WNCN(FM). Michaelson says WQXR is used to attract an older skew, and WNCN is utilized for grabbing the younger demo.

At DMB&B, Milone also buys on both stations, basically for the same reason, and adds that because the target audiences at each are different, there is no or little duplication in reach. In the case of Cad lac, the target demo can chang she points out, in conjunction wi the changes made in campaigns f specific designs of the car.

At Saatchi, Michaelson says a vertiser budgets fluctuate, esp cially in airlines. "Northwest h many different airline deals goin They have a special Asian seri that we have just placed over a p riod of 52 weeks."

At DMB&B, Milone says th classical budgets are not singl out by the clients. "It depends c what is offered to them and hc valuable we feel the offer is at tl time." At H&D, Wohlhorn sa that Scandinavia's classical adve tising represents about 15% of i total radio budget. "Part of this because some markets don't ha classical." American Savings' bu get is about 45%, she says. In Ne York, the bank advertises "conti uously" in classical, hence accoun ing for the large budget allotmen

When it comes to the cost of a vertising on classical radio, tl CPMs are generally higher tha the rates of other formats, b

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Boston	WCRB	St. Louis	KFUO	Salt Lake City	KZQQ	Cape Cod	WFCC
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holding power of a well-done classical format, the only other place a lot of classical afficionados will go is to the all-news station. And five or 10 minutes later, they go back to the classical station. But AOR listeners will flip all over the dial, to other AORs and to a couple of CHRs. And even if you do want broad reach, you can add a classical station to broaden it further and extend your reach into the more upscale demos with the discretionary income."

Meanwhile, MBI's Pickett reports "a problem with one of Chicago's classical stations [WFMT]." He explains, "Their policy is no canned commercials. That puts them out of the running when a client has a commercial he's pretty proud of. That's too bad because it's a good station. But it's their own, self-imposed restriction. On the other hand, I have to admit the commercial delivery of their own announcers fits their format beautifully. And I can understand not wanting some ear-blasting jingle to upset the atmosphere of their overall sound."

Consultant Faber observes that classical "has been one of the last formats to segment itself, but finally classical, too, has done so, just as there are now so many different names and sound variations for what used to be just one top-40 format and just one country sound. So today we have everything from 'standard classical' to 'contemporary classical,' 'concert classical,' and 'modern classical' to 'light' and 'semi-classical.' Even the same classical station will move from light to heavy in different dayparts, from Bach and Brahms on one end through *Scheherazade*, Strauss waltzes, Gershwin and the soundtrack from *Victory at Sea*, all the way to some of the better Broadway show tunes on the other end. *Rhapsody in Blue* is so popular, one of the big airlines picked it up for the theme music behind its commercial.

"So you can see—or rather hear—that classical music is no longer only for the stuffed shirt elite alone. You can still target them with classical. But you can also target younger, but younger with higher income. And in today's marketing environment that means classical stations that will promote, will run contests, and will program special events."

In terms of gauging classical's results, Grey's Taub observes, "We know radio's results only in cases where radio is the only medium, and in this case, where classical is the only radio format used. That's difficult to determine when clients like Pan Am and Canada Dry use more than one format and at the same time also have television and print schedules going. However, going in, we have MRI's research-based data indicating that classical formats index well against both business executives for Pan Am and against heavy users of bottled waters for Canada Dry."

Meanwhile, the value of research in making classical buys is questionable.

At Ogilvy & Mather, New York, local broadcast buying supervisor Paula Falciglia says, "We do look at

June Wohlhorn: Different goals for different clients.

Simmons qualitative and we do look at station-supplied data, but we don't make buys off of it. For other formats we'll sometimes use this kind of information as a tie breaker, but in most markets there are no classical ties because there's usually only one classical music station."

Falciglia observes that, "In general, such as research companies Simmons and MRI and Scarborough, and the classical stations themselves have done a pretty fair job of conditioning buyers to believe that classical music listeners are the ones most likely to do exotic things like taking a sailing ship cruise to Macao. They've also managed to make a lot of advertisers' own marketing people think the same way and some of them will request that we add classical stations to their buys.

"Our buyers are pros; they know their products and what kinds of audiences the product needs to match the product and listeners psychographically. The formats we most often use along with classical to reach the more upscale 25–54 and 34–65s are news, talk, MOR and easy listening."

H&D's Wohlhorn says she uses any research supplied by a rep company such as Concert Music Broadcast Sales—Arbitron, Scarborough and Birch. "Obviously, the three clients we have are all upscale. For American Savings Bank, we look at money-market funds; for Scandinavia, we look at the audience's propensity to travel, and we check classical's indices against other stations in a market. □

much depends on specific conditions. At H&D, Wohlhorn says that some stations are competitive in rates, while others aren't. "It depends on market-to-market, and station-to-station. If there is an extremely strong station in the market, the CPMs may be higher."

Classical music listeners tend to listen for longer periods of time than news station audiences, so "your cume won't be as high, but you will have more continuity for the message." While ratings are not as important as demo reach, Wohlhorn says they have significance in that "you don't want to pay exorbitant amounts of money for the audience you are reaching. A CPM still should be something that is looked at because classical has its benefits in image. However, you may not want to pay out of line for it. It depends what you are looking for."

Cost is always a consideration, notes Saatchi's Michaelson. "But when you factor it down in terms of classical's qualitative audiences, I don't think it costs more than buying in other formats." Michaelson adds that the clients buy to reach the specific classical audience. "I don't like the word or thought that they are buying for image."

Taub says that across all of Grey's radio-using clients, "Only a small percentage of their total radio budget goes into classical formats. Pan Am and Canada Dry target upscale demos and want to maintain that upscale image. But for most other radio clients we buy to meet their GRP goal as efficiently as we can. Classical is a premium buy with relatively high CPMs and cost-per-point because you're buying qualitative rather than quantitative, which is what we do for most of our other clients who use radio."

Ketchum's Walsh concedes, "It's true that compared to other radio formats, classical stations generally run higher CPMs. But if you compare classical not to the CPMs of a mass-appeal radio station but to what you pay for other vehicles reaching upscale business decision-makers without the waste circulation of mass media—say a page in *Forbes* or *Fortune* or PGA golf on a TV network—then classical CPMs don't look so far out of line."

Paula Falciglia: Buyers know that listeners go for the exotic.

Walsh adds, "It's not solely a matter of waste circulation either when we talk classical versus the mass appeal formats. Classical audiences are more loyal. With the are some 52-week customers. Airlines, such as Midwest Express, are the exceptions, according to Caufield. Some advertisers have an annual contract but leave the option open on when they will run within that time, explains Caufield.

WFMR is getting shares of audience of 3-plus, making it one of the most listened to classical music stations in the country. And, according to Caufield, the station was pulling a 1.6 share, when he bought it but was still selling advertisers "well enough" because of the demographics of the audience. The profitability, however, is below Caufield's expectations. "It's still not what I feel the profitability should be or can be, but we have improved sales dramatically."

He adds, however, as with any turnaround situation, money is put back into the station in more promotion and higher salaries, among other things.

Elise Topaz, WNCN(FM) New York general sales manager, points to retail (mostly nonagency business), which currently represents some 35% of the station's business,

KFAC-FM seen remaining classical after purchase

While there has been no official announcement made as of presstime by the Evergreen Media Group, new owner of KFAC-FM Los Angeles, a high source close to the station says he expects the format to remain classical. It has been speculated the new owners would switch to a more commercial type of format.

The ownership change has been carefully watched by the classical people, not only because of the huge dollars paid, some $55 million, but also because of Los Angeles' importance as a major classical market. Los Angeles already has a public radio station which has been doing quite well with its classical, talk and other mixes, giving rise to additional speculation on whether KFAC would continue classical.

Staying with it. But traditionally, it's pointed out, most new buyers have stayed with classical. KFAC itself was purchased more than two years ago by Louise Heifetz and was kept a classical station, although Heifetz was said to have paid a healthy dollar for the station. Other recent examples whereby the format continued to be classical despite buyouts are WFLN(FM) Philadelphia and WGMS(FM) Washington.

Of course, by going to a more commercial format, owners can, theoretically, get a bigger and quicker payoff from their investment. This could be particularly crucial, it's observed, in the case of Evergreen because of the large money investment involved.

The AMer KFAC was sold to Lotus Communications several months back. It was simulcasting the FM programming but now is airing Spanish-language programming transferred from KWKW(FM), also owned by Lotus.

Retail plays best at stations

Education and creative selling deemed vital

The classical music radio business continues to remain healthy in a seemingly unending endurance fight and a slow but gaining education process to convince advertisers and their agencies to buy classical.

True, most of the classical radio stations polled report increasing business, spearheaded by retail, but they admit the going can be rough in breaking the classical sound barriers erected by ad agencies which are following the myopic vision of some of their clients. However, aided by any number of sophisticated research tools and services, and knowledge on using them, stations have begun to make selling an art and are showing progress in "teaching" the virtues of classical purchases. And as one industry sage has put it, "Classical radio stations are showing more savvy, doing creative selling and becoming more professional."

Retail on long-play

Retail is and continues to be the top sales gun at WFMT(FM) Chicago, according to Ray Nordstrand, president, followed by financial and travel, which has been the sales pattern for several years. Nordstrand notes that two of the biggest food chains in Chicago use the station on a 52-week basis: Dominick's and Eagle Food Centers. "That's a little unusual, but we also have Mark Shale and Land's End, which are also all-year advertisers.

"A very high proportion of our business is 52-week advertisers," continues Nordstrand, with a majority of our advertising dollars coming from program sponsorships, rather than from spot. The station's sales are up, and spring looks extremely good, he says, "which bodes well for the rest of the year."

According to Robert Caufield, president of WFMR(FM) Milwaukee and who acquired the classical station about a year-and-a-half ago, sales volume is up well over 15% since the acquisition with the bulk of the advertising coming from local retail or regional.

"About 80% of our dollars are either local or regional," says Caufield, with the rest coming from either national or network. Of the local dollars, more than half consist of direct accounts, not derived through ad agencies. Concert Music Broadcaster Sales is the station's rep and "does a good job for us," he says, and WFMR is part of the Concert Music Network.

Caufield says the station has a "very eclectic advertiser base." He says, "We have the kind of advertisers you would expect locally—the upscale jewelry store, car dealers and art galleries. But we also have longterm advertising relationships with a video shop and a hardware store, which both spend a lot of money with us."

Typically, local advertisers are heavy into flights, although there

WXQR's Simona McCray

Interep names classical coordinator

Interep, the megarep radio company that handles sales for a number of stations through its various component firms, has beefed up the classical sales area by hiring a rep to specialize in classical sales exclusively for its eight fine-arts stations.

According to Bob Lion, New York regional executive for The Radio Store, Interep division that does specialized selling to meet advertiser needs, Melinda Murphy, formerly of CBS Radio Representatives, will head efforts at the three rep companies that handle classical stations. Also, she'll act as a "clearing house" for success stories and research, says Lion. "What's working in San Francisco, may be helpful for the station in Providence, for example.

"Murphy will be the focus of all of our classical efforts. In addition, she will go to clients and market the eight stations in the group." Murphy will work under the auspices of The Radio Store, and "she'll coordinate our focus on selling classical music on radio beyond the cost-per-point trap we find ourselves in too many times. She'll also help the reps handling classical in finding a direction in developing business at the client level. Having eight stations gives you marketing clout to talk to advertisers."

The Interep companies and the classical stations they handle are McGavren-Guild: KFAC(FM) Los Angeles, WQXR AM-FM New York, WWAZ(FM) Providence; HNWH: KFSD(FM) San Diego, WFMT(FM) Chicago, WCLV(FM) Cleveland; and Major Market Radio: KING AM-FM Seattle. The rep companies are open to handling sales for additional classical stations once they decide to switch to one in the group, adds Lion.

The rep business in classical radio has seen some movement lately. WCRB(FM) Waltham, recently joined Concert Music Broadcast Sales after having done its own selling via its national sales manager, who recently was displaced. And two CMBS stations, WFMT and WCLV have gone from CMBS to HNWH.

Concert Music Broadcasting ties in print, promotion, DM

A multimedia approach to advertisers is emerging at Concert Music Broadcasting Inc. Already representing 31 classical stations for spot through the Concert Music Broadcaster Sales division and all but two of these stations in its Concert Music Network division, CMB is now stirring print, direct mail and promotional events into the mix.

Peter Besheer, CMB executive vice president, notes that one of the pins to this approach fell into place last fall, when his firm purchased the monthly *Ovation* magazine. He says, "We have developed an integrated marketing package, and we're working at management levels with advertisers and agencies, offering space in the magazine in combination with either network or spot." The full network buy may be either on an unwired basis or for the "couple hours a week" of long-form programming satellite-delivered to the stations in the network.

Another part of the package can be direct marketing, carried out by CMB using *Ovation*'s subscriber base, as well as direct marketing events—for example, sponsorship of a concert to which an advertiser's clients can be invited but which is also aired on the network.

Tuning up. Besheer says the approach offers "high impact with limited funds" and has gotten an enthusiastic reception from agencies and advertisers during presentations in the first months of this year. So far, no firm deals have been made, and Besheer doesn't expect to have any until toward the close of the second quarter—with nothing operational until the third or fourth quarter. He notes there's a pricing advantage for package buys.

Meanwhile, CMB president Peter J. Cleary reports sales for the network in the first half are running about 11% ahead of those in last year's first half. In spot, what he describes as a "flat" first-quarter—10% ahead—has flowed into a second quarter increase of about 30%. He expects to average out 18% ahead for the first half.

The most significant new spot advertisers in the first half, Cleary reports, are Toshiba copiers and Ontario tourism. "We continue to do most of our business with those looking to reach the upscale male," he adds, "but we do some business with Sears and package goods accounts."

Probably the biggest trend in media buying affecting classical stations, says Cleary, is the greater use of qualitative research: "I think it's just beginning."

Peter Besheer

Besheer elaborates, "At the agencies, we're seeing a distinct shift toward the merger of quantitative and qualitative data. They're looking more at what percentage of our listeners buy a particular product. All the data has been around for several years, but what's instigated the use of it is the personal computer, which makes it more accessible. And Scarborough, now owned by Birch, will be offered in 30 markets next year, where it had been only in 10 for years."

He adds that part of his firm's pitch is toward products and services that are not exclusively for the affluent but sell well to upscale listeners. He gives yogurt as an example, noting that an upscale audience may be more familiar with its benefits.

One more CMB division is Concert Music Satellite Systems, which is a downlinking system used for its own network as well as leased to others who want to reach its stations—such as Texaco, when it sponsors the Metropolitan Opera.

as contributing heavily to the upward mobility of the station's sales. "Retail is very crucial in this market, and it has to be a client-induced sell rather than the sale coming from the agencies, which go by clients' budgets.

"If the impetus doesn't come direct from the clients, the market gets bought on a cost-per-rating point. Classical comes in quite high in that regard, so we have to sell directly to the client, with the understanding that they may pay a little bit more because we are very targeted and reach the right person.

"We use Scarborough and other research, such as Tapscan, to tell the qualitative story. Agencies are doing their job, but are told to buy on a cost-per-point basis."

In retail, adds Topaz, getting people into the store through advertising is what's important as a barometer of its success, obviously. If the performance is low, the advertising is dropped, she says. "But because of our strength and position in the market, we are getting them into the stores, and getting a lot of ad renewals as well."

Also, the Broadway entertainment area continues to be strong, she notes. Travel, too, has always been successful, and new categories such as furniture and hospitals, are going well. Restaurants have increased over the past year.

Moderate growth

WNCN experienced what Mathew Field, general manager, calls "moderate growth" in 1988, with a profit of $1.7 million, up somewhat from 1987's 1.6 million." The 1988 year began very strongly and ended relatively weak. This year, the station expects a 12% sales growth, says Field, with a projection of $2 million in profits before taxes.

Field notes the first quarter of this year "was very soft." January was very slow, which he attributes to the lackluster Christmas experienced by most retailers. "This, we believe, materially affected their spending on our station." On the other hand, April "was wonderful and way above projections. It looks like May will be good as well," according to Field.

At WQXR AM-FM, Simona

America's Slowest *Growing Broadcast Group*

1979

WTMI

Stereo 93/Miami • Ft. Lauderdale

1985

WQRS

105.1 FM/Detroit

1988

WFLN

95.7 FM/ Philadelphia

1990

"... promoting the cultural vitality of each market we serve with classical music."

Marlin Broadcasting, Inc.

32 Fairfield Street/Boston, MA 02116
Woody Tanger, President and CEO

McCray, executive vice president, sales, says that "hard work" and a lot of in-depth knowledge of the market's demos are necessary ingredients to keep the station's sales fires burning brightly. She notes, "The sales staff of the classical stations has to be in there constantly, reminding and trying to keep advertisers from the mindset of buying 100 GRPs and the 25–54 men syndrome. Fortunately, there is a lot of computer research for digging up qualitative facts" to help offset the narrow focus, McCray says.

At WQXR, McCray says that 1988 was a "particularly difficult year" for the New York market generally, coming off the Wall Street crash in October 1987, in that a significant portion of the market's business stems from real estate and financial advertisers. Nonetheless, "strangely enough," the station experienced a strong fourth quarter in 1987 and a solid 1988 first quarter, according to McCray.

She attributes much of the advertiser resistance since the crash to a delayed reaction on the part of the advertisers. "It seems," she says, "the effects of the crash didn't go through the marketplace until later. Apparently some people were spending for advertising anyway, thinking perhaps this might be their last chance to spend again."

WNCN's Elise Topaz

Top 25 classical market, winter '89—Birch

Market/stations	18+ AQH prs shr	18+ cume prs (00)	Index* Occupation: professional	Index** Education: college	Index*** Income: high
New York					
WNCN-FM	1.6	5465	199	239	154
WNYC-FM	.6	2962	181	255	136
WQXR-AM	.3	886	197	232	134
WQXR-FM	1.9	5737	165	228	148
Los Angeles					
KFAC-FM	1.1	2760	158	218	99
KUSC-FM	1.1	2721	262	256	169
Chicago					
WFMT-FM	1.8	2744	208	253	187
WNIB-FM	1.4	1915	202	248	200
San Francisco					
KDFC-FM	1.2	1409	137	166	143
KKHI-AM	.1	200	0	0	114
KKHI-FM	1.4	2044	191	184	129
Philadelphia					
WFLN-FM	2.7	2826	197	243	162
WHYY-FM+	1.8	2071	206	299	196
Detroit					
WQRS-FM	1.4	1408	203	289	182
Boston					
WCRB-FM	1.6	1805	243	216	174
Dallas					
WRR-FM	1.7	1289	124	236	153
Washington					
WGMS-AM	.1	285	156	215	127
WGMS-FM	2.5	1947	138	184	127
Houston					
KRTS-FM	.3	330	174	108	145
KUHF-FM	1.8	1209	267	261	197
South Florida					
WTMI-FM	2.6	1201	192	215	172
Nassau/Suffolk					
WNCN-FM	.6	570	252	244	154
WQXR-AM	.1	90	0	0	0
WQXR-FM	1.0	939	158	242	132
Atlanta					
WABE-FM	1.7	996	180	271	139
Seattle					
KING-FM	3.8	1492	187	230	120
KUOW-FM	2.0	934	137	256	188
St. Louis					
KFUO-FM	1.0	742	206	159	257
KWMU-FM	1.3	850	277	309	262
San Diego					
KFSD-FM	2.3	1691	186	178	125
KPBS-FM	1.9	1102	209	151	132
Baltimore					
WBJC-FM	1.6	552	213	215	184
WJHU-FM	1.0	556	363	211	155
WGMS-FM	.4	283	0	0	0
Pittsburgh					
WQED-FM	1.7	821	251	302	180

Classical radio impresario Tanger adds to the list

Howard "Woody" Tanger, president and CEO of Marlin Broadcasting, has a new acquisition, WFLN(FM) Philadelphia, not only up but running successfully. According to Tanger, whose Marlin Broadcasting group is already the owner of two other classical music stations, WTMI(FM) Miami and WQRS(FM) Detroit, sales have increased 40–50% since the Tanger takeover of the Philly station in July for some $14 millon.

Why the sales increase? Well, Tanger says there are several basic reasons: the hiring of two executives, a more aggressive sales pitch and promotion, and some program changes. Interestingly, for the new executives, Tanger went to the beautiful music station, WEAZ(FM) Philadelphia to spirit away two account executives. One, Richard Tedesco, was made vice president and general manager, and Denise McDevitt came to the station as general sales manager.

"We did what I think no one else did. We did not hire from a good pool of experienced managers and sales managers but went to two people we liked and who we felt had strong managerial potential. McDevitt was the top biller of WEAZ." Both have done a great job, says Tanger. For the two, their affiliation with WFLN is a homecoming, notes Tanger, both having been with the station as account executives many years ago.

In sales, local business has been up 45% in revenues since last July, and this growth has come from direct retail and local agency business.

In programming, the station has reduced the amount and length of time of newscasts and eliminated a number of talk programs, says Tanger. In addition, WFLN's music has been expanded and has created a "very friendly, welcome-mat atmosphere. The announcers have a lot of fun. For example, on Wednesdays, there is a call-in program, fashioned after contemporary radio stations."

In the mornings, continues Tanger, the station does a live, offbeat weather forecast by Dick James. "These are like esoteric forecasts. It's the weather, but he talks about such things as the size of the raindrops. And it's been very successful."

Tanger says the station has enlarged the sales staff dramatically. Also, points out Tanger, the station has done a lot of "creative promotion and packaging, plus networking between advertisers. That is, tying a lot of different advertisers together for their mutual benefit. That's something we do all the time."

The changes have resulted in the station picking up more than 100 new clients, says Tanger, since the takeover. Particularly strong are new customers in the automotive area, and promotion has included compact disc giveaways at automobile dealerships.

The acquisition of the Philly station took more than two years, points out Tanger. Tanger paid $11 million for the WFLN stock and about $3.5 million in a prepaid covenant to preclude competition by the previous owners. WFLN came with a lot of additional real estate, and Tanger now owns a four-acre site in Philadelphia, said to be the highest ground in the city. Some other real estate that came with the station and an AM daytime station were sold off, for a total of $1.4 million, according to Tanger. Tanger retains ownership of a TV tower site in Allentown, which has two prime tenants, thereby producing about $200,000 in rental income per year. □

Howard "Woody" Tanger

Douglas Tanger enters living room

From a single living room to many living rooms. That's the goal of "Woody" Tanger's brother, Douglas, who last year bought WVCA(FM) Glucester, Mass., classical music station owned and run by Simon Geller out of his living room. The buy, which cost Tanger about $1 million, was completed last July.

After a change in call-letters to WBOQ(FM) and a shift in venue to Beverly (Boston ADI), the new station went on the air on Sept. 9 with brand-new facilities, a new tower site and with personnel numbering more than a dozen, including four salesmen and nine announcers.

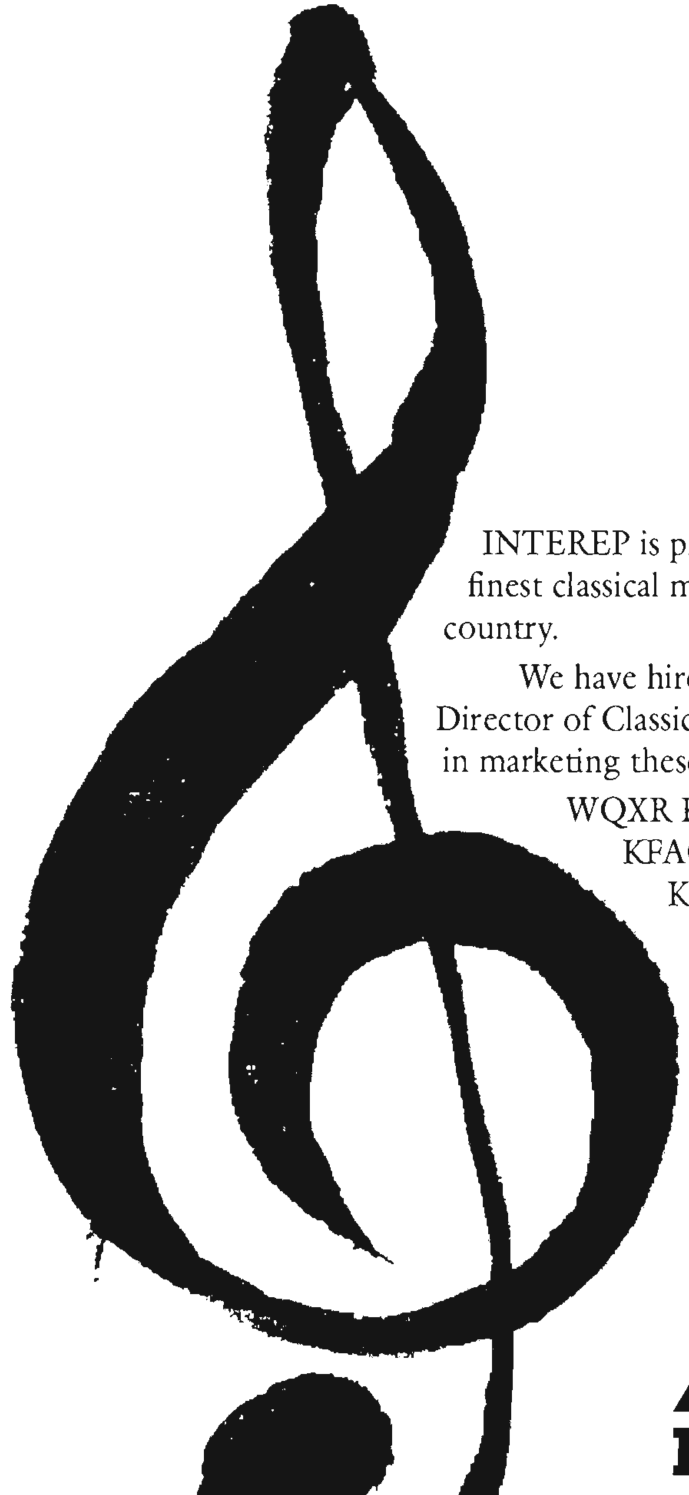
The station is housed in an office condo, with new studios, and "everything is brand-new, and the production and the main studio are designed to our exact specifications," says Tanger.

What's new. While the station remains a 3,000-watter, there's a vast difference not only in the state-of-the-art equipment between both the old and the new but also in that the station has gone from mono to stereo broadcasting.

In format, Tanger says the station is playing "familiar music. We play music that is recognizable and stay away from the eclectic. Our saying is 'No teaching. No tuxedos.' Also, we run a feature called *The 5'O'clock Waltz*, and another feature, *Romancing the Classics*, from 9 p.m. to midnight on Fridays." *Breakfast with Bach* is another program.

Tanger continues that the station became profitable in the first 90 days of the changeover, "which is quite an unbelievable success even for a contemporary format, let alone a classical station. The growth was almost immediate." In advertising, the station has more than 200 clients, and the renewal rate is more than 80%. Some 75% of the station's business is retail, he says, including local banks and art galleries. Geller, notes Tanger, had only four accounts, counting on donations as his mainstay. "That was the key to our purchase. The fact that you can survive for 21 years mainly just on donations."

The finest.



INTEREP is proud to represent the finest classical music stations in the country.

We have hired Melinda Murphy as Director of Classical Music Sales, to assist in marketing these stations to advertisers.

WQXR FM-New York
KFAC FM-Los Angeles
KKHI FM-San Francisco
WWAZ AM-Providence
WCLV FM-Cleveland
KFSD FM-San Diego
KING FM-Seattle
WFMT AM-Chicago

INTEREP

Durpetti & Associates
Group W Radio Sales
HNWH
Major Market Radio
McGavren Guild Radio
Torbet Radio

Market/stations	18+ AQH prs shr	18+ cume prs (00)	Index* Occupation: professional	Index** Education: college	Index*** Income: high
Minneapolis					
KSJN-FM	2.9	1463	190	265	199
WCAL-FM	.3	347	0	0	0
Orange County					
KFAC-FM	.9	675		No qualitative	
KUSC-FM	.1	363			
Tampa					
WXCR-FM	2.4	506	78	283	61
Cleveland					
WCLV-FM	2.1	925	206	203	135
WKSU-FM	.3	266	345	237	168
Phoenix					
KONC-FM	.4	222	78	231	53
Denver					
KCFR-FM	3.3	1115	191	209	124
KVOD-FM	1.7	713	113	205	153
Portland, Ore.					
KBPS-FM	.6	204	0	0	248
KOAP-FM+	2.5	607	120	363	192
KYTE-AM	1.6	358	139	145	512

*+ Stations that have a partial classical format. * From the Winter 1989 Qualitative Report—Sept. '88–Feb. '89. Category is defined as: "Professional/executive—doctor/lawyer/owner/manager." ** From the Winter 1989 Qualitative Report—Sept. '89–Feb. '89. Category is defined as: "College completed 4-year college or graduate school." *** From the Winter 1989 Qualitative Report—Sept. '89–Feb. '89. Category is defined as: "Very High—annual combined household income $50,000 or over."*

It wasn't until the remaining quarters of 1988 that spending weakened on the station, according to McCray. But for the first four months of 1989, WQXR is showing gains even over the 1988 first quarter. April was up 20%: "If we are showing such good growth in both cases, 1989 will be a good year."

McCray adds that the financial community has rebounded and the corporate image advertisers have not only stayed with the station through the hard times of 1988 but have increased their ad activity.

Image advertising

Some 40% of WQXR's billings represent longterm corporate financial image advertising, says McCray. "That's our local base, being in New York, and is our core business. We have put more of an effort into retail, and that has grown, not counting the retail that comes out of ad agencies. We have a retail specialist and will be adding a junior account executive for retail only." Real estate is included, as part of the retail mix. □

Kids' syndication upfront seen strong for few, weak for most

The upfront kids' syndication marketplace is strong for a special few of the top-rated or potentially higher-tiered shows but decidedly soft for others, according to a consensus from ad agency buyers of kids' product. Furthermore, one ad executive sees a shakeout developing, with many syndicators getting out of the kids' business.

"The top shows are doing fine—meaning the Disney shows, basically, and one or two others," says Jon Mandel, vice president, director of national broadcast at Grey Advertising. "What has happened is there appears to be an aura of gloom and doom regarding kids' syndication. Apparently where that comes from is that there is a plethora of shows that shouldn't be on the air.

"The Super Mario Brothers," from Viacom, is getting heavy sales action from ad buyers.

"The list of kids' shows that have terrible ratings is very deep. Collectively, all the shows are averaging about a 3 kids' rating, from *Duck Tales* to *Dr. Fad.* The average rating of the deal, which includes 'spins' [a commercial put on another show because the kids' program fell below the rating guarantee], is a 4.5 rating. Thus, one third of what the advertisers are buying is running in something else."

Another agency buyer, who didn't want his name revealed, estimates that the total revenue in kids' billings in syndication is down some 14–16% for this coming season against the network rise of about 10%, with cable up somewhat. "My budgets aren't up for kids, so the increase probably came from syndication," he says.

Mandel says that many agency people believe that in a few years hence, kids' syndication will have only a few players, including Warner Bros., Buena Vista and Worldvision Enterprises. "What we have seen this year may hasten this consolidation."

Into network. Mandel notes that his agency moved some money from kids' syndication into network, "but not as much as I think the rest of the industry did. But that's because we have tended to concentrate on the better things. We didn't go as deeply into the kids' syndication list as we did last year, nor did the others in the industry."

One of the future shows Mandel has bought is the *Super Mario Brothers*, distributed by Viacom Enterprises. The half-hour live action/animation strip, due for a September start, currently has a lineup of more than 100 stations, representing a U.S. coverage of more than 80%. *Mario* is 70–80% sold for year.

JWT: More affiliates preempting for $$, but most shows unaffected

Even though affiliates' preemptions of the network TV schedules is "a growing concern," J. Walter Thompson USA, in its report "All About Network Clearances," predicts, "The majority of network shows is likely to continue to enjoy truly national coverage."

Station defections probably will remain "limited to relatively low-rated time periods, such as morning hours and late fringe," in this ad agency's view.

JWT's study did not specify, but Veronis, Suhler & Associates, Wall Street investment banking firm, estimates that preemptions affected 3% of the three networks' primetime schedules in 1987, up from "well under 1%" in 1984 (TV/RADIO AGE, Jan. 23).

"In some cases," JWT continues, "it is possible that one or more of the networks will 'give back' time periods to the affiliates to program themselves." As of March 27, for example, NBC, No. 3 in the daytime Nielsen ratings race, has returned the noon to 12:30 p.m. (ET) time span to its stations. In primetime, there have been persistent rumors that ABC may want to give back Saturday 8 to 9 p.m. (ET).

The reason for the increased preemptions, says the JWT report, is simple enough. Though the affiliates involved would lose some network compensation and would have to pay for replacement product, the agency says, "Non-clearance could be the more profitable alternative because the station would retain all commercial time within the show." These substitute programs can range from local news and talk shows—chiefly for morning and early afternoon hours—and religious programs—mainly for Sunday mornings or, in the case of Billy Graham specials, primetime—to syndicated or local sports events, syndicated movies, first-run specials and series like *Star Trek: The Next Generation.*

"Whatever the strategy, nonclearance and preemptions have become more common in recent years as network ratings have declined" in the face of intensified competition from independent stations, syndication, basic and pay cable and home video.

Delays also common. In daytime especially, JWT notes, affiliates "rearrange network schedules," meaning that they run some programs on a delayed basis. Daytimers with the most delays, according to the agency, include: NBC's *Classic Concentration* (delayed by 26 stations), *Days of Our Lives* (35), *Wheel of Fortune* (30) and *Santa Barbara* (20); ABC's *Loving* (18 stations), *All My Children* (23); and CBS' *As the World Turns* (16 stations). "It is rare for

Viewpoints

Ralph M. Baruch

Chairman, Program Producers & Distributors Committee, New York, and former chairman/CEO, Viacom International Inc.

Hard to shed a tear over networks' plight since PTAR/FinSyn

The TV networks now claim that their declining shares require a change in the Primetime Access Rule (PTAR)/Financial Interest in Syndication Rule. They also claim that these declining shares have brought with them a decline in their financial fortunes. Yet it has been estimated that the NBC Television Network's operating profits will be $300–350 million this year, ABC's about $200 million and CBS' about $50 million.

The rules have accomplished what they were supposed to, with more than 50 production companies providing over 100 different programs in primetime access. Recently, though, Laurence A. Tisch, president/CEO of CBS Inc. complained that primetime access has become the spawning ground of tabloid television. Yet these very same shows, so severely criticized, are bought and scheduled by network-owned stations, including CBS', to compete for audiences, and some of these programs, incidentally, come very close to the networks' own documentaries.

Another piece of propaganda the networks have launched is that they are suffering due to the impact of foreign competition, and they use that as a device to get a financial interest in programs. How these two are related can only be understood in the mysterious halls of Sixth Ave. network headquarters. As a matter of fact, two out of the three major network parents sold their record operations to foreign companies, and now they complain about foreign inroads, using the Time-Warner merger as the device. That's akin to killing your parents and then pleading for mercy because you're an orphan.

At the same time, we read that the networks themselves are continuing to expand overseas by investing in foreign media outlets, in television organizations and in production companies. Some network executives complain that everyone else can expand in electronic communications in the U.S. except them. Not so. Networks can be in motion picture production, and were, one of them even twice. They can own cable program satellite networks, and do, and launch new ones, and they do. They can compete with CNN, and some have tried. They can own newspapers, and they do. They can own videocassette companies, and they do. The list goes on and on.

One of the very few things networks cannot do under the PTAR/FinSyn rules is force producers to give up an interest of up to 50% in their programs just for the sake of getting on the air. Networks would like to use this clout, used so effectively up to the time of passage of the rules, to increase their own coffers.

If the networks really want to own progams, they can. Each of the networks is allowed now to produce up to 10 half-hours a week—that's 30 half-hours a week for the three networks combined—of which they can own 100%. They can syndicate these programs offshore and auction off domestic rights to the highest bidder. That's something networks never talk about. It's never mentioned in any speech, release or discussion.

Why don't they admit that they can produce up to five hours a week of primetime programming themselves? Because, as shown by the network production of *Moonlighting*, which is a financial disaster, that's risky business. It's much easier to force producers who want their shows on the air to give up a financial interest, and this move would entail very little risk, if any, for the networks.

We should all remember—and never forget—the FCC's own study, conducted over a five-year period prior to the enactment of the PTAR/FinSyn Rules, which found that the networks acquired a financial interest and syndication rights in 93% of all the programs they purchased.

At producers' expense

Let's be candid: First of all, nobody forced these companies to buy the networks. Now that they have them, and to increase profits, they have all made huge cuts in operating expenditures. They certainly seem to charge a large portion of the resulting goodwill and interest costs of these acquisitions to the network divisions to justify their demands. But now they want to become even more profitable. Now there's nothing wrong with that, but they should not be allowed to become more profitable at the expense of the producers, by forcing them to give up a portion of ownership in their programs.

If the networks were able to get a piece of the producers' profits, shouldn't fairness dictate that producers—the creators of the programs—be entitled to get a piece of the networks' profits from such programs? Networks don't lose money on programs. They *always* sell commercials, even on the lowest-rated shows, and pilot expenditures are most times recouped by scheduling these pilots, with commercials, during the summer season. Many programs make huge profits for the networks, while producers, for a period of years, are forced to continue producing them at a deficit. Let producers share in their programs' profits on the networks. What's fair is fair.

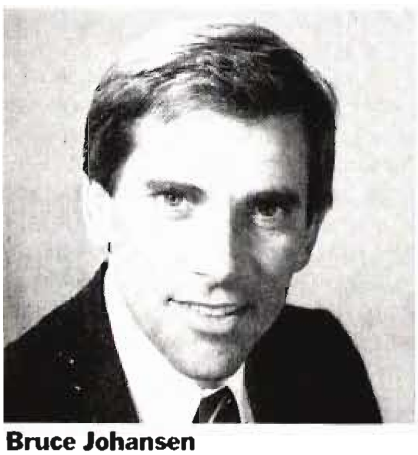
The decision was made due to lack of advertiser support, according to Jack Allen, president, Casablanca. The company retains exclusive domestic and international rights to the 12 original half hours, which have aired or are set to air, as well as the two one-hour off-network specials.

Palladium has sold *Jackpot*, game show series, to NBC affiliate KYW-TV Philadelphia, giving the show nine of the nation's top 10 markets. Total sales to date cover 56 markets. Other buyers are KUSA-TV Denver, WROC-TV Rochester, WKJG-TV Ft. Wayne and WWMT-TV Grand Rapids.

Claster Television has cleared 74 markets representing 78% of the country, on *Maxie's World*. Lineup includes all Chris Craft/United stations, four Fox stations and four Tribune Broadcasting outlets. Stations in the top 10 markets include WPIX(TV) New York, KCOP-TV Los Angeles, WFLD-TV Chicago, WPHL-TV Philadelphia and KBHK-TV San Francisco.

Drama, reality eyed by Multimedia for future TV shows

Multimedia Entertainment is looking at dramas and reality-based programming in its development planning, partly with the international market in mind, says Bruce Johansen, vice president, international sales and West Coast programming.



Bruce Johansen

"We see two areas of growth for us—first-run strips and dramas," says the Los Angeles-based Johansen. The company has some "reality-based pilots in development now," he adds, without divulging details—except to stress they are not "tabloid." He admits to being unsure whether those pilots have overseas potential. "Format sales, maybe," he adds. "Formats are a big business now" in the global marketplace, especially in the game category.

Program genres have different appeals, depending on the country, he continues. "Dramas will always work well," he says, pointing to Multimedia's *Young People's Specials*, sold as *Family Dramas* in 40 nations. His company's first feature, *Good Old Boy*, bowed recently on The Disney Channel and has since been sold internationally in such markets as Australia, Hong Kong and Singapore.

Within the drama form, he notes, "A year ago, the search was for family-appeal shows. Now we're looking more for action/adventure."

"The talk shows—*Donahue*, *Sally Jessy Raphael*—are working well" in the U.S. and the U.K., he notes, but they don't travel well beyond the English-speaking countries. "The dubbing problem is monstrous," he explains. "Comedy is also difficult," he adds, citing Multimedia's troubles in selling the *Dom DeLuise Show* overseas.

Johansen, who is involved in program development as well as sales, points out that for the U.S. market is is looking at talent and programs in various local markets. "That's where the new Sallys and Phils are going to come from," he observes. They and King World's Oprah Winfrey came from station backgrounds, he notes.

Taking a global view, the exec says, "We're meeting with all different countries with all different needs for coventures." Nonetheless, Johansen reacts cautiously to all the hype about European expansion and barter potential. "I'm not so sure we're going to see a major effect from [European expansion], given quotas." As for barter, he observes, "I think it's inevitable" that it will increase in the European market, largely as a response to rising programming and advertising costs. "It will grow, but different from the U.S."

Zooming in on People

James P. Marrinan has been promoted to senior executive vice president, international, **ITC Entertainment**. Most recently, Marrinan was executive vice president, general manager, international

James Marrinan

television. He joined ITC in September 1986.

Leonard Goldberg, president and COO of **Twentieth Century Fox Film Corp.,** will soon exit the company. He joined 20th Fox in December, 1986. Goldberg co-produced *Charlie's Angels*, *Hart to Hart* and *Family*, among other network shows.

Steve Goldman, executive vice president, sales and marketing, has been promoted to executive vice president of the domestic television division of **Paramount Pictures.** Previous to his sales and marketing post, which he held since October 1985, he was senior vice president, sales and client relations for two years. He joined Paramount in 1980 as a midwest division manager, sales, based in Chicago.

Garth Ancier has been named to the new post of president, network television production, at **Walt Disney Studios.** Ancier was president, entertainment, Fox Broadcasting Co., a position he held since June 1988. He joined Fox in March, 1986. Prior to joining Fox, Ancier was vice president, current comedy programs at NBC Entertainment since 1983.

Thomas Russo has been appointed director, longform programming at **Universal Television.** He moved to his new post from an affiliate to drop a soap altogether," JWT continues, since that genre is "the bread and butter of daytime network." Since the ABC axing of *Ryan's Hope*, with coverage in the 74% range, CBS' *The Bold and the Beautiful* is the serial with "significant clearance problems" at 93%, says JWT.

Of those daytime programs in the 70% to 80% neighborhood in coverage, most tend to be in the leadoff morning hour of the lineup and thus affect series like NBC's *Scrabble*, *Wheel of Fortune* and *Concentration;* ABC's *Growing Pains* and *Home*; and CBS' *Family Feud*. For the affiliates, "the most successful strategy" has been to replace such shows with local newscasts. J. Walter Thompson cites seven major markets in which local newscasts have notched a 20 share or higher. Other stations prefer syndicated talk or court shows that, despite so-so numbers, "may offer more profit potential than weak network game shows," as JWT observes. Local news also is often used to bump the networks' early morning shows, mainly ABC's *This Morning* and CBS' *Morning News*.

Elsewhere in the TV schedule, Saturday morning kids' shows that air around noon tend to be preempted most, in favor of local sports or teen-appeal syndicated shows like *America's Top 10*, JWT notes. Sunday morning programs like CBS' *Face the Nation* or ABC's *Business World* tend to be bumped for religious shows, talk shows, sports or movies, the agency adds.

According to the A.C. Nielsen Co. ratings report for the week ended March 10, NBC's daytime roster offered overall coverage of 91%, compared to ABC's 92% and CBS' 95%. Saturday morning saw ABC with 95% coverage versus NBC's 93% and CBS' 85%, the latter owing to *Hey Vern It's Ernest* at 79%, *Teen Wolf* at 73%, *Mighty Mouse* 61% and *Storybreak* 56%. In late night, where CBS had been hardest hit by affiliate bailouts, *The Pat Sajak Show* has lifted CBS' coverage to 95%. However, CBS' post-*Sajak* late night offerings, including *Night Heat* and movies, continue to languish below 75%–73%.

Even the loss of one or two major-market affiliates can push a program's coverage level "below 95%," as JWT points out. Several smaller-market preemptions, on the other hand, may only lower coverage to 98%, the agency adds.

Primetimers suffering the most defections during the week ended March 12 were: CBS' *Tour of Duty*, with coverage of 86%; CBS; *Paradise* and ABC's *Mr. Belvedere*, at 87%; and CBS' *The Equalizer*, 89%. Also hit hard were: ABC's *HeartBeat*, with 91% coverage; CBS; *Newhart* and *Kate and Allie*, NBC's *Father Dowling Mysteries* and ABC's *A Man Called Hawk* and *MacGyver*, all with 92% coverage; and ABC's *Full House* and *Mission: Impossible* plus NBC's *Miami Vice* and *Unsub*, each at 94%.

CBS' late-night *clearance picture has improved sharply since "The Pat Sajak Show" bowed in Janaury. But coverage for the series that follows Sajak, "Night Heat," remains in the 75% range.*

Syndication shorts

Paramount's domestic television division has renewed *Friday the 13th: The Series* for a third season. Twenty-two new episodes of the weekly hour series have been ordered for the 1989–90 season, plus a special two-hour TV movie, scheduled to launch the third season the week of Sept. 25. Series is on 194 stations representing more than 98% of the households.

Genesis Entertainment has cleared *Highway to Heaven* in 95 markets, covering more than 70% of the U.S., including 18 of the top 20. New major market broadcasters are WLVI-TV Boston, WGBO-TV Chicago, KICU-TV San Francisco, WCPX-TV Orlando, WOIO-TV Cleveland, KTXH-TV Houston and WXON-TV Detroit, among others.

Palladium Entertainment has sold its Palladium Silver film package to 22 stations, including WCBS-TV New York, WPVI-TV Philadelphia, KTRK-TV Houston, WATL-TV Atlanta, WTOG-TV Tampa, KTZZ-TV Seattle and WDRB Louisville. Among the 32 titles in the package are *My Bodyguard* and *Zorro the Gay Blade*. Additionally, Palladium's Power Pack package has been sold to 78 markets, including 18 of the top 20. Titles in the 22 first-run movies include *The Grey Fox* and *Too Scared to Scream*.

King World Productions will distribute *Leonard-Hearns II: The War*, documentary-style look at the rematch between "Sugar Ray" Leonard and Thomas "Hit Man" Hearns. The prefight special will air June 5–12 and has been cleared in nine of the top 10 markets and in about 75% of the U.S.

Viacom Enterprises has bought domestic TV distribution rights to 30 features from Trans World Entertainment and Epic Productions. Titles include *Waiting for the Light*, *Men at Work*, *Courage Mountain*, *Why Me?* and *Dark Angel*.

Harmony Gold is planning a pilot, *Home Movies*, for a weekly reality-based series. Two hosts, who serve as critics, will introduce and critique home clips sent in for review.

Blair Entertainment's *Divorce Court* will get a sixth go for the 1989–90 season, with clearances in the top 10 markets and more than 65% coverage of the U.S. Clearances in the top 10 include WNYW-TV New York, KCOP-TV Los Angeles, WBBM-TV Chicago and WTXF-TV Philadelphia.

Casablanca IV will drop distribution of new episodes of *Crimes of The Century*, effective July 23.

been director of variety and informational specials since 1987.

Jack Krieger has been appointed promotion manager at **LBS Communications.** He joins LBS from D. L. Taffner/Ltd. where he was assistant director of creative services.

Willard Block has become a consultant for **Spelling Entertainment** and its distribution unit, **Worldvision Enterprises.** Block recently retired from Viacom International.

BBDO eyeing foreign partners

Add BBDO to the list of U.S. agencies pursuing TV program coproductions with overseas partners.

Melissa Goldsmith, vice president and director of program development at BBDO, New York, who develops longform and special programming for such accounts as Chrysler (*Chrysler Showcase Theater*) and Campbell Soup Co., says that BBDO attended MIP-TV in Cannes in late April to hold exploratory talks with producers from Europe and such English-speaking nations as Australia.

Melissa Goldsmith

"What I did was open a dialog with producers and distributors," Goldsmith explains. "Specific projects hopefully will be forthcoming." Besides that specific aim, BBDO had a more general objective in mind: "To get an understanding of general program trends abroad."

BBDO was among at least six major U.S.-based ad agencies in attendance at MIP (TV/RADIO AGE, May 15), according to organizer MIDEM Organization.

Music publisher tie with China Film

Music from The People's Republic of China that has been on television, radio and in the movies there is looking to make inroads in the U.S. Under a long-term agreement with China Film Import & Export Inc., Beijing and Los Angeles, the Music Publishing International Company will represent the China organization's music publishing interests throughout the world, excluding Asia.

In television, the Arts & Entertainment Network in the U.S. and Channel 4 in Britain carry China Film features. This year, the company plans to introduce 31 films comprising 26 features, two documentaries and three animation projects.

MPI is a publishing and music marketing firm founded by John Velasco and the late composer-producer Joe Raposo and will administer the global rights to all current, past and new China copyrights as well as promote new international uses of the music.

MCA TV, where he was director, program analysis and development for first-run syndication since 1987.

Deborah Aal has been named president at **ACT III Television.** She'll oversee the development and production activities of the new joint venture with Columbia Pictures Television, among other responsibilities. Among Aal's credits are being executive producer of *The Cavanaughs*, *An Early Frost* and *Raising Miranda*.

Ohlmeyer Communications has appointed **Dan Schrier** as executive vice president. Schrier has been ICM senior vice president, involved in the agency's TV sales department and packaging of such shows as *Lonesome Dove*.

SFM Media has made a number of appointments. **Michael Moore** and **David Tabin,** from senior vice president, media services, to executive vice president; **Joel Zaremby,** from vice president, directory of network negotiations, to senior vice president; **Annette Mendola,** from vice president of spot broadcast, to senior vice president; **Malcom Collins,** from assistant to the treasurer to director of finance; and **Susan Hansen,** from manager of client accounting to director of client accounting. Also, in the entertainment division, Cyndy Wynne, from account executive, to manager, syndication sales.

Jim O'Neill has been named northeast sales manager at **MTM Television Distribution.** He has been vice president, domestic television sales at Samuel Goldwyn Television. Before that, O'Neill was president/CEO at Blair/RAR Inc.

Christopher Conway has been appointed executive vice president at **World Events Productions.** Prior to joining WEP, Conway was with several Gannett-owned radio stations. Most recently he was vice president, station manager at KUSA/KSD-FM St. Louis.

Suzan Sosna has become senior director, informational and concept specials, CBS Entertainment, Hollywood, a new position. She had

MTV, RVI plan rock fundraiser

MTV: Music Television will offer the Aug 12–13 "Moscow Music Peace Summit" as a four-hour heavy metal rock special in the U.S. and abroad, with U.S. groups Bon Jovi and Motley Crue to be joined by Russia's Gorky Park and West Germany's Scorpions.

The special, which will include pretaped and live segments, will be simulcast via Westwood One radio network worldwide.

In the U.S., the special will be MTV's first pay-per-view special, with Scott Kurnit, president, Showtime Event Television, expecting the event to generate $2 million, at about $20 per home. Currently about 12 million U.S. households can receive PPV programming, he says.

Radio Vision International, Los Angeles, is handling the global distribution of the special, with Kevin Wall, president, projecting that broadcasters in at least 50 countries will buy the event. MTV Europe will help promote the program but will not carry it live, although it will later present a highlights special.

The event—whose proceeds will be donated to the Make a Difference Foundation, dedicated to combating drug and alcohol abuse among the young—also will be closed-circuited to nightclubs and dance clubs, Kurnit adds.

Although the 800 or so cable systems involved in previous PPV events generally take 50% of the gross, Kurnit hopes to convince them to lower that cut so "as much as possible" can go to the foundation.

To take place at Moscow's Lenin Stadium, the concert is billed as a celebration of "the end of the cold war, the arrival of glasnost and the 20th anniversary of the Woodstock Festival" as well as a way to fight substance abuse.

AT&T's Nixon movie now due next season

The Final Days, a three-hour TV movie based on the book about the Nixon Administration's Watergate scandal, will air on ABC-TV next season as an *AT&T Presents* special.

The docudrama, produced by the Samuels Film Co., originally was to have aired in the 1988–89 season but principal photography was not completed until April 18. Based on the Pulitzer Prize-winning book by reporters Bob Woodward and Carl Bernstein, the movie will be the fourth *AT&T Presents* on network TV since last year.

Turner goes upfront in making pitch to advertising community for webs

Media researchers at least one agency, DDB Needham/Chicago, won't argue with one of the key recommendations of Turner Broadcasting's pitch for the new WTBS and TNT seasons: that buyers would do their clients a big favor by using cable more aggressively if they want to extend their reach, do it more efficiently, and do it among viewers with more money to spend (see *One Buyer's Opinion*, page 63).

Turner has been showing media buyers its reel, but it's a reel of real quick impressions—just enough to see flashes of TBS' Jacques Cousteau specials, miniseries *Shaka Zulu*, *The Great Escape*, "more live play-by-play sports than ESPN," and, for the kids, Fred Flintstone and a host of his animated friends.

Or quick-cuts of Bogart, Heston, Dunaway, Fonda, Wayne, Newman, Fawcett, Gable, Cooper and Grant from TNT's upcoming classic movies. All this, notes Turner, is "not only very popular, but also programmed for wholesome, all-family viewing that Mom won't be afraid to let the kids watch, and that won't send citizens to their writing desks to complain to your clients about sex and violence."

And all the brief flashes of superstar glitz come with a lot of solid reason-why-to-buy numbers from Turner senior vice president, sales, Lou LaTorre. Addressing the "upfront economics" of the '89–'90 season, LaTorre has been showing how advertisers can use cable to expand the supply of national TV inventory and cut the demand (and, therefore, the rate of price escalation) for over-the-air network inventory, in order to "take back control of network pricing and mediaflation over the long run."

Just starters. But that's just for starters. LaTorre predicts 56% cable penetration by next year and says subscriber spending for cable has already jumped from $2.9 billion in 1980 to $14.2 billion this year. And he shows primetime network CPMs climbing steadily from $7.99 in 1986 to $10.23 today "as more advertising dollars have kept feeding the networks' frenzy with still more upfront dollars chasing fewer and fewer GRPs."

The cable networks, he says (more specifically, of course, TBS and TNT), offer buyers the opportunity to apply the brakes to price escalation by the three over-the-air networks. Past attempts to do this, he says, by shifting primetime money to daytime and/or late night "have only resulted in sending CPMs in these dayparts through the roof, too."

Shift more of those dollars to cable, says LaTorre, and "not only will clients enjoy lower CPMs in a more wholesome all-family program environment, but will do it against an audience with many more dollars to spend on their products."

Other figures. According to LaTorre's figures, cable homes account for the bulk of U.S. consumer spending right now. Specific examples include the fact that 70% of imported cars are owned by people living in cable homes, as are 71% of credit cards. And 75% of domestic airline travelers are from cable homes, and so are 80% of those who make the buying decisions on office computers.

By the mid-'90s, says LaTorre, cable homes "will earn over two-thirds of all U.S. income." He predicts cable households will then make up 61% of total U.S. television households, 67% of all households pulling down $40,000 or more, and also 67% of all households with incomes of $50,000 and better.

NATPE Irises on Nostalgia

NATPE International's Iris-award-winning documentaries and specials will debut exclusively on The Nostalgia Channel, through a multiyear agreement. The first program, the Iris Collection series, will air on Nostalgia in August, with a new show each month.

In addition, Nostalgia has made a "significant" contribution to the NATPE Educational Foundation. The first four Iris Collection programs are *Flight of Fancy*, a WAVE-TV Louisville production; *Billy Graham and Glasnost: A Soviet Celebration*, WLOS-TV Greenville-Spartanburg-Ashville production; *The Dayton International Airshow*, WHIO-TV Dayton; and *Lighthouse of the Oregon Coast*, KEZI-TV Eugene.

The Iris awards are presented annually at the NATPE conference and recognize excellence in local television programming.

John Janas, president of The Nostalgia Channel, and Phil Corvo, president of NATPE, with Iris Award.

Cable Programming

Movietime will convert the best excerpts of its cable programming into a Spanish-language half-hour series, *Movietime—Aqui Hollywood*, for distribution to Spanish broadcast networks in the U.S. The daily series will utilize Movietime's magazine format, but use Hispanic hosts to introduce the segments, which will also be dubbed into Spanish. The series makes the latest extension of Movietime. It recently signed a deal with Warner Bros. International Television Distribution for some of its programming to be distributed to all foreign countries except Canada.

Turner Network Television, in association with Agamemnon Films and British Lion, has begun production on new adaptation of *Treasure Island*. The special stars Charlton Heston, and is scheduled for premiere on TNT in 1990.

Home Box Office Pictures will start three new productions over the next few months: *The Image*, which starts shooting this month; *Heist*, and *Perfect Witness*. *Image* stars Albert Finney; *Heist*, Pierce Brosnan; and *Witness*, Brian Dennehy. In addition, *Traveling Man*, featuring John Lithgow, has wrapped up shooting and is set for a June 25 debut on HBO.

TELEVISION/RADIO AGE

Station Report

May 29, 1989

Twin Cities TV news covers pro bono Royal Crown campaign to help homeless

All four Twin City television stations and a number of radio stations in Minneapolis-St. Paul gave good news coverage to the joint press conference explaining Royal Crown Cola's "RC Really Cares for the Homeless" campaign. Minneapolis-St. Paul is one of 14 pilot markets in which RC and its local bottlers contribute an average of eight cents for each case of RC soft drinks sold during the drive.

News cameras line up *for announcement in Minneapolis-St. Paul, one of 14 markets in the first campaign tied to help for the homeless. Royal Crown's Jeff Wuensch at podium.*

Jeff Wuensch, RC's field sales and service manager, reports that KARE-TV, KMSP-TV, KSTP-TV, WCCO-TV and several radio stations "gave us same-day coverage and good airtime on their early and late evening news" following the joint press conference staged by RC and the Minneapolis Coalition for the Homeless, St. Paul Coalition for the Homeless and the statewide Minnesota Coalition for the Homeless: "The stations got the word out for us on such facts as that during the course of a year, anywhere from 30,000 to 50,000 people in this market are classified as homeless, during part or all of the year."

Holiday repeat planned. He says RC's national target in the initial 14 "test markets" is to raise $1 million for the homeless and that RC plans to repeat the drive during the holidays between Thanksgiving and New Year, "but to expand it to more than our initial 14 markets." Besides the Twin Cities, these are New York, Chicago, Los Angeles,

South Florida stations still adjusting

(from page 69)

tion on Channel 27 too—because WCIX has signed with Channel 27 licensee Skinner Broadcasting for 27 to carry all WCIX programming including all CBS network shows, Dan Rather's CBS Network News and WCIX's own local news. Shaklan says addition of the Channel 27 signal is expected to improve WCIX reception.

At the same time, WCIX has also applied to the FCC for a low power TV license on Channel 55. Shaklan says that, if approved, Channel 55 would translate WCIX's signal pattern to areas of central and western Broward County just west of the Channel 27 viewing area, bounded on the north by Deerfield Beach. He says FCC approval is "anticipated in the next few months."

On top of these moves, Shaklan reports WCIX has commissioned an engineering firm to install special master antennas on apartment and condominium buildings in Broward to further improve reception. He says WCIX is paying up to 75% of the master antenna installation costs and that, as a result of this effort, "Thousands of condominiums and apartments are now receiving a clear WCIX signal."

And the station recently signed a joint marketing agreement with Sears retail outlets in Broward and Dade Counties, which will sell special rooftop antenna heads that may improve WCIX reception in several parts of Dade and South Broward. WCIX and Sears have arranged for a discount of over 20% on these installations. Purchase price of an antenna head is $64.99. The price with Sears installation of the head onto a prewired antenna shaft is $106. And for a limited time, WCIX is also funding an additional $5 discount for anyone who mentions the special antenna head offer when phoning Sears.

WCIX has also been working to upgrade its news operation. In the six months since becoming a CBS owned and operated station, it's "more than doubled" the size of its

Allen Shaklan

news staff and presentation of major special reports and series. And besides carrying CBS Network programming, WCIX spokesmen say the station will start airing *Geraldo* and *The Joan Rivers Show* in September, plus "a new, locally produced magazine format news program covering local events of interest to South Florida viewers."

South Florida stations still adjusting following rash of affiliate switches

The fallout from all those affiliation switches in South Florida is still wafting down and all around.

Now that WPEC-TV, which was ABC before the big switch in Miami and the Palm Beaches, carries CBS and former independent WPBF-TV bought its ABC affiliation, WAQ-TV has been the third Palm Beach independent since its September '88 debut. The others are Malrite's WFLX-TV which concentrates on Broward County (Fort Lauderdale), WPTV(TV) in West Palm Beach and WTVX-TV, serving Fort Pierce and Stewart.

TV-19

PALM BEACH

WAQ-TV concentrates on a five county ADI of which Palm Beach County is the largest. General sales manager Stephen Berger says WAQ bowed in September, *planning* to be an independent, "having no idea all these affiliation switches were coming and that things were going to get this competitive. Our chairman and president, Bill O'Donnell, applied for a license here five years ago, along with five other applicants. Then Phipps Broadcasting and Alan Potamkin merged, bought out the other applicants and went after ABC."

Cable the equalizer. Berger says the equalizer in the Palm Beaches is cable and that "Up until three or four years ago, 40% of the viewing here was to Miami stations, via cable. But now most cable systems except those serving Boca Raton and Delray Beach have dropped the Miami stations and now carry our local Palm Beach and West Palm stations, and that's a big help. That's put us in 80% of the cable homes in Palm Beach County, and cable penetration of our ADI is up to 72%."

Berger says that, as the new indie in town, WAQ's sales approach is "to sell like radio. This is why I'm here, fresh from 21 years in the radio business. We capitalize on our movies, sports and syndication programming by selling 'radio schedules.' By this I mean frequency—eight to 10 spots a day, three or four days in a row. That allows an area retailer to dominate the air during the weeks he's on. And we back this dominance with all kinds of promotions, merchandising and outside appearances on location. We're radio with pictures."

The extras. While WAQ as yet hasn't staged a lot of live remotes, one thing it does do that comes close is "shoot footage of one of our TV 19 hostesses in front of an advertiser's store with our station banner prominently in the background. She hands out our TV 19 hats, T-shirts, coffee mugs and key chains, and samples the product if it's a product commercial. We usually do something like this as part of a big retail event, like a chain's new store opening."

Stephen Berger

Meanwhile, back down the coast in Miami, Allen Shaklan, vice president, general manager of CBS-owned WCIX-TV, reports a number of moves to improve and extend his coverage area. He says viewers in parts of north and central Broward County who previously experienced reception problems may now watch the Channel 6 sta-

(Continued next page)

WAQ's "TV 19" hostesses *demonstrate product display station sets up at retail locations for special promotional events.*

television; Jeanette Tully, vice president; and Tom Cardy, chief financial officer. Better Communications is controlled by veteran broadcaster Barry Baker with a minority interest held by Larry Marcus. CEA is a Tampa-based brokerage, investment and merchant banking firm exclusively serving the media and entertainment industries.

Purpose of the venture is to establish a broadcast company that intends over the next five years to own at least five broadcast television stations and a number of radio stations. The company expects to announce more acquisitions shortly.

In other industry transactions, two-month-old Apollo Radio, Ltd. has agreed to buy KJRB/KEZE-(FM) Spokane, Wash. from Les Smith of Kaye/Smith Enterprises. Apollo president Bill Stakelin, former president of the Radio Advertising Bureau, says the buy marks Apollo's first move toward a goal of "successful ownership and operation of a broadcast radio group."

Meanwhile, Pegasus Broadcasting, Inc. has sold ABC affiliate WTVM-TV Columbus, Ga. to American Family Broadcast Group for $45 million. Pegasus, headed by Christopher J. Brennan, is a privately held communications company whose operations include Spanish-language WAPA-TV San Juan, Puerto Rico and Pegasus Productions, one of the largest Spanish-language commercial/program production and sound recording facilities in Latin and South America, also in San Juan.

And Merv Griffin's Griffin Group continues to expand its broadcast holdings with acquisition of WKKU/WSSH(FM) Boston for $39 million from Noble Broadcast Group.

Broker in the transaction was Blackburn and Co.

Also, GenCorp has agreed to transfer WOR New York to Buckley-WOR Broadcasting Corp. WOR is currently operated by RKO General, Inc., GenCorp's broadcast subsidiary. Total price for the transaction is approximately $25.5 million, of which about $16.5 million goes to RKO and about $9 million will be paid to competing applicants.

Appointments

Stations

Jones

McReynolds

Philip A. Jones has been elected president of Meredith Corp.'s Broadcasting Group, effective July 1. He will succeed **William C. McReynolds** who will become senior vice president of the Broadcasting Group, responsible for special projects and advising on industry and regulatory issues. Jones had been executive vice president of the Broadcasting Group and vice president, general manager of KCTV(TV) Kansas City.

James E. deCastro has been elected executive vice president of Evergreen Media Corp. which acquired KFAC(FM) Los Angeles on May 15. DeCastro is succeeded as vice president, general manager of WLUP AM-FM Chicago by **Lawrence J. Wert** who had been local sales manager of WLS-TV Chicago.

Alan Cartwright has been named vice president, general manager of KSLA-TV Shreveport, La. He had been director of sales for WHEC-TV Rochester, N.Y., also a Viacom station, and he also serves on the Sales Advisory Council of the Television Bureau of Advertising.

Paul S. Bronstein has been named vice president, research, CBS Radio Networks, and **Linda Hafner** has been promoted to director, research, CBS Radio Networks. Bronstein had been assistant vice president, director of research at Satellite Music Network and Hafner steps up from manager, administration.

Richard Ramirez has been named general manager of Knight Quality's WGIR AM-FM Manchester, N.H. He had been managing general partner of Astroline Communications' WHCT-TV Hartford, Conn.

Townsend heads Gannett Television

Townsend

Yaggi

Ron Townsend has been named president of the Gannett Television Group. He's succeeded as president and general manager of WUSA-TV Washington by Henry K. "Hank" Yaggi III who had been vice president and station manager. Cecil L. Walker, president and CEO of Gannett Broadcasting, says, Ken Tonning, general manager of KUSA-TV Denver, has become general manager at WTLV-TV Jacksonville, Fla., and Linda Rios Brook who had headed WTLV becomes general manager of KARE-TV Minneapolis-St. Paul. And former KARE general manager Joe Franzgrote moves to Denver to take over KUSA-TV.

Miami, Pittsburgh, Washington, Boston, Philadelphia, Detroit, San Diego, Nashville, Phoenix and Tucson. The funds are administered by local groups affiliated with the National Coalition for the Homeless in the markets where the money is raised.

Al Burke, president of Royal Crown Cola Co., says the campaign "has had a positive impact" on many of RC's participating franchises "and helps show the world we have a corporate conscience." He adds that other goals are to boost brand awareness and give consumers a "bonus reason" to buy RC over its major competitors. And he says when the drive resumes Nov. 15 it will run through February, "covering the high sales volume periods of Thanksgiving, Christmas and New Year."

He says several RC markets among the initial 14 showed marked sales gains in the February–April period and points to "an outpouring of retailer support for the program, particularly in New York, Phoenix, Tucson, Chicago, Los Angeles and Philadelphia."

Burke reports that RC's New York bottler showed a 40% case sales jump for the period compared to the same time a year ago: "The Waldbaum's, Shop Rite and Pathmark chains lent considerable marketing support throughout the metropolitan area."

CEA, Stakelin, AFB buying stations

Atlantic Broadcasting Co. has been formed as a joint venture of St. Louis based Better Communications, Inc. and senior executives of Communications Equity Associates, Inc. The company's goal is acquisition of radio and television stations, beginning with acquisition of KDNL-TV St. Louis in February and KABB-TV San Antonio, announced April 28.

Senior CEA executives participating on an equity basis are J. Patrick Michaels, Jr., chairman; Beverly A. Harms, vice president; Donald Russell, president-CEA, Inc. of New York; Harold D. Ewen, vice chairman; H. Gene Gawthrop, executive vice president; Tom MacCrory, group vice president/cable

One Seller's Opinion

Conglomerates offer one-stop media combos to clients

Flamberg

For the last 10 years radio stations have concentrated on attracting discrete audiences and engaged in niche marketing. The effort to identify, reach and superserve smaller homogenous audience segments resembles the Balkanization of Eastern Europe between 1870 and 1914.

Today, mergers and acquisitions, the contraction of ad agencies and client firms, and client pressure for cost-efficient operations have forced the marketplace to prize one-stop shopping, efficiencies of media buying and synergy among media. Experimental alliances among, between and within media companies has already begun.

For example, as part of Polaroid's plan to blunt Shamrock Holdings' buyout offer, the photographic firm committed to advertising on Disney-owned TV and radio stations. Imagine the attraction of placing one buy—to achieve advertising, communication and promotion goals through Disney on local radio and TV, in syndicated shows, in special network programs, in movies, at theme parks and in collateral media vehicles. That's even before you count point-of-purchase support and the T-shirt value of Mickey and Minnie.

Then there's Tom Leahy's marketing unit at the CBS TV Network that's rapidly changing the advertising map. By offering national print ads and coupon distributions as part of a merchandising plan featuring *Dallas* and *Falcon Crest*, CBS can capture larger ad budgets in spite of declining shares. Imagine the punch CBS can marshall—local radio and TV, network radio and TV, plus original or special programming.

The need to accumulate niches in service to geographic or distribution goals is breeding a new world of recombinant media. Like cells continually combining, recombining, dividing and redividing, media combinations will be as active and as volatile as client-agency ties.

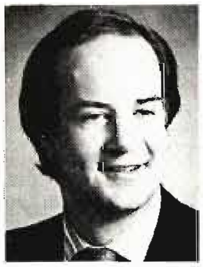
It is easy and tempting to see these changes as another swing in the bigness-versus-smallness (global-versus-regional) marketing debate. However, alliances will allow large organizations to use the economies of scale created by bigness to deliver customers or move caseloads, market by market. Alliances within media conglomerates or between media will give big players nimbleness on the street where it counts. And while such "breakthrough" concepts may not be much more than standard or augmented radio promotions, the ease of planning, buying and implementing programs to serve both consumer and/or trade goals is attractive to clients and agencies.

In some cases separately owned radio stations are already selling diverse formats in combination or offering radio-newspaper plans for total market penetration. Theoretically the synergy between media, which compensates for shortfalls in reach, frequency, recall or impact, could offer advertisers a single multimedia buy per market that would net revenue greater than the sum of the existing pieces combined.

Radio is particularly well suited and well positioned to capitalize on this trend. As the premiere promotional and packaging medium, radio has the local infrastructure to execute multimedia campaigns and a substantial proven track record.—**Daniel Flamberg,** *president, Morgan, Rothschild & Co., New York*

Heather Farnsworth has been named vice president, general manager of WUHF-TV Rochester, N.Y., recently acquired by Act III Broadcasting. She was formerly general sales manager for KBHK-TV San Francisco.

Representatives



Michael Rich has been promoted to vice president/sales manager at McGavren Guild Radio, New York. He joined the company in 1979 as an account executive and now moves up from vice president/sales in New York.

Catharine Van Mater has been named manager of corporate marketing for Group W Television Sales' Target Marketing Group. She steps up from account executive at Group W's KYW-TV Philadelphia and in her new post will identify and work with corporate sponsors of Group W's *Time to Care* "total station campaign."

Robert A. Weed has been promoted to manager of Blair Television's Houston sales office. He transfers from Blair's Charlotte office where he had been an account executive.

Agencies

Tess Zych has been promoted to senior vice president/group media director at Campbell-Mithun-Esty, Chicago. She came to CME in 1981 from McCann-Erickson and now steps up from vice president/associate media director.

Jill York has joined Della Femina, McNamee WCRS-Boston as a media supervisor reporting to **John Gaffney,** senior vice president/media director. She had been a media supervisor at Rossin, Greenberg, Seronick & Hill.

Media Services

Abbott Wool has joined Vitt Media International as group vice president, media director and assistant to the president. He was senior vice president and media director at Cadwell Davis and before that held a similar post at Saatchi & Saatchi Compton. He also serves as chairman of the Ethnic Radio Measurement Committee and as a member of the Radio Council of the Advertising Research Foundation.

Jon L. Zimmerman has been tapped to head the new Baltimore sales and service office of Corinthian Communications. He is a veteran of both media and account management at Ogilvy & Mather and at Smith, Burke & Azzam Advertising, Baltimore, and was most recently managing director of Brass Tacks Advertising, also Baltimore.

Mexico gets American Top 40

Welcoming the new *Spanish-language version of American Top 40 and sponsor Pepsi-Cola to Mexico are, from l., Gerardo Salas, DJ for AT 40 in Mexico; production assistant Zaida Gerson; Jose Bernal, director of Corp. Mexicana de Radiodiffusion; and Pepsi-Cola/Mexico's Alberto Islas and Alberto Franyutti.*

Spotlight On...

Diane Niederman

Senior vice president
Media director
Bozell/Midwest

Diane Niederman, who now oversees planning and buying for Bozell's Minneapolis and Omaha offices as well as Chicago, says, "In the advertising business, creative provides the show and media provides the showcase. Our job is to find the right one."

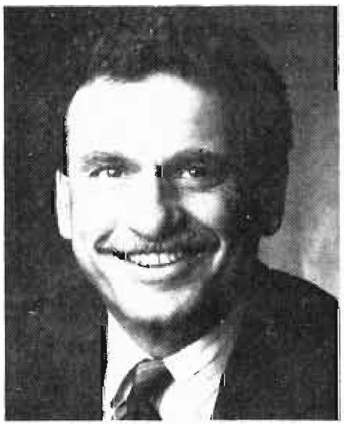
But to do that, Niederman says that both Bozell's media people and creative people "are advertising people first. Our creative teams can and do come up with good media ideas, and our media specialists can and do come up with good creative suggestions. That's why we teach our new recruits about advertising first, before we show them where media fits in and all the nuts and bolts of ratings and the rest of it."

She points to one of Bozell's clients, the Illinois State Lottery: "It got a lot of press because in April, just when people needed it to pay their taxes, it built up the biggest jackpot in U.S. lottery history. But it happened that creative ended up with so much great footage it was a shame to waste it. So they made three separate TV spots out of it, that, when run in the correct order during the same show, told a story about the lottery, like three frames in a comic strip. Only these frames moved. But media had to arrange for, then *make sure*, that all three 'frames' were run in the proper sequence on each station."

Niederman says her people "put in a lot of time with our research and creative people, learning to understand the clients' customers. And we do this *before* creative figures out what the storyboard is going to look like and before we start picking the media. One thing we learned when we first won the state lottery account is that many people who play the daily game are very mobile and/or outdoors a lot: drivers, salespeople moving from one prospect to the next, construction men on their lunch hours with their radios and the like. So our first campaigns for the daily game were radio driven before we added television. Now we use both and the lottery is such a tremendous success that people come here from other states to buy lottery tickets. A recent big winner, in fact, was from New Jersey.

FEEDBACK

How heavily will the recent return to costlier event and talent contracts—such as for Diane Sawyer and Connie Chung in news and for events like the 1992 Olympics and Major League Baseball contracts—affect ad rates for those telecasts?



"Contracts aren't any more unusual than they have been over the past years. The recent ones aren't likely to have any greater effect, on average, than in the past. However, since the medium is not exhibiting audience growth, these increases are less justifiable. The fact is that pricing will be determined by supply and demand rather than fees for talent and rights."

Stephen Leff
Vice chairman, director of media and administrative services
Bacher Spielvogel Bates

"In sports, that involves two Olympics [for 1992] and baseball. I don't have those properties so I don't want to talk about the competition...On the salaries of the news people, the shows have to stand on their own. If they kick off successfully, the ratings may be such that they get higher rates. The Diane Sawyer/Sam Donaldson show [believed due in "20/20"s' former Thursday time slot] is a promising new program, and we will charge a high rate."

H. Weller "Jake" Keever
Executive vice president, sales
ABC Television Network

"On face value, you'd say that would raise the rates. But if I have $50 million to spend on client X, that could be for 10 small brands, so a $300,000 unit becomes very unaffordable to any one of them. An event like the Superbowl could clean out an entire budget. The question becomes whether the network is going to cut overhead elsewhere to make up for the expenditure or pass it along to the advertiser. If it's going to be passed through, this has driven advertisers away in the past."

Jon Mandel
Vice president, director of national broadcast
Grey Advertising

Fin/syn implications given close scrutiny in investment community

The outlook for the financial interest/syndication rules is becoming a concern on Wall Street. For example, Raymond L. Katz, analyst for Mabon, Nugent & Co., expects them to be challenged in the marketplace by industry participants. As a result, he expects to see a network/producer-distributor combination by 1990. CBS is the most likely network to join with a producer-distributor, he surmises, and Gulf + Western is the most likely studio to hook up with a network. He adds, "NBC already is pushing at the limits of the rules, holding an option to buy up to 15% of Qintex Australia, a program producer and the 43% owner of United Artists."

Other developments in the industry observed by Katz are these:

- Further restructuring is driving the entertainment stocks to new highs.
- "As the market bids up the prices of Hollywood stocks, we think the smaller, overlooked issues present opportunities. We, therefore, suggest investors look at Republic Pictures, currently selling at 54% discount to its present $22 asset value.
- "We continue to recommend Warner Communications as a way to realize 30% appreciation in a consolidating industry."

Warner stock popular

Along with Mabon, Nugent, Oppenheimer & Co. is recommending Warner stock. With 1988 earnings per share reported at $2.65, Oppenheimer is looking for $2.70 in '89 and $3.50–4 in '90. Mabon, Nugent projects $2.80 and $3.75 in '89 and '90.

Katz, noting that the Warner interim share exchange with Time Inc. will not go through as originally planned, with the Securities and Exchange Commission ruling that the exchange would put their use of pooling-of-interests accounting in jeopardy, states, "However, the companies could still exchange shares if a third party were to emerge with a 10% or greater stake, or tender for 25% or more of the shares, of either company. We believe that as a result of the lack of a quasi-lockup agreement, the stocks will be more volatile until the shareholder vote takes place in June."

At Oppenheimer, analyst Dennis B. McAlpine observes that, for 1988, operating income was up 68% on a revenue gain of 24%. This includes a gain of 46% for recorded music revenue and 64% in operating income, with the film segment up 8% and 94% respectively, cable TV operating income up 27% and the publishing operation reporting a small profit vs. a small loss a year earlier.

He notes, "Stock appreciation rights had a large negative impact. Because of the runup in the stock, Warner reserved $38 million in SARs and took $10 million in premerger costs." He adds, "Second quarter comparisons could be difficult, but this is unlikely to be important because, by that time, the WCI/Time deal should have been voted on and the merger should be on schedule."

Strength at CapCities/ABC

Merrill Lynch has raised its 1989 EPS estimate for Capital Cities/ABC from $24 to $26 and 1990's from $30 to $32 "to reflect a stronger network advertising market." The 1988 EPS figure was $22.31.

Merrill Lynch first vice president Peter Falco sees the stock as likely to break out of its 52-week range of $297 to $418½: "We believe CCB stock could be valued at eight times estimated 1990 pretax cash flow of $65/share, implying an upside target of about $520/share in the next 12–18 months. Within the context of the current market, the downside is probably six times estimated 1989 pretax cash flow of $55/share, or $330/share.

"We believe that competitive improvement and structural change in the network business can fuel substantially higher profits at the ABC network over the next several years. CCB's net income is all essentially free cash flow and affords the company the flexibility to invest in new ventures and/or an aggressive share repurchase program."

Diverse views on WestMarc

WestMarc Communications, formed in June 1988 through the merger of Western Tele-Communications and Marcus Communications and now the 19th largest cable MSO, appears to be the subject of debate on Wall Street. Merrill Lynch has lowered its rating on the stock, while Shearson Lehman Hutton has just initiated coverage and sees its shares as undervalued.

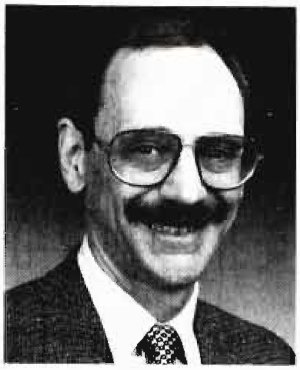
Edward Hatch, vice president at Merrill Lynch, reports the intermediate term rating has been dropped to "below average" from "above average" and the long-term to "above average" from "buy."

First, Hatch observes, the shares recently rose seven points, or 30%, in 10 days on speculation that Tele-Communications Inc. may buy back the 46% of WestMarc shares that it does not already own. He notes WestMarc recently acknowledged that it retained an investment banking firm to consider a recapitalization. He adds, "The stock is also up 52% year-to-date compared to 40% for the cable TV group and 11% for the S&P 500. On this basis, we would take profits in the stock.

"We consider the intermediate term upside in the shares to be around $29–31 if TCI purchases WestMarc. This would equal 80–85% of our estimate of its 1990 asset value of $36 per share, a valuation similar to other friendly acquisitions." The stock has a recent 52-week range of $15¾ to $27¼.

At Shearson, analyst Christy L. Phillips observes WestMarc had recently been selling at 60.3% of its estimated 1989 year-end private market value and at less than half of 1991's projected PMV. She states that, with a target price for the stock at 75% of PMV, this valuation could lead to a share price of $30–33 within 12–18 months.

Bruce Meyers



New director of account services at BBDO New York says, "Ideally everyone in the agency should be able to think creatively. No one's official title should typecast him as someone who can do only what that title indicates."

BBDO research chief shifts to head account services: stresses 'strategic insights'

Bruce Meyers, who was executive vice president, director of research services for BBDO New York before taking over as director of account services, agrees that such an apparently abrupt career switch may be unusual at some agencies, "But here," he says, "it's not perceived as a quantum leap. Here it's more or less an extension of much that I've been doing for some time."

For example, he points out that he's been "running a research department made up of a large number of diverse people investigating an even larger number of complexities in the marketplace. I've also been heavily involved in new business. I've been working closely with Joe Barrett who just retired [as executive vice president and senior management representative]. That left an opening that needed filling. And in my 14 years at this agency I've worked on every account we have."

On top of this background, Meyers adds that his shift to top account management "is only partly the result of the strategic skills I've developed in the course of my research work. And it has a lot to do with the way BBDO works as a group, in which every member is an advertising person before we're a researcher or copy chief or media director. Whatever may be our job title, we don't stand on ceremony as to where a good advertising idea comes from."

Ads that people like

Meyers explains that research at BBDO "is neither designed nor conducted by people who sit by themselves in ivory cubicles, poring over reams of printouts with millions of numbers. We're not alien to what everybody else here is doing, which is making advertising that people will see, hear, look at, listen to, and *like*, so they won't mentally tune us out, physically zap us out, or flip the page without looking."

He adds, "It's not easy to create advertising that performs like this, so the people with the 'creative' titles need all the help they can get from the rest of us with all the other kinds of titles. And we all do our best to give them that help. Ideally, everyone should be able to think creatively and any one's official title should neither limit his thinking nor type cast him as someone who can do only what his title indicates and nothing beyond that."

Meyers points out that to produce advertising that people will want to look at, "We take a lot of pains with the details of production and music and dialogue, and how the actors look and move. All these things are on the surface. These are what the viewers and readers see. But leading up to all this we also make every effort to make sure that the basic message is relevant to today's consumer. If we don't care about our advertising, the public isn't going to care about it either."

'I am here'

Years ago, continues Meyers, "When there were just three TV networks, three big magazines and only two or three brands in each category, it was enough to just make a good product, and advertising in which that product just said 'I am here.' But today, with dozens of good brands in many categories, each so similar it's difficult for the average consumer to tell them apart, the advertising has to stand out and communicate values like quality and consumer confidence in the brand and in the company that makes it and stands behind it—and do this in a way that makes the brand relevant to today's consumer."

He adds, " 'Our brand makes your floor cleaner' isn't as likely to be as important to women who work outside the home as it used to be to her mother, whose main job *was* her home. So to find those distinctive values that can make our brand stand out, we have to be able to look at the world with fresh eyes. Every client in a given category and his agency is looking at the same set of facts about the same group of consumers. Our goal has to be not to win greater share by throwing more money at the marketing problem, but to avoid the obvious and pull from the facts, if we can, a strategic insight that will survive and that we can build on over the years."

He notes, "General Electric brings good things to life" has lasted 10 years "and is still going strong because it's still relevant to today's consumers and to today's industry, just as each new GE product and product improvement is. 'The Pepsi Generation' has been around in one form or another for 26 years. It will continue to work as long as we can continue to successfully adapt it to the constantly changing lifestyles of each new 'Pepsi Generation.'

Meyers protests, "I don't want to sound immodest, but since you asked, my ability to come up with strategic insights like these is one of the skills I've developed in my years in research. This, along with my long experience in managing our research staff, and its complex operations in an increasingly complex marketplace are two of the things I bring to my new job. Another plus is that I can leave my previous job in the very capable hands of Karen Olshan. She's also an excellent manager who can keep our research operations on track without missing a beat."

"Obviously, the first reaction to the increasing cost of rights fees and talent is that advertising costs will reflect this. But it really comes down to supply and demand and what audiences these programs can deliver."

Mike Drexler
Executive vice president, national media director
Bozell

"Unless there is an unusual demand for them, they can't pass that kind of thing on to the advertiser. The prices they are paying don't increase the demand. An advertiser that has a special desire for the Olympics, though, might be more likely to bite the bullet than it would be to spend more on the nightly news."

Alice Greenberg
Senior vice president, director of national television and programming
Ogilvy & Mather

"Sports has to some degree reflected consistent capably delivered customers. Risks are more limited in sports than in other areas. Sports has a consistent value to male-oriented advertisers year after year. Of course there are always limits to what TV can charge but sports' value is still intact. As for news salaries, some journalists earn bigger salaries; that's historical. But that is not distorting the costs of news shows. An individual making $1 million-plus won't throw [rates] out of kilter."

Tom Leahy
President
CBS Marketing division
New York

"I don't think it will affect the price of the news. I see the recent news anchor situations as exceptions. In sports, the networks will pay rights fees that will barely allow them to make a profit. There's a question whether they can amortize this over other events. I think it's going to be a real burden for them. It's perhaps going to result in a reaction from the advertising community if they try to pass these costs along to us. There are a lot of sports around, so you don't just have to buy one thing. Diane Sawyer, by herself, isn't going to make a network unprofitable, but I think these Major League baseball contracts can work in that direction."

Paul Isacsson
Executive vice president, broadcast programming and purchasing
Young & Rubicam

Campaign ads fingered in Senate

A powerful combination of the Senate Commerce Committee chairman and the former Republican chairman of the same committee has introduced legislation to codify FCC regulations or to otherwise bring about reforms in the handling of broadcast campaign ads.

Sens. Fritz Hollings (D-S.C.) and John Danforth (R-Mo.), current and former chairmen of the committee, joined in introducing a package of legislation that would clarify the lowest-unit-charge required by law for federal candidates and place some restrictions on negative campaign advertising.

The other measure, introduced under the aegis of Hollings, would require an appearance by a candidate in a commercial making reference to his opponent and require free response time to advertisements aired by political action committees.

Patrick suddenly Senate unit's pal

If outgoing FCC Chairman Dennis Patrick hungered for praise from individual members of Congress, he could have made no better decision than to announce his resignation.

In what was repeatedly referred to as probably his last appearance before the Senate Communications Subcommittee, Patrick enjoyed praise and kid-gloves treatment never afforded in his previous visits

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WASHINGTON ROUNDUP

Two major actions current key to federal involvement in HDTV

The question of federal involvement in the HDTV issue appears to be boiling down to two major actions, the first by the executive branch, the second by Congress. Although some groundwork has been laid in Congress, it will hold off on any specific action until it hears from the Bush administration. The Commerce Department has promised to come up with a policy and report to Congress July 1.

Those recommendations already are being anticipated, and are embodied in several individual pieces of legislation that have been introduced since the first of the year. As things stand now, the likely outcome is embodied in one legislative proposal that could become the vehicle for action this fall.

Boiling it down. Together, the administration and congressional focus appears to be boiling down to this:

- Lift antitrust restrictions so the industries and companies involved in HDTV research can form joint ventures or consortia to combine the best efforts of all parties.
- Change the tax laws so companies would be encouraged to spend more money on research and development. The changes being considered include adjustments to capital gains tax laws and/or boosting research and development tax credits.
- Provide federal funding to help get research off the ground. Whatever is provided is likely to be modest and probably far short of the $1.35 billion sought by the American Electronics Association, and perhaps little more than the $30 million the Defense Advanced Research Projects Agency will have to offer. Director Craig Fields says he expects the first of several recipients to be named by May 31.

Federal funding is likely to be the focus of any large dispute between the administration and Congress. Intriguingly, Zenith Electronics Corp. has suggested a $5 federal excise tax on color TV sets to raise $100 million a year that would go to HDTV research.

But the key piece of legislation is likely to be HR-1267, introduced March 2 by Rep. Don Ritter (R-Pa.), an engineer who is trying hard to become recognized as the congressional expert in HDTV, and S-952 in the Senate by Sen. John Kerry (D-Mass.).

One huge problem that is likely to delay congressional action and make it very difficult to get final passage this year is the fact that HDTV and possible solutions to the problem cross many jurisdictional boundaries. Ritter's bill, in fact, will have to be acted on by at least five different committees in the House, making agreement on anything extremely difficult.

Sen. Albert Gore (D-Tenn.) also came out with his own legislative proposal, giving the Commerce Department 90 days to come up with a very comprehensive plan for creating a U.S. HDTV industry.

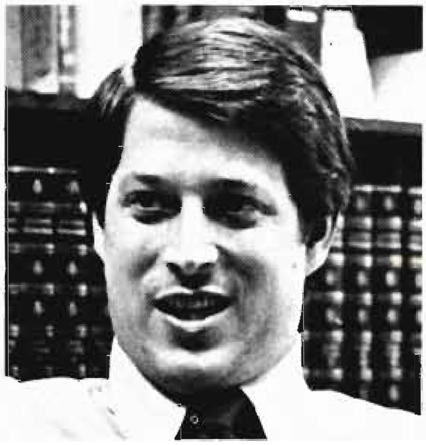
On the technical side, FCC Mass Media Bureau Chief Lex Felker told a Senate panel that the commission probably would not be in a position to act on any technical standards for the new system until late in 1991. Testing won't even begin until early next year, he says.

Competition act offered to regulate cable, telcos

A bunch of members of Congress have gotten together to create what must be a nightmare come true for the cable industry. They would restore some regulation of the industry and offer a "gateway" for telephone company competition.

Led by Sen. Albert Gore (D-Tenn.), whose motivation admittedly is largely influenced by the trouble the satellite dish industry has been having with cable, the group has put on the table what it admits is a package that probably would never see the light of day in its present form. But the group hopes it will form the basis for congressional action to get back at a cable industry it now perceives as abusive of the powers it gained with deregulation under the 1984 Cable Act.

Called "The Cable Competition Act," the proposed legislation would allow cities to regulate basic rates for systems without competition, allow telephone companies to provide cable services, require must-carry, require equal access to cable programming, and require studies on cable concentration and availability of video programming to rural areas. Rep. Rick Boucher (D-Va.) one of the more studious congressmen, felt compelled to put the legislation in perspective when he, Gore, Sen. Slade Gorton (D-Wash.), and Rep. Tom Downey (D-N.Y.) appeared at a news conference.



Sen. Albert Gore (D-Tenn.)

Boucher said sponsors of the bill would welcome suggestions on changing the bill to do a better job in: prohibiting telephone company cross-subsidization of its entertainment efforts, assuring must-carry and channel positioning, assuring rural areas will be as well served by fiber optics technology as the urban areas, limiting telco buys of a cable system in their service area, limiting telco ownership of television programs, assuring open access to utilities by what would then be direct telco competitors, and allowing access to cable programming by all potential cable competitors.

All those permutations mean the cable industry has nothing to worry about in the near term.

Washington Report

Patrick advises broadcast, cable to prepare for telco entry

"[Broadcasters], like the more than 50 cable program services out there, should be paid for [their] editorial services."

Dennis Patrick

FCC Chairman Dennis Patrick, who usually is circumspect about expressing his opinion on an issue that is active before the agency, recently revealed some thoughts on the twin questions of allowing telephone companies into the cable business and then letting them offer programming over fiber-optic networks.

In the process, he bearded the lion, so to speak, by suggesting not only that over-the-air television could become obsolete in the next few decades, but that the broadcast industry's campaign theme in lobbying efforts this year is the survival of "free television."

Not surprisingly, since he scheduled and then voted in favor of a commission inquiry into the feasibility of doing just that, Patrick says he favors loosening the restrictions. He made his remarks in a speech to the annual convention of the American Women in Radio and Television in New York.

Underlying his speech was criticism of the broadcast industry for trying to protect its own turf during the coming "perpetual state of transfiguration." He warned, "The technology of choice may well be fiber."

Unfounded fears?

Although the National Association of Broadcasters, the leading broadcast organization, is not scheduled to take a formal position on telco entry until its board meets in June, Patrick ascribed to the industry some fears he suggested were unfounded. "To date, the broadcast industry has been concerned about permitting telephone companies into the cable industry. Some people apparently believe that telco-owned fiber networks could put both cable and broadcast out of business," he said. "But telco entry per se is not the threat to broadcast survival. Fiber and other high-capacity, multichannel technologies are the threat. And simply keeping telephone companies from developing them won't solve the problem."

He then suggested that if the phone companies don't develop fiber, then cable systems, electric companies, or some other entity will. And that would be good, he added, because it "will give consumers a large number of improved signals, making the transmission of high-definition television easier, and perhaps cheaper, than transmission by broadcasters."

Patrick also suggested that the government may not have much say in the matter, regardless of the action the FCC takes in the next months or years. In the same breath, he raised the ominous possibility that broadcast television signals may become obsolete with the advent of fiber.

"Once such efficient multichannel is available to every home, the government will be forced to ask whether signals should also be delivered to the home over-the-air. Continuing the delivery of signals over the air is not cost-free to the public. The competing demands on broadcast spectrum are great and increasing every day."

Instead of trying to protect traditional broadcasting at all costs, Patrick's suggested in his speech, the broadcast industry should sit back and consider:

- "How can you compete in this multichannel world?
- "How can you attract and hold viewers where so many services compete for such short attention spans?
- "Today you're both a speaker and an over-the-air delivery agent; what is broadcasting, divorced from delivery?
- "What happens if you're viewed as a programmer, competing with other programmers who are not subject to the same regulatory limitations or advertiser demands?

"In the long-term, you can answer these questions, you can compete and survive, only by identifying and exploiting those characteristics which make you unique," Patrick said, and then proceeded to list them.

Tied to technology

Broadcasting has a 50-year history, he said, "unlike many of your competitors." But it may be time to drop that identity, he suggested, and adopt one that says "you're in video news information and entertainment. Don't tie yourselves to a given technology."

And then he took a swipe at cable, which he said "has historically helped itself to your expertise—virtually without cost. Cable has been permitted to take advantage of your experience for far too long. You should reap the benefits of your value to the cable industry. The compulsory license must be repealed. The cable industry should not be permitted to take the product that you have developed, you have promoted, you have earned and pass if off, without asking, as theirs. You, like the more than 50 cable program services out there, should be paid for your editorial services." Thus, he advised, "Make yourself more valuable to the cable industry now," while the window is still open. He cited the aggressive entry by NBC into cable programming, and said the same thing could be done on the local level.

"You have even greater opportunities vis-a-vis telephone companies. They have none of the talent, the contacts, or the resources necessary to program. But they are not standing still, either. Many of the telcos have gone overseas to master the business they can't conduct at home. Before they've learned enough on their own or from others, perhaps you can take an active role in the way they enter the video business.

to Capitol Hill. Normally, Patrick would have been grilled closely, often meanly, by senators unhappy with various agency decisions and stances. But the final comments from Chairman Daniel Inouye (D-Hawaii) set the tone for Patrick's swansong appearance:

"This is our last meeting, I gather. As you indicated in your opening statement, there have been times when we have disagreed, but I am pleased, because I believe we have been able to disagree without being disagreeable. . . .

"Secondly, I'd like to note that throughout the years I've had the privilege of serving in the Senate, often-times I've heard my colleagues criticize agencies of one sort or another because the leadership has been weak and inarticulate. Whenever we have a strong leader with a strong voice and an articulate voice, the members of Congress get a bit shaken. And you have been a strong and articulate voice. I hope you will keep your strong and articulate voice in future endeavors. . . .

"I'd like to convey in behalf of the committee our best wishes to you and Paula Grace. I know the big day has not been decided upon, but I suppose it will be three days after you leave." Patrick, at the reference to his love life, floundered, "Something like that. I'm waffling a bit on that question. I've honed those abilities over the years here in my testimony."

Inouye responded, leading to laughter in the packed hearing room: "I thought you were strong and articulate."

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1989

June 3–6	CBS Affiliates Meeting, Los Angeles
June 4–10	Banff Television Festival, Banff, Alberta, Canada
June 12–15	ABC-TV Annual Affiliates Meeting, Century Plaza, Los Angeles June 12, 1989 Issue
June 17–23	International Television Symposium, Montreux
June 21–25	BPME BDA Associations, Cobo Center, Detroit June 12 Issue
September 13–16	Radio-Television News Directors Association Convention, Kansas City Convention Center
September 13–16	NAB Radio '89 Convention, New Orleans September 4 Issue
October 12–16	MIPCOM International Market, Cannes October International Issue
November 5–8	Community Broadcasters Association Convention, Riviera Hotel, Las Vegas
November 13–15	Television Bureau of Advertising Annual Meeting, Century Plaza, Los Angeles November 13, Issue

1990

January 3–6, 1990	Association of Independent Television Stations, Century Plaza, Los Angeles January 1 Issue
January 16–19	NATPE International, New Orleans Convention Center January 15 Issue
January 18–21	Radio Advertising Bureau, Annual Managing Sales Conference, Loews Anatole, Dallas January 15, 1990 Issue
March 31–April 3	National Association of Broadcasters, Atlanta March 26, 1990 Issue
April 20–25	MIP-TV, Cannes France April Television/Radio Age International

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